

Seven Generations Closes Acquisition of Montney Nest Assets That Significantly Expand High-Growth Kakwa River Project

18.08.2016 | [Marketwired](#)

Lenders increase 7G's credit facility from \$850 million to \$1.1 billion

CALGARY, Aug. 18, 2016 - [Seven Generations Energy Ltd.](#) (TSX:VII) has closed its acquisition of Montney liquids-rich natural gas assets in northwest Alberta from [Paramount Resources Ltd.](#)

"This acquisition significantly expands our Kakwa River Project, increasing our proved reserves by about 47 percent and our inventory of high-growth Nest acreage by about 35 percent. At a similar development stage to our original Kakwa lands, these high-quality Montney lands are well delineated. New processing plants and transportation facilities are built with capacity to expand production. Marketing arrangements are in place. We now have more than half a million net Montney acres covering early-life resources that we believe are poised to deliver the strong rate of low-supply-cost growth that will help us reach cash flow sustainability and generate value creation over the long term," said Chris Law, 7G's Chief Financial Officer.

Development planning and amalgamation work underway

"We are expanding our development planning to incorporate the added lands covering the prolific Nest reservoir - our highest quality Montney asset. We plan to apply our successful and innovative drilling, completions and production practices to continue operational optimization across our newly expanded Kakwa River Project," said Glen Nevokshonoff, 7G's Senior Vice President, Operations.

With the acquisition complete, 7G's 2016 production guidance is now 120,000 to 125,000 barrels of oil equivalent per day and capital investment is planned at \$1.05 billion to \$1.1 billion. 7G plans to outline its 2017 outlook and development plan in the fourth quarter of 2016.

Consolidated Montney Nest resource lands can underpin market integration initiatives

"These expanded, low-supply-cost Montney resources strengthen our capacity to increase sales into traditional markets and diversify into new markets. As our long-term transportation capacity on Alliance and TransCanada pipelines increases incrementally towards more than 840 million cubic feet per day in 2018, we have substantial room to grow production, largely to the U.S. Midwest. Beyond that, we have the resource base to underpin new infrastructure developments for our suite of five products: natural gas, condensate, propane, butane and ethane. Our core focus remains on continually advancing innovation to produce liquids-rich natural gas at the toe of the supply cost boot. With one of North America's lowest supply costs, we are very well situated to evaluate midstream opportunities that serve new customers through the potential development of initiatives such as natural gas-fired electricity plants, liquefied natural gas export facilities, natural gas-to-liquids refining and petrochemicals," said Marty Proctor, 7G's President & Chief Operating Officer.

Reserve-based credit facility increases about 30 percent to \$1.1 billion

Concurrent with the closing of this acquisition, 7G's lenders increased the company's existing reserve-based credit facility by about 30 percent, from \$850 million to \$1.1 billion. This credit facility, which matures in May 2019, is provided by a syndicate of 12 financial institutions. With this credit facility increase, 7G has available funding, not including projected cash flow, of about \$1.7 billion as of June 30, 2016 after the completion of the acquisition.

On July 26, 2016, 7G closed its previously announced bought-deal equity financing raising gross proceeds of \$747,666,750 by issuing 30,705,000 subscription receipts at a price of \$24.35 each. The proceeds of this financing have now been released from escrow and were used, in part, to fund the Montney asset acquisition, and the balance of the net proceeds are expected to be used to fund the company's ongoing capital investment program and for general corporate purposes. Now that the Montney asset acquisition has

closed, each subscription receipt has been exchanged for one common share of 7G. Holders of the subscription receipts are not required to take any action in order to receive the 7G common shares. The company has been advised by the TSX that the subscription receipts will be delisted by the TSX after the close of trading on August 18, 2016.

Seven Generations funded the Montney asset acquisition with a combination of \$475 million in cash (before customary closing adjustments), 33.5 million 7G common shares issued from treasury to Paramount and the assumption of Paramount's US\$450 million (approximately C\$584 million) 6.875% notes maturing in 2023.

