

Caza Oil & Gas Announces Sizeable Farming Opportunity

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HOUSTON, TEXAS--(Marketwired - Nov 12, 2014) - Caza Oil & Gas, Inc. ("Caza" or the "Company") (TSX:CAZ)(AIM:CAZA) is pleased to announce a significant acquisition of prospective Bone Spring and Wolfcamp acreage in the southern Delaware Basin, which extends into Texas, and substantially, increases the Company's current acreage position in the oil and liquids-rich Bone Spring/Wolfcamp Play.

CWEI Farmout Area, Reeves County, Texas: Caza has entered into a farmout and exploration agreement (the "Agreement") with [Clayton Williams Energy Inc.](#) ("CWEI"), the NYSE-listed independent oil and gas company engaged in the exploration for and production of oil and natural gas primarily in Texas, New Mexico and Louisiana, to jointly develop CWEI's 14,738 leased net acres in Reeves County, Texas (the "Farmout Area"), subject to the terms of the Agreement. The Farmout Area is on trend with prolific horizontal Wolfcamp wells currently producing in the horizontal Bone Spring/Wolfcamp Play being executed in the southern Delaware Basin by companies including: CWEI, Energen, Shell, Pioneer Natural Resources, Concho Resources and Cimarex Energy among others. Caza and CWEI anticipate a one rig drilling program in the Farmout Area for 2015, beginning with the Initial Commitment Well and the Additional Commitment Wells, as described below.

The key terms of the Agreement are as follows:

- The initial horizontal Wolfcamp well is currently scheduled to commence operations on or before February 1, 2015 (the "Initial Commitment Well") with CWEI as the operator. Caza will operate all subsequent wells drilled in the Farmout Area.
- Caza shall provide 75% of the costs attributable for drilling, completing and equipping the Initial Commitment Well through production facilities to earn a 50% working interest (approximate 37.5% net revenue interest) in the well and the right to participate in the balance of the Farmout Area.
- Beyond the Initial Commitment Well, Caza will be obligated to drill and complete, as the operator, two additional horizontal Wolfcamp wells ("Additional Commitment Wells") in the Farmout Area by December 31, 2015 in order to continue the Agreement beyond that date or otherwise pay a fee of \$1.6 million for each Additional Commitment Well not drilled.
- The initial horizontal well drilled on a particular lease or leases with a horizontal drainhole displacement of at least 4,000 feet earns Caza 640 gross acres, and the initial horizontal well drilled on a lease or leases with a horizontal drainhole displacement of at least 7,500 feet earns Caza 1,280 gross acres (the "Earning Wells").
- Caza will pay 100% of the costs attributable to all Earning Wells, including the Additional Commitment Wells, for drilling, completing and equipping each such well through production facilities to earn a 75% working interest (approximate 56.25% net revenue interest) in the well and the acreage earned by such well (either 640 or 1,280 acres) (the "Earned Acreage"). All costs and expenses on subsequent development wells drilled on the Earned Acreage will be borne on a heads-up basis (Caza 75% and CWEI 25%).
- Provided Caza has drilled the Initial Commitment Well and the two Additional Commitment Wells in 2015, it may continue to drill a minimum of two Earning Wells per year to perpetuate the Agreement and continue acquiring Earned Acreage. There is no penalty to Caza for not drilling Earning Wells beyond 2015, but the Agreement will terminate under its own terms with Caza retaining all Earned Acreage.
- Any lease extensions, lease renewals, lease options and new leases taken jointly in the Farmout Area would be borne on a heads up basis (Caza 75% and CWEI 25%).
- Caza may terminate the farmout at any time retaining all Earned Acreage with 90 days written notice.

W. Michael Ford, Chief Executive Officer commented:

"We are very pleased to announce this sizeable transaction with CWEI. This is an excellent opportunity for Caza to substantially grow its asset base in the Delaware Basin's exciting Bone Spring/Wolfcamp Play with a company that has a proven track record in the basin. This transaction has the potential to significantly increase Caza's drilling locations and triple its current net leasehold position in the best oil play in North America.

Caza continues to focus on the Delaware Basin's oil and liquids-rich plays and continues to find creative ways to acquire additional acreage in the Bone Spring/Wolfcamp Play at or below market rates. The recent East Marathon Road acquisition and this CWEI farmout transaction are good examples that are directly inline with the stated Company strategy.

Current operations on the Igloo 19-2H, the Lennox 32-4H and the Marathon Road 15 B3OB #1H wells are moving ahead. We intend to update the market on these wells later this week in the Company's quarterly announcement."

About Caza

Caza is engaged in the acquisition, exploration, development and production of hydrocarbons in the following regions of the United States of America through its subsidiary, Caza Petroleum, Inc.: Permian Basin (Southeast New Mexico and West Texas) and Texas and Louisiana Gulf Coast (on-shore).

The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.

In accordance with AIM Rules - Guidance Note for Mining, Oil and Gas Companies, the information contained in this announcement has been reviewed and approved by Anthony B. Sam, Vice President Operations of Caza who is a Petroleum Engineer and a member of The Society of Petroleum Engineers.

ADVISORY STATEMENT

Information in this news release that is not current or historical factual information may constitute forward-looking information within the meaning of securities laws. Such information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "schedule", "continue", "estimate", "expect", "excellent", "may", "will", "hope", "project", "predict", "potential", "intend", "could", "might", "should", "believe", "develop", "test", "anticipation", "opportunity", "looks to be", "suggests", "excellent", "best" and similar expressions. In particular, information regarding the operations of the Company pursuant to Agreement and its results thereunder, the potential or future development of any property, growth of the Company's asset base, the timing, depth, scope or success of future drilling or completion operations, reserves, anticipated drilling locations, future operating expenses, future flow rates, future sales and potential pay zones contained in this news release constitutes forward-looking information within the meaning of securities laws.

Implicit in this information, are assumptions regarding available funding, the success and timing of drilling operations, rig availability, projected production, projected revenue and expenses, well performance and the satisfaction of the terms and conditions of the Agreement. These assumptions, although considered reasonable by the Company at the time of preparation, may prove to be incorrect. Readers are cautioned that actual future operations, operating results and economic performance of the Company are subject to a number of risks and uncertainties, including general economic, market and business conditions, well performance and operating risks and could differ materially from what is currently expected as set out above.

For more exhaustive information on these risks and uncertainties you should refer to the Company's most recently filed annual information form which is available at www.sedar.com and the Company's website at www.cazapetro.com. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation and do not undertake to update this information at any particular time except as may be required by securities laws.

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