

Frontera Provides Q1 2018 Operational Update and 2018 Outlook and Guidance Information

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Current Board Member Richard Herbert to be appointed Chief Executive Officer;
David Dyck to be appointed Chief Financial Officer

Successful Start to 2018 Capital Program, Exploration Success at Guatiquia and Quifa

Average 2018 Net Oil and Gas Production of between 65,000 and 70,000 boe/d

Capital Expenditures of between \$450 and \$500 Million Expected to Fund 125 to 135 Development Wells, 11 to 15 Exp
25 Work-Overs and Significant Infrastructure Expansion

TORONTO, March 28, 2018 /CNW/ - [Frontera Energy Corp.](#) (TSX: FEC) ("Frontera" or the "Company") announces significant executive management team, an operational update for the first quarter of 2018, and full year budget and guidance information. Values in this news release and the Company's financial disclosures are in United States dollars and all production volumes are in thousands of barrels of oil equivalent (boe) per day after royalties and internal consumption, unless otherwise stated.

Management Changes:

The Company announces the appointment of independent Board Member Richard Herbert as Chief Executive Officer, effective April 2, 2018. Mr. Herbert will replace Barry Larson, who will remain with the Company until April 30, 2018 to assist with the transition. Mr. Herbert brings to the Company over 36 years of global oil and gas exploration and development, including with [BP plc](#), [Talisman Energy Inc.](#) and Phillips Petroleum Company. With his appointment as CEO, Mr. Herbert has stepped down from his role as a director. The Board has begun a process of identifying independent director candidates with skills, experience and capabilities that would be beneficial to the Company and its shareholders.

Also effective April 2, 2018, David Dyck will join the Company as Chief Financial Officer. Mr. Dyck brings to the Company a record of value creation, built over 29 years in senior financial and leadership roles within the Canadian energy industry. Mr. Dyck was previously Senior Vice President and CFO of Penn West Petroleum Ltd.

Finally, Peter Volk has resigned his position as General Counsel and Secretary of the Company to pursue other opportunities. He will be replaced by Margaret McNee, a senior partner of McMillan LLP with over 30 years of experience as a corporate and securities lawyer. Ms. McNee who has agreed to a secondment as the Company's Acting General Counsel, while the Company pursues the search for a permanent replacement.

Gabriel de Alba, Chairman of the Board of Directors, commented:

"In 2017, management delivered on its corporate strategy of creating value over volumes. As a result, Frontera is now positioned for growth in 2018. The Board is very excited about management's planned drilling campaign for 2018. The Company's initial drilling results are encouraging and the Board believes that in 2018, the Company will once again position itself to become the leading Latin American exploration and production company.

"As Frontera enters its next growth phase, the Board has deliberated extensively on the kind of leader that will best serve our shareholders, and are delighted to have recruited Richard Herbert. He is ideally suited and qualified to lead the Company. We are grateful that he has agreed to accept this opportunity. Richard's leadership, experience, and business acumen will be a great asset to Frontera.

"I would like to thank Barry Larson for successfully taking Frontera to this stage of its transformation. A unique leader of

needed and because of his tireless efforts, the Company successfully completed its financial restructuring, establishing a foundation for growth. On behalf of the entire Board, I thank Barry for his extraordinary performance."

Barry Larson, Chief Executive Officer of the Company, made the following comments:

"I am grateful for the opportunity I have had at Frontera to work with a dedicated, experienced team to build an outstanding platform for growth.

"I am confident Frontera will continue to progress our economic production through rigorous development drilling on our block combined with continued optimization and enhanced recovery techniques. To that end, we have had exploration success with the Alligator-2 well on the Guatiquia block and with the Jaspe-6D well on the Quifa block. We have also had a successful well campaign at the Quifa SW field which has extended the known 2P and 3P reserve boundaries of the field.

"The largest impact project for 2018, the Acorazado-1 exploration well on our Llanos 25 block, is only a few weeks away and has the potential to generate material reserves growth for the Company. Our water handling infrastructure expansion on the Quifa block will also add additional production capacity later in the year, while potentially opening a new core area on the Cajúa and Cajúa fields. These exciting operational opportunities are complemented by additional value creating initiatives being implemented by the Company, which include contract renegotiations relating to transportation commitments and Block 192 in Peru."

