

Leucrotta Exploration Announces Significant Reserve Growth

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CALGARY, Apr 7, 2015 - [Leucrotta Exploration Inc.](#) ("Leucrotta" or the "Company") (TSX VENTURE:LXE) is pleased to announce its 2014 year-end reserves as independently evaluated by GLJ Petroleum Consultants Ltd. ("GLJ"), in accordance with National Instrument 51-101 ("NI 51-101").

2014 Highlights

- Increased proved plus probable reserves by 87% to 25.5 million barrels of oil equivalent ("boe")
- Increased proved reserves by 62% to 14.1 million boe
- Reserve replacement of 1,591% on a proved plus probable basis and 773% on a proved basis
- Achieved all-in finding, development and acquisition costs including changes in future development costs ("FDC") on a proved plus probable basis of \$12.28 per boe
- Achieved finding and development costs including changes in FDC and excluding property acquisitions and undeveloped land acquisitions (\$61.7 million) on a proved plus probable basis of \$7.88 per boe
- Recycle ratio of 2.2 times on a proved plus probable basis based on 2014 average netback of \$26.47 per boe
- Net asset value of \$1.75 per share
- Reserve life index of 27.6 years on a proved plus probable basis (15.2 years proved) based on Q4 2014 average production of 2,538 boepd

Capital Expenditures

Leucrotta's capital expenditures were focused predominantly in the greater Dawson area to expand its land base, improve and expand infrastructure, and start to delineate its large Montney land base. Capital allocation by category is as follows:

Category	Capital (\$ million)
Undeveloped land	59.0
Facilities and related infrastructure	22.2
Drilling and Completion	18.4
Property acquisitions	2.7
Geological and geophysical	0.6
Total	102.9

Leucrotta focused the majority of its capital in 2014 on acquiring a large land base targeting liquids-rich Montney gas and oil for future delineation and development. Leucrotta invested \$57.6 million to acquire 155 net sections of land in the greater Dawson area that it believes is highly prospective for both upper and lower Montney. Leucrotta views this investment as critical to the long-term growth of the Company and creation of shareholder wealth as this large potential resource is developed.

Leucrotta invested \$22.2 million on facilities and related infrastructure that includes gas plant equipment, water and gas injection wells and related facilities and pipelines. Owning and controlling infrastructure will allow Leucrotta to maintain its low cost structure and enable the Company's projects to be competitive on a rate of return basis when compared to all projects in Western Canada.

Drilling and completions capital of \$18.4 million was spent in the delineation and development of its Montney projects. Leucrotta will continue to spend a portion of its capital on drilling development wells and a portion of its capital on delineation of its large potential Montney resource.

Reserve Additions

Leucrotta continued to develop the Montney in the greater Dawson area. Both the Lower and Upper Montney zones saw significant increases and positive revisions as both Leucrotta and immediately adjacent/offset producers further developed this area. Leucrotta saw a material increase in technical revisions based on well performance from each producing horizon as production matured. The Company also experienced some movement from probable reserves to proved reserves and significant additions in the lower Montney at both Doe and Sunrise as a result of development drilling in the area. Overall, 4.3 mmboes were either moved from the probable to the proved category or from un-booked directly to the proved category. This resulted in a substantial increase to the lower-risk proved category.

Leucrotta has only booked reserves to a portion of 6 sections of its total 172 net sections of Montney land in the greater Dawson area. Over a longer time horizon, the Company believes there is the potential to add proved and probable reserves to a much greater portion of its undeveloped land base in addition to increasing the existing booked reserves on lands currently booked. Leucrotta's delineation and development of its own land base plus competitor drilling in the area will assist in proving up additional reserves in the future.

Reserves Summary

Leucrotta's December 31, 2014 reserves as prepared by the independent reserves evaluation firm GLJ Petroleum Consultants Ltd. and based on the GLJ (2015-01) future price forecast are as follows:

	Light/Medium Oil		Natural Gas Liquids		Natural Gas		Barrels of Oil Equivalent	
	Company Interest (Mbbl)	Net (Mbbl)	Company Interest (Mbbl)	Net (Mbbl)	Company Interest (Mmcf)	Net (Mmcf)	Company Interest (Mboe)	Net (Mboe)
Proved								
Producing	133	126	393	345	14,279	12,271	2,906	2,516
Developed Non-producing	1	1	112	96	4,437	3,942	852	754
Undeveloped	0	0	1,455	1,307	53,154	46,785	10,314	9,104
Total proved	134	127	1,960	1,748	71,870	62,998	14,073	12,374
Probable	80	78	1,694	1,470	58,171	49,670	11,469	9,827
Total proved & probable	215	205	3,654	3,218	130,041	112,668	25,542	22,201

Notes:

- (1) "Company Interest" reserves means Leucrotta's working interest (operating and non-operating) share before deduction of royalties and without including any royalty interest of Leucrotta.
- (2) "Net" reserves means Leucrotta's working interest (operated and non-operated) share after deduction of royalties, plus Leucrotta's royalty interest in reserves.
- (3) Oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil.
- (4) Numbers may not add due to rounding.