Seven Generations Energy

Seven Generations is a low-supply-cost, high-growth Canadian natural gas developer generating long-life value from its liquids-rich Kakwa River Project, located about 100 kilometres south of its operations headquarters in Grande Prairie, Alberta. 7G's corporate headquarters are in Calgary and its shares trade on the TSX under the symbol VII.

Further information about Seven Generations is available on the company's website: www.7generacy.com.

Reader Advisory

This news release contains certain forward-looking information and statements that involves various risks, uncertainties and other factors. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "should", "believe", "plans", and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to the following: the anticipated benefits of the acquisition and the impact of the acquisition on the Kakwa River Project; the company's anticipated drilling plans and expectations for resource recoveries, optimization and capital efficiencies; the pro forma financial, operating and reserves information of the company after completion of the acquisition; anticipated growth; ability to reach cash flow sustainability and generate value creation over the long term; expected production and production growth; plans to provide 2017 outlook and development plan in the fourth quarter of 2016; ability to diversify into new markets; expected processing and transportation capacity; ability to underpin new infrastructure developments; expected use of the proceeds remaining from the subscription receipt offering; 2016 capital expenditure budget; and the ability to generate long-life value from the Kakwa River Project. In addition, references to reserves are deemed to be forward-looking information as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated.

With respect to forward-looking information contained in this news release, assumptions have been made regarding, among other things: future oil, natural gas liquids and natural gas prices; the company's ability to successfully integrate the acquired assets; the company's ability to obtain qualified staff and equipment in a timely and cost efficient manner; the company's ability to market production of oil, natural gas and natural gas liquids successfully to customers; the company's future production levels; the applicability of technologies for the company's reserves; future capital investments by the company; future funds from operations from production; future sources of funding for the company's capital program; the company's future debt levels; geological and engineering estimates in respect of the company's reserves and resources; the geography of the areas in which the company is conducting exploration and development activities; the access, economic and physical limitations to which the company may be subject from time to time; the impact of competition on the company; and the company's ability to obtain financing on acceptable terms.

Actual results could differ materially from those anticipated in the forward-looking information as a result of the possible failure of the company to realize the anticipated benefits of the acquisition; the risks and risk factors that are set forth in the company's Annual Information Form dated March 8, 2016 (AIF), which is available on SEDAR at www.sedar.com, including, but not limited to: volatility in market prices and demand for oil, natural gas liquids and natural gas and hedging activities related thereto; general economic, business and industry conditions; variance of the company's actual capital costs, operating costs and economic returns from those anticipated; risks related to the exploration, development and production of oil and natural gas reserves and resources; negative public perception of oil sands development, oil and natural gas development and transportation, hydraulic fracturing and fossil fuels; actions by governmental authorities, including changes in government regulation, royalties and taxation; the management of the company's growth; the availability, cost or shortage of rigs, equipment, raw materials, supplies or qualified personnel; the absence or loss of key employees; uncertainty associated with estimates of oil, natural gas liquids and natural gas reserves and resources and the variance of such estimates from actual future production; dependence upon compressors, gathering lines, pipelines and other facilities, certain of which the company does not control; the ability to satisfy obligations under the company's firm commitment transportation

arrangements; uncertainties related to the company's identified drilling locations; the concentration of the company's assets in the Kakwa area; unforeseen title defects; Aboriginal claims; failure to accurately estimate abandonment and reclamation costs; changes in the interpretation and enforcement of applicable laws and regulations; terrorist attacks or armed conflicts; natural disasters; reassessment by taxing authorities of the company's prior transactions and filings; variations in foreign exchange rates and interest rates; third-party credit risk including risk associated with counterparties in risk management activities related to commodity prices and foreign exchange rates; sufficiency of insurance policies; potential for litigation; variation in future calculations of certain financial measures; sufficiency of internal controls; impact of expansion into new activities on risk exposure; risks related to the senior unsecured notes and other indebtedness, including: potential inability to comply with the covenants in the credit agreement related to the company's credit facilities and/or the covenants in the indentures in respect of the company's senior secured notes; seasonality of the company's activities and the Canadian oil and gas industry; weather related risks, fires and natural disasters, and extensive competition in the company's industry.