First Quarter 2018 Operational Update:

- Successful exploration on the light oil Guatiquia block with the Alligator-2 exploration well. The well was drilled to a true depth of 12,280 feet (12,280 feet true vertical depth) and encountered 21 feet of net pay in the Lower Sand-1 formation. The well was completed with the upper 10 feet of the Lower Sand-1 formation with an electrical submersible pump. The well was flow tested for 11 days at an average rate of 1,380 bbl/d of oil with an average water cut of 28% at stabilized bottomhole flowing pressure with a 14% drawdown. The well was then shut-in for a two-day buildup. The well is currently producing at a stable average rate of 780 bbl/d of oil with an average water cut of 52%. Since discovery, the well has produced a total of 16,200 bbls. Frontera plans to drill an Alligator 3 appraisal well from the same pad during the second quarter of 2018. The Company is also currently drilling an exploration well on the block which is expected to reach total depth this week.
- Successful exploration on the heavy oil Quifa North area with the Jaspe-6D well (partner, Ecopetrol S.A. 40% WI). The well was drilled to 4,895 feet measured depth (3,489 feet true vertical depth) and encountered 33 feet of net pay in the Basal Sand formation with an electrical submersible pump. The well was completed and tested for 11 days at an average rate of 187 bbl/d of a 13° API oil with an average water cut of 10% at a stabilized bottomhole flowing pressure with a 14% drawdown. During the last 24 hours of the test, the well averaged 174 bbl/d of oil and 30% water cut. The well was then shut-in for a 14 day buildup. Since discovery, the well has produced a total of 2,100 bbls. The well is currently producing at an average rate of 174 bbl/d of oil and 30% water cut. Approvals for extended testing. Due to the success of the Jaspe-6D well, the Company is planning to drill two to three delineation wells on the Quifa North area in 2018, with an expectation to declare commerciality at year-end 2018.
- Successful vertical well delineation program on the heavy oil Quifa SW field has expanded the known 2P and 3P reserve boundaries of the field. The 15 well program, nine of which were drilled in 2017, was completed in January 2018, with each vertical well followed by five or six future horizontal development drilling locations.
- The Company and its partner, Ecopetrol S.A., approved the construction of increased water handling capacity at the Quifa SW field for an additional 430,000 bbl of water per day. This will enable the Company to increase oil production at Quifa SW field to commence in the fourth quarter of 2018 by allowing currently shut-in and newly drilled wells to be placed back on production.
- In January 2018, the Company initiated a water injection pressure maintenance project at the Cubiro block, with the goal of lowering overall decline rates and increasing reserves. The full field pressure maintenance project is expected to take between nine to twelve months to complete.
- The Company had eight rigs operating throughout the first quarter of 2018, with five active in its Quifa heavy oil area and three active in its light oil-focused Guatiquia block. First quarter well activity included drilling 33 development focused wells, three exploration wells, and 26 workovers and well services. This is below previous expectations of 40 to 50 wells drilled in the first quarter. Well activity originally planned at the Cajúa field was deferred until further water handling capacity is added later in the year.
- Site construction is complete on the Acorazado-1 exploration location on the Llanos 25 block in Colombia. The rig is currently complete with rigging up activities commencing this week. The spud date is targeting late April assuming the delivery of the rig and products. As a reminder, the Acorazado-1 well is expected to take between 90 and 120 days to drill and will cost approximately \$10 million.
- Average production in the first quarter of 2018 of approximately 66,000 boe/d is below previous guidance of 70,000 boe/d and reflects downtime associated with a social disruption on the Cubiro block in Colombia (~3,200 boe/d), and additional production volumes at Quifa SW as a result of the high price royalty program that applies when WTI is over \$55.00/bbl. The blockade at the Cubiro block was lifted this week and the Company is working diligently to put the field back on full production.
- Frontera has received the Equipares Silver Seal recognition from the Colombian Government and the United Nations for its efforts regarding gender equality. Additionally, the Company has returned to the Voluntary Principles on Security and Human Rights initiative; Frontera is one of the 28 members that are part of this international initiative.

2018 Outlook and Guidance:

	2017 Actual	2018 Guidance ⁽²⁾
Average annual net production after royalties (boe/d)	70,082	65,000 to 70,000
Operating EBITDA (\$MM) ⁽¹⁾	390	375 to 425
Production cost (\$/boe)	10.78	12.00 to 14.00
Transportation cost (\$/boe)	13.54	12.50 to 14.50
General and administrative cost (\$MM)	105	100 to 110

¹ Incorporates \$68 million in expected realized losses from oil price risk management activities assuming \$63.00/bbl Brent

² Assuming average Brent oil price for 2018 of \$63.00/bbl (2017: \$54.79/bbl), and realized oil price differential of between \$5.00/bbl and \$5.50/bbl (2017: \$3.97/bbl)

- Average and exit net production after royalties in 2018, is expected to be in the range of 65,000 boe/d to 70,000 boe/d (72,000 boe/d to 76,000 boe/d before royalties);
- Operating EBITDA of \$375 to \$425 million, which includes \$68 million of expected losses from oil price risk management activities assuming flat \$63.00/bbl Brent oil price in 2018;
- Annual per boe production costs of between \$12.00/boe and \$14.00/boe and transportation costs, excluding the impact of the Bicentenario pipeline, of between \$12.50/boe and \$14.50/boe;
- Annualized general and administrative costs ("G&A") is anticipated to be between \$100 to \$110 million.
- The Company has a portfolio of hedges for up to 60% of production in place up to October 2018 with average floor prices between \$51.3/bbl and \$57.4/bbl.

