CALGARY, Alberta, Oct. 11, 2017 (GLOBE NEWSWIRE) -- Spartan Energy Corp. ("Spartan" or the "Company") (TSX:SPE) is pleased to provide an update of its third quarter 2017 capital program and revised 2017 capital and production guidance.

Operations Update

Spartan remained active in the field throughout the third quarter of 2017, with three rigs continuing to operate across our southeast Saskatchewan asset base. Third quarter activity levels have been in line with budget and included the spudding of 32 (22.2 net) open-hole wells (including 8 (3.2 net) Ratcliffe wells), 6 (5.4 net) frac Midale wells and 1 (0.4 net) Torquay well. We brought a total of 35 (26.5 net) wells on production in the quarter and had an additional 14 (8.7) net wells spud but not on production at the end of the quarter.

Conventional Plays

In our open-hole Frobisher/Alida/Tilston plays, Spartan brought 18 (14.3 net) wells on production in the quarter. These locations were drilled across our extensive asset base, with wells brought on in our core Greater Queensdale and Winmore areas, as well as in the Wordsworth, Carlyle, Willmar, Viewfield and Browning areas. A number of these locations targeted new pools or pool extensions, allowing us to continue to organically expand our drilling inventory in key areas. Average results from our open-hole wells have continued to exceed our internal type curves, with initial 30 day production (“IP30”) rates for open-hole wells brought on production in 2017 outperforming our unrisked type curve by approximately 28%.

In the third quarter we commenced drilling on the lands acquired from ARC at the end of 2016 (the “Acquired Assets”). We brought 6 (4.9 net) open-hole Frobisher wells on production on the Acquired Assets in the quarter, with an average IP30 rate of 136 bbls/d (25% above our unrisked type curve). In addition, we were active drilling Ratcliffe wells at our core Oungre area on the Acquired Assets, bringing 6 (2.8 net) Ratcliffe wells on production in the third quarter. Spartan is very encouraged by our Ratcliffe drilling program, with early results indicating these wells are meeting or exceeding our internal type curve expectations.

Spartan has continued to leverage our experience in southeast Saskatchewan to improve drill times for our open-hole wells. We delivered spud to rig release times as low as four days in the third quarter, down from an average of eight days when Spartan acquired the assets in 2014. Overall drilling costs are tracking our budget, and Spartan’s combination of low individual well costs and production outperformance continues to produce top tier capital efficiencies.

Unconventional Plays

On our frac Midale acreage, Spartan drilled 6 (5.4 net) wells in the third quarter, bringing our total to 22 (17.9 net) wells drilled year to date. Third quarter drilling consisted of 2 (2.0 net) wells at Alameda, 2 (2.0 net) wells at Pinto and 2 (1.4 net) wells at Elcott. Our frac Midale wells have delivered superior results in 2017, with average initial 90 day oil production rates approximately 39% above our internal type curve.

Spartan also drilled and completed our first operated Torquay well in the third quarter, which was drilled on our Oungre acreage. The well was brought on production in September and is currently in clean-up stage. Spartan intends to drill one (1.0 net) additional Torquay well in the fourth quarter of 2017.

Revised Capital and Production Guidance

The success of our drilling program resulted in third quarter production exceeding budgeted levels, with current production in excess of 22,500 boe/d. As a result, Spartan is again revising our annual production guidance upward from 21,600 boe/d to 22,000 boe/d. This is the second increase to our production guidance in 2017, and we now anticipate delivering average annual production per share growth of 16% over 2016 while spending approximately 76% - 78% of forecasted 2017 cash flow. In addition, we are reducing our 2017 drilling and maintenance capital from $145 million to $140 million.

Outlook

Based on our revised guidance and current commodity prices, Spartan anticipates that we will generate total excess cash flow (adjusted funds flow less drilling and maintenance capital) of $40 to $45 million in 2017, representing a payout ratio of approximately 76 to 78 percent. We continued to invest our excess cash flow in value add projects in the third quarter, as we completed a tuck-in acquisition in our core Oungre area for a purchase price of $4.5 million. This acquisition increased our working interest in the Oungre unit to 100%, adding production and reserves while facilitating the implementation of our waterflood project on the property that is scheduled to commence in the fourth quarter of 2017. To date in 2017, we have invested approximately $20 million of our excess cash flow on land, seismic, waterflood and acquisitions, and we intend to invest an additional $8 million in waterflood projects in the fourth quarter. Remaining excess cash flow will be directed to tuck-in acquisitions, normal course issuer bid purchases or drilling in the Viking play to advance the development of our newly acquired acreage at Plato. Allocation decisions will be made through the balance of the year depending on prevailing commodity prices and market conditions.

The continued execution of our capital plan has allowed Spartan to increase our annual average per share production growth forecast from 11% to 16% while reducing our drilling and maintenance capital budget by $5 million. Through the strength of our asset base and the efficiency of our operations, Spartan has demonstrated an ability to continue to deliver top tier growth rates within a subset of cash flow even in a depressed commodity price environment. With a flexible balance sheet, 91% liquids weighting and a deep inventory of highly economic drilling locations, we remain well positioned to deliver superior returns to shareholders as commodity prices recover.

FURTHER INFORMATION

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READER ADVISORY

BOE Disclosure. The term barrels of oil equivalent ("BOE") may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet per barrel (6mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All BOE conversions in the report are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.

Forward Looking Statements. Certain information included in this press release constitutes forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this press release may include, but is not limited to, planned drilling and completion activities, planned investment in waterflood projects and land acquisitions, future production levels, future cash flows at various WTI oil prices, future capital expenditure levels, potential NCIB purchases and additional capital investment and the potential completion of asset acquisitions.

The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Spartan, including expectations and assumptions concerning the success of future drilling, development and completion activities, the performance of existing wells, the performance of new wells, the availability and performance of facilities and pipelines, the geological characteristics of Spartan's properties, the successful application of drilling, completion and seismic technology, prevailing weather and break-up conditions, commodity prices, royalty regimes and exchange rates, the application of regulatory and licensing requirements, the availability of capital, labour and services, the creditworthiness of industry partners and our ability to source and complete land and asset acquisitions.

Although Spartan believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Spartan can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), constraint in the availability of services, commodity price and exchange rate fluctuations, adverse weather or break-up conditions and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. These and other risks are set out in more detail in Spartan's Annual Information Form for the year ended December 31, 2016.

The forward-looking information contained in this press release is made as of the date hereof and Spartan undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward looking information contained in this press release is expressly qualified by this cautionary statement.

Non-IFRS Measures. Certain financial measures referred to in this press release, such as excess cash flow and adjusted funds *flow from operations are not prescribed by IFRS. Excess cash flow is defined as adjusted funds flow from operations less capital expenditures exclusive of land, seismic, waterflood and acquisition capital. Adjusted funds flow from operations is calculated based on cash flows from operating activities before changes in non-cash working capital, transaction costs and decommissioning obligation expenditures incurred. Spartan uses adjusted funds flow from operations to analyze operating performance and leverage, and considers excess cash flow and adjusted funds flow from operations to be a key measure as it demonstrates the Company’s ability to generate cash necessary to fund future capital investments and repay debt. Spartan’s determination of adjusted funds flow from operations, on an absolute and per share basis, may not be comparable to that reported by other companies.*