

Trinidad Drilling Provides an Update on its Operations and the Advancement of its Technology Platform

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CALGARY, July 12, 2018 /CNW/ - [Trinidad Drilling Ltd.](#) (TSX: TDG) (Trinidad) today provided an operational update on increasing activity levels across its operations. In addition, the Company also announced the acquisition of GMXSteering, a proven completion optimization software product, which is an addition to its technology platform.

Operational update

Activity levels across Trinidad's operations have improved throughout 2018 as strengthening commodity prices have driven increased customer demand. Activity in the US has increased, with demand remaining strong in the Permian Basin in Texas and also expanding to additional areas. In the US, Trinidad currently has 41 rigs earning revenue, up seven rigs or 21% from last year. Average dayrates continue to improve, with commodity-price linked contracts generating additional upside given higher commodity prices. Trinidad is completing its planned upgrade program and expects to put additional rigs back to work, bringing its total US active rig count to approximately 45 rigs by the end of the year.

In Canada, Trinidad currently has 27 active rigs or 40% utilization, well ahead of the industry average utilization of 36% or 30% at the same time last year. Trinidad expects additional rigs to start up in the coming weeks, bringing its utilization to 50% by the end of August. Dayrates in Canada have strengthened since the end of the first quarter of 2018, and visibility for 2019 has improved significantly from the second quarter of 2017.

Trinidad's international joint venture (TDI) currently has two rigs operating, one in Bahrain and one in Mexico. Two additional rigs are expected to begin operations in Kuwait in 2019. In addition, TDI has closed the previously announced sale of its three Arabian rigs for gross proceeds of US\$55 million (Trinidad's 60% share).

Advancement of technology platform

Following the successful completion of two customer-partnered test programs, one in the US and one in Canada, Trinidad has agreed to purchase GMXSteering for US\$2 million. The software and associated licenses use surface measurements recorded while drilling to assess rock properties and position the well bore for optimal frac stimulation and production. Trinidad is already marketing this product to its customers, with revenue streams including both lump sum per-well fees and fees based on dayrate. The acquisition of GMXSteering further expands Trinidad's technology platform. It also follows the Company's strategy of leveraging technology with its existing fleet to generate strong returns with lower capital investment. This incremental capital will also accelerate software-licensing revenues and provide additional customer adoption of Trinidad's enhanced technology platform.

In response to anticipated customer demand, Trinidad has increased its Electronic Data Recorder (EDR) manufacturing program, adding an additional 30 units to its planned program for 2018. By deploying additional EDRs to its fleet, Trinidad is increasing its exposure of its technology platform to its customer base. This accelerated manufacturing program brings the total number of EDRs being built this year to 50 and adds an incremental US\$2.6 million to the Company's 2018 capital expenditure budget. Currently, Trinidad has 13 EDR units deployed in its fleet, with an additional nine units deployed on third-party rigs.

After including the incremental capital for the technology platform, Trinidad's 2018 capital budget, including its portion of the sale of assets and net of proceeds from expected asset sales, moves to \$81.6 million from \$75.8 million, an 8% increase. Trinidad expects to fund its capital program through cash flow generated from operations and the proceeds from the sale of assets.

About Trinidad

Trinidad is an industry-leading contract driller, providing safe, reliable, expertly-designed equipment operated by well-trained and experienced personnel. Trinidad's drilling fleet is one of the most adaptable, technologically advanced and competitive in the industry. Trinidad provides contract drilling and related services in Canada, the US, the Middle East and Mexico.

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FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements relating to Trinidad's plans, strategies, objectives, expectations and intentions. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "confident", "might" and similar expressions are intended to identify forward-looking information or statements. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this document. The forward-looking information and statements included in this document are not guarantees of future performance and should not be unduly relied upon. Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated and described in the forward-looking statements. In particular, but without limiting the foregoing, this document may contain forward-looking information and statements pertaining to:

- the assumption that Trinidad's customers will honour their long-term contracts, and Trinidad's ability to sign future contracts;
- future liquidity levels;
- fluctuations in the demand for Trinidad's services;
- the ability for Trinidad to attract and retain qualified personnel, in particular field staff to crew the Company's rigs;
- Trinidad's ability to fund capital expenditures with cash from operations;
- Trinidad's ability to increase utilization levels and the timing of increased utilization;
- Trinidad's ability to sell under-utilized facilities;
- Trinidad's ability to construct EDRs in the timeframe set out;
- Trinidad's ability to increase customer adoption of EDR units and other technology platform products;
- the existence of competitors, technological changes and developments in the oilfield services industry;
- the existence of operating risks inherent in the oilfield services industry;
- assumptions respecting internal capital expenditure programs and expenditures by oil and gas exploration and production companies;
- assumptions regarding commodity prices, in particular oil and natural gas;
- assumptions respecting supply and demand for commodities, in particular oil and natural gas;
- assumptions regarding foreign currency exchange rates and interest rates;
- the existence of regulatory and legislative uncertainties; and
- the possibility of changes in tax laws; and general economic conditions including the capital and credit markets;

Trinidad cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. Additional information on these and other factors that could affect Trinidad's business, operations or financial results are described in reports filed with securities regulatory authorities, accessible through the SEDAR website (www.sedar.com) including but not limited to Trinidad's annual management discussion and analysis, financial statements, Annual Information Form and Management Information Circular. The forward-looking information and statements contained in this document speak only as of the date of this document and Trinidad assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

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