This news release also contains future-oriented financial information and financial outlook information (collectively, FOFI) about the company's prospective results of operations, debt and available funding, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this news release provided for the purpose of describing the anticipated effect of the acquisition on the company's business operations and should not be used for purposes other than for which it is disclosed herein.

The forward-looking information and statements and FOFI contained in this news release speak only as of the date hereof, and the company does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

This news release includes certain terms or performance measures commonly used in the oil and natural gas industry that are not defined under IFRS, including "available funding". The data presented are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These non-IFRS measures should be read in conjunction with the company's financial statements and accompanying notes. For more information regarding "available funding", see "Non-IFRS Financial Measures" in the company's Management's Discussion and Analysis for the six months ended June 30, 2016.

Independent Reserves Evaluation

Estimates of the company's reserves as at December 31, 2015 are based upon the report that was prepared by McDaniel & Associates Consultants Limited (McDaniel) evaluating the company's oil, natural gas and NGL reserves, dated March 7, 2016. Estimates of the reserves attributable to the assets being acquired from Paramount (the Assets) are based upon the report date June 5, 2016 that was prepared by McDaniel evaluating the oil, natural gas and NGL reserves of the Assets effective December 31, 2016. The estimates of reserves provided in this news release are estimates only and there is no guarantee that the estimated reserves will be recovered. Both evaluations were prepared in compliance with the standards set out in the National Instrument 51-101 of the Canadian Securities Administrators and the Canadian Oil and Gas Evaluation Handbook. Actual reserves may be greater than or less than the estimates provided in this news release, and the difference may be material. There is no assurance that the forecast price and cost assumptions made by McDaniel in evaluating the reserves of the company and the Assets will be attained and variances could be material. For important additional information regarding the independent reserves evaluation that was conducted by McDaniel, please refer to the company's AIF, which is available on the SEDAR website at www.sedar.com.

Oil and Gas Definitions

Terms that are used in this news release that are not otherwise defined herein are provided below:

net means, in relation to the company's interest in a property, the total area in which the company has an interest multiplied by the working interest owned by the company.

Proved Reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: (i) analysis of drilling, geological, geophysical and engineering data; (ii) the use of established technology; and (iii) specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the

degree of certainty associated with the estimates.

Abbreviations

bbl barrel
boe(1) barrels of oil equivalent
C\$or \$ Canadian dollars
d day
IFRS international financial reporting standards
Mcf thousand cubic feet
Nest the primary development block of the Kakwa River Project
NGLs natural gas liquids
TSX Toronto Stock Exchange
US\$ United States dollars

(1) Seven Generations has adopted the standard of 6 Mcf:1 bbl when converting natural gas to boes. Condensate and other natural gas liquids are converted to boes at a ratio of 1 bbl:1 bbl. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl is based roughly on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the company's sales point. Given the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency of 6 Mcf: 1 bbl, utilizing a conversion ratio at 6 Mcf: 1 bbl may be misleading as an indication of value.

Seven Generations Energy Ltd. is referred to herein as Seven Generations, Seven Generations Energy, 7G and the company.

Contact

Investor Relations, Chris Law, Chief Financial Officer
Brian Newmarch, Vice President, Capital Markets
Phone: 403-767-0752
Email: bnewmarch@7genergy.com

Media Relations
Alan Boras, Director, Communications and Stakeholder Relations
Phone: 403-767-0772
Email: aboras@7genergy.com

[Seven Generations Energy Ltd.](#)
Suite 300, 140 - 8th Avenue SW
Calgary, AB T2P 1B3

Dieser Artikel stammt von [Rohstoff-Welt.de](#)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/240185--Seven-Generations-Closes-Acquisition-of-Montney-Nest-Assets-That-Significantly-Expand-High-Growth-Kakwa-Riv>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).