

Waldron Energy Corporation Provides Update on Disposition Process, Announces Estimated Reserves at December 31, 2014 and Provides Operational Update

05.02.2015 | [Marketwired](#)

CALGARY, ALBERTA--(Marketwired - Feb 5, 2015) - [Waldron Energy Corp.](#) (TSX:WDN) ("Waldron" or the "Corporation") provides the following updates on its disposition process, preliminary December 31, 2014 reserves balances and operations.

Disposition Process

As previously announced on December 2, 2014, the Corporation has engaged Cormark Securities Inc. ("Cormark") as financial advisor in order to pursue the sale of a material portion of the assets of the Corporation, either in one transaction or in a combination of transactions; a merger or other business combination; the outright sale of the Corporation; or some combination thereof (the "Disposition Process"). The Corporation announces that marketing materials are now available to interested parties through Cormark at waldron@cormark.com or by visiting www.cormark.com (see 'Investment Banking' and 'Announced M&A Mandates') for the overview memorandum and the confidentiality agreement.

Preliminary 2014 Reserves

Waldron has engaged GLJ Petroleum Consultants Ltd. ("GLJ") to conduct a year end reserve and economic evaluation effective December 31, 2014. To facilitate timing of the Disposition Process, Waldron is providing GLJ's preliminary reserve estimates effective December 31, 2014 (the "GLJ Preliminary Report"). The following table summarizes the Corporation's total working interest in proved and probable reserves at December 31, 2014 as assessed in the GLJ Preliminary Report prepared in accordance with NI 51-101 using the GLJ January 1, 2015 forecast prices and cost assumptions.

	PRELIMINARY RESERVES SUMMARY ⁽¹⁾⁽²⁾		
	OIL & NGLs	NATURAL GAS ⁽³⁾	TOTAL OIL EQUIVALENT ⁽⁴⁾
	(Mbbl)	(MMcf)	(Mboe)
Proved			
Producing	1,023	12,790	3,155
Developed Non-Producing	84	1,236	290
Undeveloped	318	2,438	724
TOTAL PROVED	1,425	16,464	4,169
PROBABLE	1,573	19,570	4,834
TOTAL PROVED PLUS PROBABLE	2,998	36,035	9,003

Notes:

- (1) Numbers in this table are subject to rounding.
- (2) Reserves are the Corporation's total working interest share before the deduction of royalties and without including any royalty interest of the Corporation
- (3) Natural gas volumes include solution gas volumes associated with the Corporation's light and medium crude oil reserves.
- (4) Natural gas is converted to barrels of oil equivalent ("boe") at a ratio of six thousand standard cubic feet to one barrel of oil.

The following table summarizes Waldron's share of the net present value of future net revenue attributable to its reserves before taxes but prior to the provision for interest and general and administrative expenses as assessed in the GLJ Preliminary Report:

	PRELIMINARY NET PRESENT VALUES OF FUTURE NET REVENUE ⁽¹⁾⁽²⁾⁽³⁾
	BEFORE INCOME TAXES DISCOUNTED AT (%/year)

RESERVES CATEGORY	8% (M\$)	10% (M\$)	12% (M\$)
Proved			
Producing	29,158	26,741	24,716
Developed Non-Producing	1,580	1,453	1,338
Undeveloped	3,459	2,891	2,422
TOTAL PROVED	34,197	31,086	28,476
PROBABLE	22,343	17,814	14,217
TOTAL PROVED PLUS PROBABLE	56,539	48,899	42,693

Notes:

- (1) Numbers in this table are subject to rounding.
- (2) Utilizes GLJ escalated price forecasts as of January 1, 2015.
- (3) The estimates of future net revenue disclosed herein may not represent fair market value.

The GLJ Preliminary Report reflects proved producing reserve volumes of approximately 3.2 MMboe, which remained flat compared to 3.2 MMboe as at December 31, 2013, notwithstanding the fact the Corporation produced approximately 0.6 MMboe in 2014. The primary contributor for the decline in year-over-year values for proved producing reserves is the significant reduction in commodity prices. Similarly, the primary contributor for the decline in year-over-year proved and proved plus probable volumes and values is the significant reduction in commodity prices and the resulting impact on new well economics, and not downward technical revisions on its undeveloped reserves.

The significant reduction in commodity prices has also dramatically impacted the net present values of before tax future net revenue discounted at 10% ("NPV10%") as assessed in the GLJ Preliminary Report. Comparing GLJ escalated price forecasts as of January 1, 2014 and January 1, 2015, the change in commodity prices has resulted in estimated \$11.2 million, \$14.5 million and \$23.0 million reductions in the NPV10% of the proved producing, total proved and proved plus probable reserve categories, respectively.

Notwithstanding the estimated reduction in reserves as at December 31, 2014, which is largely due to reduction in future commodity price estimates, the Corporation is encouraged by its stable base production and has identified 86 gross (79 net) drill locations.