2018 Capital Expenditure Program:

Capital Expenditures (\$MM)	2017 Actual	2018 Estimate
Maintenance and development drilling	169	225 - 240
Facilities and infrastructure	30	125 - 140
Exploration activities	29	100 - 120
Other	8	-
Total Capital Expenditure Budget	236	450 - 500

- 2018 will mark a year of significant investment for Frontera as the Company redeploys excess cash on its balance sheet to invest in itself for growth in 2018 and beyond. Total 2018 capital spending is budgeted at \$450 to \$500 million, representing a year-over-year increase from \$236 million in 2017 based on the midpoint of the 2018 range. This spending includes \$169 million on maintenance and development, \$100 to \$120 million on exploration, and \$125 to \$140 million on facilities and infrastructure.
- The capital program is expected to deliver between 125 to 135 development wells, 11 to 15 exploration wells, and 100 to 120 exploration acres.
- Infrastructure spending will focus on increasing water handling capacity on the Quifa block as well as the implementation of an injection pressure maintenance project. Water handling capacity at the Quifa SW field is expected to increase 400,000 barrels of water per day by the fourth quarter.

- Exploration drilling will focus on high impact opportunities in Colombia and Peru. Colombia exploration includes the Acorazado-1 well, which is targeting a potentially large accumulation adjacent to the Cusiana giant oil and gas accumulation. Colombia also has a number of near field exploration opportunities such as Alligator and Jaspe which the Company has already experienced exploration success in 2018. In Peru, exploration will focus on the Delfin Sur prospect, offshore well is expected to begin drilling in May and will take 40 to 60 days to reach total depth.

Key Producing Area Updates:

2018 activity at Quifa includes a 79 horizontal well infill drilling program to maintain production, eight vertical delineation wells to increase reserves and four new water injection wells. Expanding water handling facilities will extend field life and, in combination with accelerated development drilling plus improvements in development well location selection and drilling practices, will deliver production and increase production. Over the longer term, we expect to drill an additional 275 2P development locations with further success if the Company has success with the 2018 vertical well drilling program. During the fourth quarter of 2018 a multilateral pilot program will be implemented and evaluated in an effort to increase reservoir drainage and improve capital efficiencies.

At Cajúa a technical study is being undertaken which is expected to optimize new development well locations. Cajúa is currently producing approximately 1,200 bbl/d with a further 134 additional 2P development locations.

At Jaspe, the encouraging results in the Jaspe-6D well will be confirmed with two further wells to be drilled in 2018. If successful, this area could potentially provide a new development area.

At Guatiquia the Ardilla-4 well proved a down-dip extension of the ACA field to the north of the block. The Alligator-1 and Alligator-2 exploration wells proved field extension to the west and Alligator-3 and Alligator-4 will be drilled to delineate the Alligator field. Overall the 2017 development drilling campaign successfully extended the reservoir closure and significantly contributed to reserve replacement. The ACA reservoirs have delivered better reservoir performance than expected resulting in a delay to the start of the water-flooding program until 2020. Exploration and development activity on the Guatiquia Block during 2017 added 8.1 billion bbl of reserves.

Management Biographies

Richard Herbert has an excellent track record in global oil and gas exploration and development, built over the past 36 years with Talisman Energy and Phillips Petroleum. During his 26 years with BP, he had responsibility for major exploration and development globally, including: TNK-BP in Russia, West and North Africa, Western Europe, the UK and North Sea and, most importantly, Frontera, in Latin America in Colombia, Mexico and Venezuela. Mr. Herbert started his career with Phillips Petroleum in 1984, Talisman in 2009, and moved back to BP in 2014 before retiring in 2016. Mr. Herbert holds a Bachelor of Science (with Honours) in Geology from the University of Bristol. Mr. Herbert was a board member at Talisman Energy and Talisman EQUION in Colombia for a period of three years and currently serves as an independent director of Petroleum Geo-Services.

David Dyck has over 29 years of experience in largely senior financial and leadership roles within the Canadian energy industry. At Frontera a proven value creation track record. He was most recently the Senior Vice President and CFO of Penn West Energy and, prior to that, he was the CFO of a Calgary-based energy company focused on developing natural gas conversion technology with in-situ coal gasification technology. From 2009 to 2012, Mr. Dyck served as the President and Chief Operating Officer of [Energy Inc.](#), an independent international heavy oil development and production company, where he was instrumental in refocusing that company's efforts worldwide. Mr. Dyck also founded and was the CEO of a capital advisory firm which raised over a billion in financing and restructuring transactions, and spent approximately seven years with [Western Oil Sands Inc.](#) as President, Finance and CFO, with primary responsibility for finance, accounting, tax and investor relations. Mr. Dyck is a Chartered Accountant and holds a Bachelor of Commerce (with Distinction) from the University of Saskatchewan.

