

Strata-X Energy Ltd.: Illinois Basin Shallow Well Program Update

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Raises A\$1.108 Million in Private Placement

DENVER, COLORADO and BRISBANE, QUEENSLAND and VANCOUVER, BRITISH COLUMBIA--(Marketwired - Dec 7, 2014) -

- Drilling rig for Blue Spruce #1 well to be deployed in mid December.
- 3,800ft well expected to cost ~USD\$300,000, completed and equipped for production.
- Finding and development costs of less than \$8/barrel.⁽¹⁾
- Netback of \$44 per barrel at current crude oil prices.⁽¹⁾
- Strata-X first company to be approved by State of Illinois as a Hydraulic Fracturing Operator.
- A\$1.6 million successfully raised via private placement including previously announced director investment.

[Strata-X Energy Ltd.](#) ("Strata-X" or the "Company") (**TSX VENTURE:SXE**) (**ASX:SXA**) is pleased to announce that it has successfully raised A\$1.108 million through a private placement in addition to the A\$500,000 raised through convertible notes from directors of the Company (as previously announced on 2 November 2014). Total gross proceeds from recent financings total approximately A\$1.6 million.

Vertical Well Program

The Company expects to have a drilling rig on site at the Blue Spruce #1 well location by mid-December. The drilling contractor, Webster Drilling Inc., has notified Strata-X that it is next on the drilling schedule. The 3,800ft well, completed and equipped for production, is expected to cost approximately USD\$300,000, with finding and development costs of less than \$8/barrel (Prospective Resources). Production costs are estimated at less than \$10 per barrel, with a resulting netback of over \$44 per barrel at current crude prices.
⁽¹⁾

The Company has identified over 65 additional shallow vertical well opportunities on the current Strata-X leasehold, and has 3 drilling permits approved to date. The plan is to drill a second well immediately after the holiday season and approximately 1 to 2 wells per month thereafter beginning in February, subject to rig availability and access.

Burkett Production Update

The Company continues to carry out controlled production testing from the Company's proof of concept horizontal well in the deeper Devonian Lingle formation. In November 2014, the Burkett 5-34 well averaged 180 BOE/D consisting of 130 bopd and 280 Mcf/d of high BTU gas. Gas analysis has shown that the gas contains significant amounts of ethane, propane and butane with a BTU content of 1,650 BTU, more than 60% higher than standard methane. The Company is exploring options to process the liquids rich gas to add a revenue stream that was not previously forecasted.

The Company was informed this week that it has been approved as a hydraulic fracturing operator under the newly approved State of Illinois fracture stimulation rules. Strata-X is the first company to receive this

designation.

Private Placement

The Company also announces that it has closed the private placement as announced on November 12, 2014. The private placement (the "Placement") consisted of 6,518,230 CDIs (representing 6,518,230 common shares) to raise A\$1.108 million at a price of A\$0.17 per CDI. The Placement represents approximately 4.45% of the Company's issued capital (pre Placement). Quotation of the CDIs on the ASX will occur on Tuesday December 9, 2014 (Australian time). The Company paid finder's fees in the amount of A\$63,426 to certain finders.

The Company intends to use the proceeds from the Placement as follows:

- Drilling, stimulating, if required, and testing up to five low cost vertical wells in the Illinois Basin projects targeting bypassed and/or untested high margin light sweet oil within multiple shallow reservoirs at depths of 850m to 1,110m.
- Continued long term testing of the first 'proof of concept' well in the Burkett Oil Field to estimate production declines required for economic modeling of the field.
- Flow testing the first 'proof of concept' well on the Sleeping Giant Gas Project.
- Lease maintenance and general working capital purposes.

About Strata-X

Strata-X is a Denver, Colorado (USA) based company and is engaged in the business of oil and gas exploration and development with a variety of exploration opportunities in North Dakota, California, Texas, Illinois and Western Australia and production and development opportunities in California. Strata-X has 152,807,199 common shares outstanding and trades under the symbol "SXE" on the TSX-V and "SXA" on the ASX.

This announcement was made in Canada for the TSX.V and in Australia for the ASX.

Public documents for [Strata-X Energy Ltd.](http://www.sedar.com) can be found at SEDAR (Canada) (www.sedar.com) and ASX.com.au (Australia).

(1) The Prospective Resource information cited in this News Release for the Copper Mountain Oil Project relates only to pre-tax, Best Estimate, Prospective Resources, per an independent third party report effective 2 October 2014 ("Report") prepared by Chapman Petroleum Engineering Ltd. ("Chapman"). The Report's author, Charles Moore, a registered Professional Engineer in the Province of Alberta, Canada, consents to the inclusion of this resource information as it appears and confirms that the information relating to the Prospective Resource is based on, and fairly represents, information and supporting documentation prepared by Strata-X, which information he has personally reviewed. There is no certainty that stated resources will be commercially viable to produce any portion of the resources. The Report reviewed only Prospective Resources as the project is not sufficiently developed to assign Contingent Resources or additional Petroleum Reserves to it. Figures shown reflect Strata-X's economic interest (US Dollars) net of royalty or other burdens and were generated using the deterministic method. Forecasted figures were derived using forward commodity strip pricing, regional drilling, completion and production expenditures and applicable production taxes. Strata-X is the title holder of the tenements/leases covering the Copper Mountain Oil Project that were subject to the Report.

By definition of the COGE Handbook - "Undiscovered resources are those quantities of oil and gas estimated on a given date to be contained in accumulations yet to be discovered." The Handbook further states - Caution (per NI 51-101/5.9(2)(v)(B)) - "There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources." In addition, per NI 51-101/5.6 "the estimated values disclosed do not represent fair market value."

FORWARD-LOOKING STATEMENTS

This news release contains forward-looking statements, which relate to future events or future performance, including but not limited to, the completion and size of the Placement, receipt of regulatory approvals and timing thereof, the Corporation's business strategies and plans for the use of such Placement proceeds, capital expenditure programs and estimates relating to timing and costs, and reflect management's current expectations and assumptions, including, but not limited to the timing and receipt of necessary regulatory approvals and third party approvals and completion of the Placement and stability of general economic and financial market conditions. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", and similar expressions is intended to identify forward-looking statements. Such forward-looking statements reflect management's current beliefs and are based on assumptions made by and information currently available to the Company. Readers are cautioned that these forward-looking statements are neither promises nor guarantees, and are subject to risks and uncertainties, including imprecision in estimate capital expenditures and operating expenses, stock market volatility, general economic and business conditions in North America and globally, risks associated with liquidity and capital resource requirements, that may cause future results to differ materially from those expected and the forward-looking statements included in this news release should not be unduly relied upon. See also "Risks Factors" in the Company's Annual Information Form dated September 25, 2014 available on SEDAR at www.sedar.com. Those factors are not, and should not be construed as being exhaustive. These forward-looking statements are made as of the date hereof and the Company does not assume any obligation to update or revise them to reflect new events or circumstances save as required under applicable securities legislation. This news release does not constitute an offer to sell securities and the Company is not soliciting an offer to buy securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Contact

[Strata-X Energy Ltd.](#)

Tim Hoops (USA)
President
+1 855-463-2400
info@strata-x.com

[Strata-X Energy Ltd.](#)

Colin Christensen
Investor Relations (Canada)
+1 403-483-8363
colin@strata-x.com

[Strata-X Energy Ltd.](#)

Julia Maguire
Investor Relations (Australia)
+61 419 815 386
julia@strata-x.com

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