Reserves Values

The estimated future net revenues before taxes associated with Leucrotta's reserves effective December 31, 2014 and based on the GLJ (2015-01) future price forecast are summarized in the following table:

(\$000s)	0% DCF	5% DCF	10% DCF	15% DCF
Proved				
Producing	41,113	33,253	28,197	24,656
Developed Non-producing	10,550	5,771	2,999	1,301
Undeveloped	193,219	113,835	72,868	49,288
Total proved	244,882	152,859	104,063	75,245
Probable	290,891	144,406	85,335	56,598
Total proved & probable	535,773	297,265	189,398	131,843

Price Forecast

The GLJ (2015-01) price forecast for the next 5 years is as follows:

Year	WTI @ Cushing (\$US / Bbl)	Edmonton (\$Cdn / Bbl)	Light Natural Gas at AECO (\$Cdn / Mmbtu)
2015	62.50	64.71	3.31
2016	75.00	80.00	3.77
2017	80.00	85.71	4.02
2018	85.00	91.43	4.27
2019	90.00	97.14	4.53

Finding and Development Costs ("F&D")

All-in F&D costs including FDC were \$21.50 per boe on a Proved basis and \$12.28 on a Proved plus Probable basis. The three-year comparative which normalizes the period costs was \$17.34 on a Proved basis and \$11.97 on a Proved plus Probable basis.

F&D costs were significantly affected by the large amount expended for land during 2014 with no direct reserve additions during this period. Certain infrastructure costs (see above) were also incurred during the period that affect all future projects as well as current projects. Long-term F&D will normalize both these cost areas but the 2014 year was negatively affected.

F&D costs including FDC and excluding property acquisitions and undeveloped land acquisitions were \$12.71 per boe on a Proved basis and \$7.88 on a Proved plus Probable basis.

Leucrotta has presented F&D costs below both including and excluding property and land acquisitions. While NI 51-101 requires that the effects of all land and property acquisitions and dispositions be excluded, the all-in calculation is included as additional information.

	2014	2013	3 Year Av
(\$000's, except where noted)	Proved	Proved & Probable	Proved & Probable
F&D costs (excluding net acquisitions/dispositions)			
Exploration and development expenditures	41,162	41,162	37,475
Change in FDC ⁽¹⁾	28,652	51,659	15,704
F&D costs excluding net acquisitions/dispositions (Including FDC)	69,814	92,821	53,179
All-in F&D costs (including net acquisitions/dispositions)			
Exploration and development expenditures	41,162	41,162	37,475
Net acquisitions (dispositions)	61,705	61,705	2,378
All-in F&D costs including net acquisitions/dispositions	102,867	102,867	39,853
Change in FDC	28,652	51,659	15,704
All-in F&D costs including net acquisitions/dispositions (Including FDC)	131,519	154,526	55,557
Reserve Additions (Mboe)			
Exploration and development	5,491	11,783	4,027
Net acquisitions/dispositions	627	804	-
Total Reserve Additions	6,118	12,587	4,027
F&D costs excluding net acquisitions/dispositions (\$/boe)			
Excluding FDC	7.50	3.49	9.31
Including FDC	12.71	7.88	13.21
All-in F&D costs (\$/boe)			
Excluding FDC	16.81	8.17	9.90
Including FDC	21.50	12.28	13.80

- (1) Future development capital ("FDC") expenditures required to recover reserves estimated by GLJ. The aggregate of the exploration and development costs incurred in the most recent financial period and the change during that period in estimated future development costs generally may not reflect total finding and development costs related to reserve additions for that period.

- Leucrotta was incorporated on June 10, 2014. Leucrotta commenced active oil and natural gas operations on August 6, 2014 as a result of the closing of an arrangement agreement between Leucrotta, [Crocotta Energy Inc.](#) ("Crocotta") and [Long Run Exploration Ltd.](#) whereby Crocotta transferred its oil and natural gas (2) assets located in British Columbia ("BC Assets") to Leucrotta. The exploration and development expenditures, acquisitions expenditures, and reserve additions presented above include those of Leucrotta from July 10, 2014 as well as prior periods up to August 6, 2014 from the transferred BC Assets on a carve-out basis as if they had operated as a stand-alone entity subject to Crocotta's control.

Net Asset Value ("NAV")

Leucrotta's NAV as at December 31, 2014 and based on the GLJ (2015-01) future price forecast is as follows:

(\$000s, except per share amounts)	Discounted @ 10%
Pre-tax net present value of proved & probable reserves	189,398
Undeveloped land (Note 1)	74,450
Working capital	25,003
Net asset value	288,851
Shares outstanding (basic)	165,227
Net asset value per share	\$1.75

Notes:

- (1) Undeveloped land is included at cost of approximately \$475 per acre and is also an internal estimate of fair value based on area sales.

Reserve Life Index

Leucrotta's Reserve Life Index presented below is based on Q4 2014 average production of 2,538 boepd.

Reserve Category	Reserve Life Index
Proved plus Probable Reserves	27.6
Proved	15.2

Forward-Looking Information

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "should", "believe", "intends", "forecast", "plans", "guidance" and similar expressions are intended to identify forward-looking statements or information.

More particularly and without limitation, this document contains forward-looking statements and information relating to the Company's oil, NGLs and natural gas production and reserves and reserves values, capital programs, and oil, NGLs, and natural gas commodity prices. The forward-looking statements and information are based on certain key expectations and assumptions made by the Company, including expectations and assumptions relating to prevailing commodity prices and exchange rates, applicable royalty rates and tax laws, future well production rates, the performance of existing wells, the success of drilling new wells, the availability of capital to undertake planned activities and the availability and cost of labour and services.

Although the Company believes that the expectations reflected in such forward-looking statements and information are reasonable, it can give no assurance that such expectations will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oil and gas industry in general such as 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 estimates and projections relating to production rates, costs and expenses, commodity price and exchange rate fluctuations, marketing and transportation, environmental risks, competition, the ability to access sufficient capital from internal and external sources and changes in tax, royalty and environmental legislation. The forward-looking statements and information contained in this document are made as of the date hereof for the purpose of providing the readers with the Company's expectations for the coming year. The forward-looking statements and information may not be appropriate for other purposes. The Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

BOE Conversions

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 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.

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