About Frontera:

Frontera is a Canadian public company and a leading explorer and producer of crude oil and natural gas, with operations in North America. The Company has a diversified portfolio of assets with interests in 38 exploration and production blocks in Colombia. The Company's strategy is focused on sustainable growth in production and reserves and cash generation. Frontera is committed to operating its business safely, in a socially and environmentally responsible manner.

The Company's common shares trade on the Toronto Stock Exchange under the ticker symbol "FEC".

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Cautionary Note Concerning Forward-Looking Statements

This news release contains forward-looking statements. All statements, other than statements of historical fact, that address events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates and/or assumptions in respect of production levels, drilling plans involving completion and anticipated time-line thereof, and the Company's exploration, and development plans and objectives and operating costs and expenditures) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs based on information currently available to the Company. Forward-looking statements are subject to a number of risks that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statement. If actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences, the Company. Factors that could cause actual results or events to differ materially from current expectations include, without limitation, things: uncertainty of estimates of capital and operating costs, production estimates and estimated economic return; uncertainty with estimating oil and natural gas reserves; failure to establish estimated resources or reserves; operating hazards and accidents; market prices for oil and natural gas; the uncertainties involved in interpreting drilling results and other geological data; and those disclosed under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 27, 2018, at www.sedar.com. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether by new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in these statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue weight should not be put on such statements due to the inherent uncertainty therein.

Disclosure of well tests results in this news release should be considered preliminary until detailed pressure transient analysis and interpretations have been completed. Hydrocarbons can be seen during the drilling of a well in numerous circumstances and do not necessarily indicate a commercial discovery or the presence of commercial hydrocarbons in a well. There is no representation by the Company that the disclosed well results included in this news release are necessarily indicative of long-term performance or recovery. As a result, readers are cautioned not to place reliance on such rates in calculating the aggregate production of the well, that such rates are indicative of future performance of the well.

This news release contains future oriented financial information and financial outlook information (collectively, "FOFI") (including, without limitation, statements regarding expected capital expenditures (including maintenance & development drillings, facilities and exploration activities), production costs and transportation costs, G&A and Operating EBITDA for the Company in 2018) based on the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraph. The FOFI has been prepared by management to provide an outlook of the Company's activities and results, and such information may not be appropriate for investment purposes. The Company and management believe that the FOFI has been prepared on a reasonable basis, reflecting management's assumptions and judgments, however, actual results of operations of the Company and the resulting financial results may vary from those herein. Any FOFI speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any FOFI, whether as a result of new information, future events or results or otherwise.

In addition, reported production levels may not be reflective of sustainable production rates and future production rates may differ from the production rates reflected in this news release due to, among other factors, difficulties or interruptions encountered in the production of hydrocarbons.

Non-IFRS Financial Measures

This news release contains financial terms that are not considered in IFRS: Operating EBITDA. This non-IFRS measure does not have a standardized meaning, and therefore is unlikely to be comparable to similar measures presented by other companies. This measure should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. This financial measure is included because management uses this information to analyze operating performance.

Management believes that EBITDA is a common measure used to assess profitability before the impact of different financial items such as income taxes, depreciation and impairment of capital assets and amortization of intangible assets.

Operating EBITDA represents the operating results of the Company's primary business, excluding the effects of capital

investments (infrastructure assets), non-cash items that depend on accounting policy choices, and one-time items that recur.

Please see the Company's most recent Management's Discussion and Analysis, which is available at www.sedar.com for more information about these financial measures.

Boe Conversion

The term "boe" is used in this news release. Boe may be misleading, particularly if used in isolation. A boe conversion of barrels is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent an energy equivalency conversion method applicable at the wellhead. In this news release, boe has been expressed using the Colombian conversion standard of barrels of oil equivalent required by the Colombian Ministry of Mines and Energy. For properties in Peru, the Company has expressed boe using the Peruvian conversion standard of 5.626 Mcf: 1 bbl required by Perupetro S.A., Peru's state regulatory agency.

Definitions

bbl(s)	Barrel(s) of oil.
bbl/d	Barrel of oil per day.
boe	Refer to "Boe Conversion" disclosure above.
boe/d	Barrel of oil equivalent per day.
Net Production	Company working interest production after deduction of royalties and internal consumption.
°API	The American Petroleum Institute measure of specific gravity of crude oil measured on the institute's gravity scale. Liquid petroleum with a specified gravity of 28°API.
2P	Proved plus probable.
3P	Proved plus probable plus possible. There is at least a 10% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves.

SOURCE [Frontera Energy Corp.](http://www.fronteraenergy.com)

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