

Manitok Energy Inc. Announces Financial Results for the Third Quarter of 2014 and an Operational and 2014 Guidance Update

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CALGARY, ALBERTA -- (Marketwired - Nov. 17, 2014) - [Manitok Energy Inc.](#) (the "Corporation" or "Manitok") (TSX VENTURE:MEI) announces its financial and operating results for the third quarter of 2014 and an operational and 2014 guidance update.

The full text of Manitok's third quarter report containing its unaudited condensed interim financial statements as at and for the three and nine months ended September 30, 2014 and the related management's discussion and analysis are available electronically on Manitok's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and also on Manitok's website at www.manitokenergy.com. All dollar figures are in Canadian dollars unless otherwise noted.

Third Quarter 2014 Operational & Financial Highlights:

- Production averaged 3,962 boe/d (54% light oil and liquids), which is a 4% increase over production of 3,819 boe/d (49% light oil and liquids) in the third quarter of 2013.
- Increased light oil production by 16%, which increased Manitok's light oil production weighting to 52% of total production as compared to 47% of total production in the third quarter of 2013.
- Increased average production per diluted share by 7% when compared to the third quarter of 2013.
- Manitok drilled 7 (5.0 net) wells in the quarter with none being placed on production in the quarter. Subsequent to the end of the quarter, Manitok has drilled 6 (3.9 net) additional wells. The 13 (8.9 net) wells will be placed on production in the fourth quarter of 2014 or in the first quarter of 2015.
- Recorded funds from operations of \$8.6 million (\$0.12 per diluted share), which is consistent with funds from operations of \$8.3 million (\$0.12 per diluted share) in the third quarter of 2013.
- Realized a 2% increase in operating netback (excluding the realized loss on financial instruments) with \$33.36/boe in the third quarter 2014 as compared to \$32.57/boe in the third quarter of 2013.
- Capital expenditures were approximately \$22.8 million, which included drilling for about \$17.6 million and \$3.4 million on equipment and facilities. Of the 7 (5.0 net) wells drilled, 3 (1.0 net) were in the Stolberg area and 4 (4.0 net) were in the Entice area.
- At September 30, 2014, net debt was approximately \$59.1 million and unused credit facilities were \$56.9 million.
- Reduced the outstanding common shares of Manitok ("Manitok Shares") by 3% to 66,996,440 as compared to June 30, 2014. Subsequent to the third quarter and up to November 14, 2014, the number of issued and outstanding Manitok Shares decreased to 65,750,107 due to Manitok's normal course issuer bid program.

Operational and Financial Summary

Three months ended	Nine months ended		
September 30,	September 30,		
2014	2013	2014	2013
Operating			
Average daily production			
Light oil (bbls/d)	2,066	1,781	2,593
Natural gas (mcf/d)	10,931	11,735	11,891
NGLs (bbls/d)	74	82	82
Total (boe/d)	3,962	3,819	4,647
Average realized sales price			
Light oil (\$/bbl)	95.17	101.86	98.62
Natural gas (\$/mcf)	4.25	2.73	5.27
NGLs (\$/bbl)		98.93	101.03
Total (\$/boe)		63.20	57.55
Undeveloped land (end of period)			
Gross (acres)		317,631	274,740
Net (acres)		300,249	222,181
Netback and Cost (\$ per boe)			
Petroleum and natural gas sales		63.20	57.55
Realized loss on financial instruments		(4.69)	(4.59)
Royalty income		-	0.03
Royalty expenses		(19.64)	(16.55)
Operating expenses, net of recoveries		(6.73)	(5.90)
Transportation and marketing expenses		(3.47)	(2.56)
Operating netback(1)		28.67	27.98
General and administrative expenses, net of recoveries		(4.11)	(4.12)
Interest and financing expenses		(1.16)	(0.46)
Interest and other income		0.06	0.10
Funds from operations netback(1)		23.46	23.50
Financial			
Petroleum and natural gas revenue (\$000)		23,037	20,228
Funds from operations (\$000)(1)		8,556	8,252
Per share - basic (\$)(1)		0.13	0.12
Per share - diluted (\$)(1)		0.12	0.12
Net income (loss) (\$000)		7,900	336
Per share - basic (\$)		0.12	-
Per share - diluted (\$)(2)		0.11	-
Common shares outstanding			
End of period - basic		66,996,440	68,999,040
End of period - diluted		71,566,714	75,704,480
Weighted average for the period - basic		68,143,633	69,401,001
Weighted average for the period - diluted		69,108,544	71,431,314
Capital expenditures, net of divestitures (\$000)		22,832	17,499
Adjusted working capital deficit (\$000)(1)		11,067	16,855
Drawn on credit facilities (\$000)		48,098	4,565
Total net debt(1) (\$000)		59,165	21,420