Operational Update

The Corporation also announces that its Strachan production of approximately 300 - 350 boe per day has been temporarily shut-in by the operator of the third-party natural gas processing plant in the area as a result of the plant operating at capacity as well as certain recent operational issues at the plant. The Corporation continues to work with the operator of the plant to bring Waldron volumes back on production. Waldron has made commitments for firm service effective May 1, 2015. In the interim, the Corporation's production volumes will continue to be produced on an interruptible basis and the Corporation anticipates its firm service contract with the pipeline operator may provide an advantage in flowing volumes through the plant during the interruptible service period. Additionally, the Corporation is pursuing other alternatives to return its Strachan volumes to production, including rerouting the volumes to existing gas plants in the area using existing pipelines. At current commodity prices and based on historical royalty rates and operating costs in the area, the Corporation estimates corporate field cash flow will be reduced by approximately \$100,000 per month that the Corporation's Strachan volumes are not on production. Taking into account the temporary shut-in of production, the Corporation estimates its Q4 2014 production averaged approximately 1,350 - 1,450 boe per day and current production is approximately 1,050 - 1,150 boe per day (approximately 1,400 - 1,500 boe per day including the temporarily shut-in production from Strachan).

Investor Information

Waldron is a Calgary, Alberta based corporation engaged in the exploration, development and production of petroleum and natural gas. The Corporation's common shares are currently listed on the Toronto Stock Exchange under the trading symbol "WDN." Additional information regarding Waldron is available under the Corporation's profile at www.sedar.com or at the Corporation's website, www.waldronenergy.ca.

Forward Looking and Cautionary Statements

This news release contains forward-looking statements relating to the Corporation's plans and other aspects of the Corporation's anticipated future operations, strategies, financial and operating results, production and business opportunities. These forward-looking statements may include opinions, assumptions, estimates, management's assessment of value, reserves, future plans and operations.

Forward-looking statements typically use words such as "will," "anticipate," "believe," "estimate," "expect," "intend," "may," "project," "should," "plan," and similar expressions suggesting future outcomes, and include statements that actions, events or conditions "may," "would," "could," or "will" be taken or occur in the future. Specifically, this press release contains forward-looking statements relating to the Disposition Process, the quantity of the Corporation's oil and natural gas reserves and anticipated future cash flows from such reserves; availability of processing in, and production from, the Strachan area; the character and nature of the Corporation's asset base; whether or not the asset base is prospective; and number of drilling locations and follow-up opportunities. The forward-looking statements are based on various assumptions including expectations regarding the market for oil & gas assets, availability of processing, the volumes and future net revenue disclosed in its final reserves report as at December 31, 2014, success of current or future drill wells; the outlook for petroleum and natural gas prices; estimated amounts and timing of capital expenditures; estimates of future production; assumptions concerning the timing of regulatory approvals; the state of the economy and the exploration and production business; results of operations; business prospects and opportunities; future exchange and interest rates; assumptions with regards to hedging activities; the Corporation's ability to obtain equipment in a timely manner to carry out development activities; and the ability of the Corporation to access capital and credit. While the Corporation considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward-looking statements are subject to a wide range of assumptions, known and unknown risks and uncertainties and other factors that contribute to the possibility that the predicted outcome will not occur, including, without limitation: risk that the Corporation may not conclude divestitures; imprecision of reserves estimates; risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation; loss of markets; volatility of commodities prices; currency fluctuations; imprecision of reserves estimates; environmental risks; competition from other producers; inability to retain drilling rigs and other services; general economic conditions; delays resulting from or inability to obtain required regulatory approvals; and ability to access sufficient capital from internal and external sources. Readers are cautioned that the foregoing list of factors is not exhaustive.

Although Waldron believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements and you should not rely unduly on forward-looking statements. The forward-looking statements contained in this news release are made as of the date of this news release. Except as required by applicable law, Waldron does not undertake any obligation to publicly update or revise any forward-looking statements.

Note Regarding Non-GAAP Measures

Field cash flow as set forth in this press release is not a recognized measure under IFRS. The Corporation's method of calculating this measure may differ from other entities and, accordingly, it may not be comparable to the measures used by other entities. Such amount has been calculated in the manner set forth above solely for the purposes of estimating temporary impact on cash flow and should not be used for any other purpose or as an indication of the current or future financial performance of the Corporation. Readers are encouraged to refer to the Corporation's financial statements and associated Management's Discussion & Analysis filed on SEDAR for a discussion of such matters.

Note Regarding BOEs

The term barrel of oil equivalent ("boe") may be misleading, particularly if used in isolation. A conversion ratio for gas of 6 mcf:1 boe 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 conversion ratio of 6:1, utilizing a conversion on a 6:1 basis is misleading as an indication of value.

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<https://www.rohstoff-welt.de/news/191408--Waldron-Energy-Corporation-Provides-Update-on-Disposition-Process-Announces-Estimated-Reserves-at-December-31-2025>

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