

Arrow Exploration Corp. Announces Closing the Partial Working Interest Sale in the VMM-2 Block and Provides Operational Update

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CALGARY, Dec. 17, 2018 - [Arrow Exploration Corp.](#) (operating in Colombia via a Colombian branch of its 100% owned subsidiary, Carrao Energy S.A.) ("Arrow" or the "Company") (TSXV: AXL) is pleased to announce it has closed on the previously announced sale of both a 20% working interest in the Shallow Section (defined below) and a 46.9% working interest in the Deeper Section (defined below) in the VMM-2 Block located in the Middle Magdalena Basin in Colombia for the sum of US \$5 million, subject to adjustments (the "Transaction"). The Transaction provides an important boost to Arrow's financial flexibility while retaining exposure to results of an expected capital program on the VMM-2 Block in 2019. The Effective Date of the Transaction is December 1st, 2018.

Arrow will retain a 20% working interest in both the Shallow Section and the Deeper Section in the VMM-2 Block. The formal transfer of legal ownership of the working interests pursuant to the Transaction is subject to ultimate approval by the Agencia Nacional de Hidrocarburos ("ANH").

For purposes of this press release, the Shallow Section in the VMM-2 Block is defined as the portion of the VMM-2 contract area at a depth greater than 150ft above the top of the "La Luna" formation, and the Deeper Section is defined as the portion of the contract area below the Shallow Section.

Management estimates production sold as a result of the Transaction is approximately 85 barrels of oil per day ("bbl/d") which equates to approximately US\$59,000 per flowing barrel. Gary Wine, President & CEO of Arrow commented, "We're pleased to close the working interest sale on VMM-2 for US \$5 million. Proceeds from the sale will be used to fund our 10-well workover program currently underway which we expect will add approximately 1,000 bbl/d on a risked basis, including approximately 100 bbl/d at VMM-2 replacing sold production. This non-dilutive Transaction efficiently converts assets to cash flow and right-sizes our working interest in the VMM-2 Block to a level we're comfortable participating at moving forward."

Production, Operations and Credit Facility Update

Arrow's current production is approximately 2,300 boe/d from 1,400 boe/d prior to Danes-1 being tied-into the Company's 100% owned production facilities at Pointer.

Operations recently commenced on the first well of a planned 10-well workover program which is expected to be conducted over the next 10 weeks. The program consists of: four recompletions and one pump change on Arrow's 100% owned LLA-23 Block in the Llanos Basin, one pump change on Arrow's 100% owned Santa Isabel Block in the Middle Magdalena Basin, and four workovers on the VMM-2 Block in the Middle Magdalena Basin where Arrow owns a 20% WI. In aggregate, Arrow expects this workover program to add approximately 1,000 bbl/d to corporate production on a risked basis.

Lastly, Arrow is currently in the final phase of due diligence for a US \$25 million credit facility which is expected to close in January, 2019.

About ARROW Exploration

[Arrow Exploration Corp.](#) (operating in Colombia via a branch of its 100% owned subsidiary Carrao Energy S.A.) is a publicly-traded company with a portfolio of premier Colombian oil assets that are underexploited, underexplored and offer high potential growth. The Company's self-funding business plan is to rapidly

expand oil production from some of Colombia's most active basins, including the Llanos, Middle Magdalena Valley (MMV) and Caguan/ Putumayo Basin. The asset base is operated with high working interests, and the Brent-linked light oil pricing exposure combines with low royalties to yield attractive potential operating margins. Arrow's seasoned team is led by a hands-on and in-country executive team supported by an experienced board. Arrow is listed on the TSX Venture Exchange under the symbol "AXL".

Reader Advisory

Neither the TSX Venture Exchange (TSXV) nor its regulation services provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

This press release contains certain forward-looking statements within the meaning of applicable securities laws. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "target", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may", "should" or "will" occur, including without limitation statements relating to estimated production rates from the Company's properties, intended work programs and associated timelines as well as oil pricing. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements, including but not limited to delays associated with or a failure to complete the expected capital program, the uncertainty of estimates and projections related to production, costs and expenses and expectation and assumptions concerning ANH approval of the transfer of legal ownership of the working interests in VMM-2. The Company cannot assure that actual results will be consistent with these forward-looking statements. They are made as of the date hereof and are subject to change and the Company assumes no obligation to revise or update given the nature of exploration activities. Newsman, Chief Financial Officer, P: (403) 660-3468, E: jnewman@arrowexploration.ca; Eric Van Enk, CFAVP Finance & IR, P: (403) 471-8360, E: ericvanenk@arrowexploration.ca

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