1. Funds from operations, funds from operations per share, funds from operating netback, adjusted working capital deficit and net debt do not have standardized meanings prescribed by generally accepted accounting principles and therefore should not be considered in isolation. These reported amounts and their underlying calculations are not necessarily comparable or calculated in an identical manner to a similarly titled measure of other companies where similar terminology is used. Where these measures are used they should be given careful consideration by the reader.

2. The basic and diluted weighted average shares outstanding are the same for periods in which the Corporation records a net loss.

Operations Update

Cordel-Stolberg

Manitok has successfully drilled the 103/13-21-42-15W5 well (33% working interest), which targeted the

forelimb of the Cardium structure offsetting the recently drilled 4-22-42-15W5 well that tested at 600 boe/d (180 boe/d net) as previously press released on August 28, 2014. Production testing will begin on the 103/13-21-42-15W5 well as soon as the drilling rig is released from the Cordel-Stolberg area.

The one remaining rig is currently drilling the 13-11-42-15W5 well (30% working interest), which is targeting the backlimb of the Cardium structure offsetting the recently drilled 10-15-42-15W5 well that tested at 1,103 boe/d (331 boe/d net) as previously press released on August 28, 2014. Together with the already drilled and tested 5-14-42-15W4 well, Manitek anticipates these 3 (0.93 net) wells to be placed on production prior to year-end.

Once the 13-11-42-15W5 well has been drilled, the rig will move to the section 15 lease in order to drill 2 (0.6 net) additional Cardium oil wells. The first is anticipated to be drilled in December and the second well will be drilled in January 2015. Both wells are anticipated to be placed on production prior to the end of the first quarter of 2015.

Entice

Since mid-July 2014, Manitek has successfully drilled four horizontal wells in the Lithic Glauconitic ("Glauc") formation and four horizontal wells in the Basal Quartz ("BQ") formation at a 100% working interest. By year-end Manitek will drill one additional 100% working interest well targeting the BQ formation. At this time, none of these horizontal wells are tied-in, however, facility work relating to the battery setup and pipeline tie-in to a third party gas plant is well underway.

Manitek anticipates that three horizontal Glauc wells will be placed on production during December 2014. Two of the three Glauc wells have tested at a combined flowing rate of 1,565 boe/d (649 bbls/d of oil), as press released on August 28, 2014 and November 10, 2014, and the third well is currently being production tested. Of the remaining 6 wells, two BQ wells have tested at a combined flowing rate of 572 boe/d (312 bbls/d of oil), as press released on September 18, 2014 and October 9, 2014, and the other four wells will be completed and production tested through the remainder of the fourth quarter of 2014. It is anticipated the six wells will be placed on production over the course of the first and second quarters of 2015. The drilling, completion, equipping and facilities relating to the nine horizontal wells are reflected in Manitek's anticipated 2014 capital expenditures.

Manitek anticipates that two additional horizontal wells will be drilled on existing Entice leases in the first quarter of 2015 prior to spring break-up, with at least one being a Glauc well. That will bring the total horizontal wells drilled in the Entice area since mid-July 2014 to 11 wells. Other than the drilling, completions and equipping costs of these two wells, Manitek anticipates minimal additional capital spending in the Entice area until drilling resumes after spring break-up which is expected to be in mid to late July 2015.

