

Caza Oil & Gas Announces Termination of CWEI Agreement

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HOUSTON, TEXAS--(Marketwired - Feb. 26, 2015) - Caza Oil & Gas, Inc. ("**Caza**" or the "**Company**") (TSX:CAZ)(AIM:CAZA) announces that, further to the announcement on November 12, 2014 regarding a farmout and exploration agreement (the "**Agreement**") entered into with [Clayton Williams Energy Inc.](#) ("**CWEI**") and together with Caza, the "**Parties**"), the Agreement has now been terminated by mutual agreement.

As announced previously, the Parties had agreed to jointly develop CWEI's 14,738 leased net acres in Reeves County, Texas (the "**Farmout Area**"), subject to the terms of the Agreement. These terms required, amongst other things, the drilling of an initial horizontal Wolfcamp well on or before February 1, 2015 (the "**Initial Commitment Well**") with CWEI as the operator. Caza was to 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 was 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.

Consistent with Caza's stated strategy to actively manage capital expenditures and other costs, and to focus on near-term only obligation wells during this period of low oil prices, the Company elected not to proceed with its participation in the Initial Commitment Well which management believes would not provide an appropriate return for its shareholders at the current time, having regard to the Company's other projects in its Bone Spring programme and the financial obligations assumed had the Company elected to proceed with the drilling of the Initial Commitment Well and not with the Additional Commitment Wells.

W. Michael Ford, Chief Executive Officer commented:

"We are disappointed that Caza is no longer participating in developing this substantial acreage in Reeves County, Texas. The original agreement with Clayton Williams represented an opportunistic and innovative transaction and one which was potentially transformational for the Company, tripling its current net leasehold position. However, the original deal terms are no longer commercially viable in the current oil price environment and, whilst we sought to reach agreement on revised terms to reflect prevailing economics, this was unfortunately not possible and the decision was taken to terminate the agreement rather than incur further costs and commitments. Management continues to focus on applying capital in an effective manner to deliver appropriate returns for shareholders and Caza remains in a good position with very good assets in Lea and Eddy Counties, New Mexico, and with no pressing lease obligations."

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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