Capital Strategy

The majority of the anticipated capital required for the battery facility and pipeline tie-in to the third party gas plant in Entice will be incurred in the fourth quarter of 2014. Manitek utilized its credit facilities to drill a sufficient number of horizontal wells at Entice in advance of spring break-up 2015 in order to maximize its production and funds from operations in the first two quarters of 2015, and to better evaluate the production from both the Glauc and BQ formations at the south end of Manitek's Entice area.

Manitek anticipates that its funds from operations in the first half of 2015 will exceed its capital spending requirements in the same period and up to 30% to 40% of first half 2015 funds from operations will be applied towards paying down its credit facilities.

As a result of the oil price hedging in place for all of 2015, and the mitigating impact of a lower Canadian dollar on realized oil and natural gas prices, Manitek is well insulated to the possible volatility of oil prices in 2015. Currently, Manitek has 1,800 bbls/d of oil hedged for the remainder of 2014 at CAD\$97.48 WTI oil, which represents about 66% to 70% of anticipated fourth quarter 2014 oil production. The oil price hedges in place for 2014 have mitigated a large portion of the recent oil price weakness in the fourth quarter. Manitek also has 1,500 bbls/d of its oil hedged at CAD\$93.67 WTI oil for 2015, which represent approximately 42% to 45% of its 2014 exit oil production rate. Given that Manitek's average oil royalty is approximately 30% of production that represents about 60% to 64% of Manitek's anticipated production exit rate after royalties. The level of hedging combined with the anticipated production additions from Manitek's successful drilling results over the last two quarters, will allow Manitek to execute its plan to reduce its net debt over the first half of 2015 with relatively low risk while waiting on production results to determine the level of capital spending in the second half of 2015.

2014 Guidance

Previous updated 2014 guidance was provided in the Corporation's press release dated August 28, 2014, a copy of which is available under Manitok's profile on SEDAR at www.sedar.com or on Manitok's website at manitokenergy.com. The table below provides Manitok's November 2014 guidance along with a comparison to August 2014 guidance.

	November 2014 Guidance	August 2014 Guidance	% Variat
Average Daily Production			
Annual (boe/d)	4,750 - 4,950	4,750 - 4,950	
% light oil and liquids	57% - 59%	57% - 59%	
Exit rate (boe/d)	6,100 - 6,500	6,100 - 6,500	
% light oil and liquids	54% - 56%	54% - 56%	
Funds from operations (\$ millions)	48 - 50	48 - 50	
Capital expenditures, net (\$ millions)	82.0	73.6	
Net debt at year end (\$ millions)	87 - 89	72 - 74	18 -

The increase in capital expenditures from previous guidance relates to the asset acquisition in Stolberg for total cash consideration of \$7.5 million before final closing adjustments, as disclosed on the press release dated November 10, 2014. Net debt has increased from previous guidance due to the above-noted acquisition and activity in the normal course issuer bid program.

Conference Call

A conference call to discuss the 2014 third quarter results will begin at 6:30 a.m. Mountain Time (8:30 a.m. Eastern Time) on Monday, November 17, 2014. To participate please dial 416-340-2216 (local) or 866-223-7781 (toll free in North America) or 800-6578-9898 (international toll free) 10 minutes prior to the scheduled start time.

About Manitok

Manitok is a public oil and gas exploration and development company focusing on conventional oil and gas reservoirs in the Canadian foothills and southeast Alberta. The Corporation will utilize its experience to develop the untapped conventional oil and liquids-rich natural gas pools in both the foothills and southeast Alberta areas of the Western Canadian Sedimentary Basin.

For further information view our website at www.manitokenergy.com.

Forward-looking Statements

This press release contains forward-looking statements. More particularly, this press release contains statements concerning the anticipated 2014 average and exit rates of production, the anticipated annual funds from operations in 2014, the anticipated year end capital expenditures, the anticipated year end net debt, the Corporation's planned strategy in terms of hedging, estimates of recoverable reserves, expected production volumes, planned production increases, planned capital expenditures and sources of funding, the intention to drill and complete future wells, planned exploration and development activities, the development and growth potential of Manitok's properties, timing of certain wells being placed on production, planned reduction of net debt over the first half of 2015, planned tie-ins of certain wells to a third party gas plant, anticipated increase in funds from operations during the first half of 2015 compared to the first half of 2014 and anticipated use of funds from operations from the first half of 2015.

While the Corporation anticipates remaining disciplined with its 2014 capital program, readers are cautioned that the Corporation may make adjustments to its 2014 capital program, depending on business conditions and commodity prices throughout the fiscal year. Actual spending may vary due to a variety of factors, including changes to certain key expectations and assumptions set out below.

The forward-looking statements in this press release are based on certain key expectations and assumptions made by Manitok, including expectations and assumptions concerning the success of future drilling and development activities, the performance of existing wells, the performance of new wells, the successful application of technology, prevailing weather conditions, commodity prices, royalty regimes and exchange rates and the availability of capital, labour and services.

Although Manitek believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Manitek can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserves estimates; the uncertainty of estimates and projections relating to production, costs and expenses; and health, safety and environmental risks), uncertainty as to the availability of labour and services, commodity price and exchange rate fluctuations, unexpected adverse weather conditions, general business, economic, competitive, political and social uncertainties, capital market conditions and market prices for securities and changes to existing laws and regulations. Certain of these risks are set out in more detail in Manitek's current Annual Information Form, which is available on Manitek's SEDAR profile at www.sedar.com.

The forward-looking statements regarding Manitek's expected 2014 funds from operations and net debt are included herein to provide readers with an understanding of Manitek's anticipated funds from operations and Manitek's ability to fund its expenditures based on the assumptions described herein. Readers are cautioned that this information may not be appropriate for other purposes.

Forward-looking statements are based on estimates and opinions of management of Manitek at the time the statements are presented. Manitek may, as considered necessary in the circumstances, update or revise such forward-looking statements, whether as a result of new information, future events or otherwise, but Manitek undertakes no obligation to update or revise any forward-looking statements, except as required by applicable securities laws.

Non-GAAP Financial Measures

This press release contains references to measures used in the oil and natural gas industry such as "funds from operations", "funds from operations netback", "funds from operations per share", "operating netback", "working capital deficit", and "net debt". These measures do not have standardized meanings prescribed by GAAP and therefore should not be considered in isolation. These reported amounts and their underlying calculations are not necessarily comparable or calculated in an identical manner to a similarly titled measure of other companies where similar terminology is used. Where these measures are used they should be given careful consideration by the reader. These measures have been described and presented in this press release in order to provide shareholders and potential investors with additional information regarding the Corporation's liquidity and its ability to generate funds to finance its operations.

Funds from operations should not be considered an alternative to, or more meaningful than, cash provided by operating, investing and financing activities or net income as determined in accordance with GAAP, as an indicator of Manitek's performance or liquidity. Funds from operations is used by Manitek to evaluate operating results and Manitek's ability to generate cash flow to fund capital expenditures and repay indebtedness. Funds from operations denotes cash flow from operating activities as it appears on the Corporation's Statement of Cash Flows before decommissioning expenditures and changes in non-cash operating working capital. Funds from operations is also derived from net income (loss) plus non-cash items including deferred income tax expense, depletion and depreciation expense, exploration and evaluation expense, impairment expense, stock-based compensation expense, accretion expense, unrealized gains or losses on financial instruments and gains or losses on asset divestitures. Funds from operations netback is calculated on a per boe basis and funds from operations per share is calculated as funds from operations divided by the weighted average number of common shares outstanding. Operating netback denotes petroleum and natural gas revenue and realized gains or losses on financial instruments less royalty expenses, operating expenses and transportation and marketing expenses calculated on a per boe basis. Working capital deficit includes current assets less current liabilities excluding the current portion of the amount drawn on the credit facilities, the current portion of the fair value of financial instruments and the deferred premium on financial instruments. Manitek uses net debt as a measure to assess its financial position. Net debt includes current assets less current liabilities excluding the current portion of the fair value of financial instruments and the deferred premium on financial instruments.

Barrels of Oil Equivalent

The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. Per boe amounts have been calculated using a conversion ratio of six thousand cubic feet (6 mcf) of natural gas to one barrel (1 bbl) of crude oil. The boe conversion ratio of 6 mcf to 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the

wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

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