

Pipestone Energy Corp. Announces it Has Successfully Maintained Its \$225 Million Reserve Based Loan and Provides an Operations Update

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CALGARY, June 12, 2020 - (PIPE – TSX-V) [Pipestone Energy Corp.](#) (“Pipestone Energy” or the “Company”) is pleased to announce that it has successfully redetermined its Reserve Based Loan (“RBL” or “Credit Facility”) with its syndicate of banks, maintaining its credit capacity of \$225 million.

RBL and Financial Liquidity Update:

Pipestone Energy has closed on its RBL redetermination with its corporate banking syndicate, consisting of National Bank Financial Inc., Bank of Montreal, ATB Financial, and Canadian Western Bank. The Credit Facility’s capacity has been maintained at \$225 million, of which the Company was drawn approximately \$184 million as of June 12th, 2020. The Company’s previously announced \$60 million capital program for 2020 is more than 95% complete, and with minimal capital expenditures forecast for the remainder of 2020, the Company expects to generate cash flow in excess of capital spending. As part of the amendment to its Credit Facility, the Company is restricted from spending more than \$65 million of capital in 2020 without unanimous consent from its banking syndicate. This provision is a temporary amendment, which will terminate at the next redetermination, scheduled for November 2020.

Operations Update:

Pipestone Energy continues to actively manage its production in response to very high volatility in crude oil prices over the past few months. Due to very low Edmonton condensate pricing during May 2020, the seven wells on the recently tested 6-24 pad were shut-in for the month. Despite this, based on field estimates, the Company averaged ~14,700 boe/d (64% gas and 36% natural gas liquids, including condensate) in May from the North of the Wapiti River 15-14 and 3-1 pads (19 total wells) as well as contribution from the legacy South of the Wapiti production. With oil prices improving over the past two weeks the Company is gradually bringing wells from the 6-24 pad back on-stream. The recently completed six well 6-30 pad is also now available for production, with installation of wellsite facilities recently completed for \$0.5 million per well which is the lowest equipping and tie-in cost achieved to date at Pipestone. As previously disclosed, the 6-30 pad is a pacesetter on all-in realized DCE&T cost at \$5.5 million (2,440m lateral & 2.3 T/M proppant loading).

Advisory Regarding Forward-Looking Statements

In the interest of providing shareholders of Pipestone Energy and potential investors information regarding Pipestone Energy, this news release contains certain information and statements (“forward-looking statements”) that constitute forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking statements relate to future results or events, are based upon internal plans, intentions, expectations and beliefs, and are subject to risks and uncertainties that may cause actual results or events to differ materially from those indicated or suggested therein. All statements other than statements of current or historical fact constitute forward-looking statements. Forward-looking statements are typically, but not always, identified by words such as “anticipate”, “estimate”, “expect”, “intend”, “forecast”, “continue”, “propose”, “may”, “will”, “should”, “believe”, “plan”, “target”, “objective”, “project”, “potential” and similar or other expressions indicating or suggesting future results or events.

Forward-looking statements are not promises of future outcomes. There is no assurance that the results or events indicated or suggested by the forward-looking statements, or the plans, intentions, expectations or beliefs contained therein or upon which they are based, are correct or will in fact occur or be realized (or if they do, what benefits Pipestone Energy may derive therefrom).

In particular, but without limiting the foregoing, this news release contains forward-looking statements pertaining to: the 2020 capital expenditure forecast; expectations to generate cash flow in excess of spending; and plans to bring wells on-stream in June.

With respect to the forward-looking statements contained in this news release, Pipestone Energy has assessed material factors and made assumptions regarding, among other things: future commodity prices and currency exchange rates, including consistency of future oil, natural gas liquids (NGLs) and natural gas prices with current commodity price forecasts; the economic impacts of the COVID-19 pandemic and volatility caused by OPEC; Pipestone Energy's continued ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the predictability of future results based on past and current experience; the predictability and consistency of the legislative and regulatory regime governing royalties, taxes, environmental matters and oil and gas operations, both provincially and federally; Pipestone Energy's ability to successfully market its production of oil, NGLs and natural gas; the timing and success of drilling and completion activities (and the extent to which the results thereof meet expectations); Pipestone Energy's future production levels and amount of future capital investment, and their consistency with Pipestone Energy's current development plans and budget; future capital expenditure requirements and the sufficiency thereof to achieve Pipestone Energy's objectives; the successful application of drilling and completion technology and processes; the applicability of new technologies for recovery and production of Pipestone Energy's reserves and other resources, and their ability to improve capital and operational efficiencies in the future; the recoverability of Pipestone Energy's reserves and other resources; Pipestone Energy's ability to economically produce oil and gas from its properties and the timing and cost to do so; the performance of both new and existing wells; future cash flows from production; future sources of funding for Pipestone Energy's capital program, and its ability to obtain external financing when required and on acceptable terms; future debt levels; geological and engineering estimates in respect of Pipestone Energy's reserves and other resources; the accuracy of geological and geophysical data and the interpretation thereof; the geography of the areas in which Pipestone Energy conducts exploration and development activities; the timely receipt of required regulatory approvals; the access, economic, regulatory and physical limitations to which Pipestone Energy may be subject from time to time; and the impact of industry competition.

The forward-looking statements contained herein reflect management's current views, but the assessments and assumptions upon which they are based may prove to be incorrect. Although Pipestone Energy believes that its underlying assessments and assumptions are reasonable based on currently available information, undue reliance should not be placed on forward-looking statements, which are inherently uncertain, depend upon the accuracy of such assessments and assumptions, and are subject to known and unknown risks, uncertainties and other factors, both general and specific, many of which are beyond Pipestone Energy's control, that may cause actual results or events to differ materially from those indicated or suggested in the forward-looking statements. Such risks and uncertainties include, but are not limited to, volatility in market prices and demand for oil, NGLs and natural gas and hedging activities related thereto; the ability to successfully integrate Blackbird's and Pipestone Oil's historical businesses and operations; general economic, business and industry conditions; variance of Pipestone Energy's actual capital costs, operating costs and economic returns from those anticipated; the ability to find, develop or acquire additional reserves and the availability of the capital or financing necessary to do so on satisfactory terms; and risks related to the exploration, development and production of oil and natural gas reserves and resources. Additional risks, uncertainties and other factors are discussed in Pipestone Energy's MD&A for the quarter ended March 31, 2020 dated May 13, 2020 and in Pipestone Energy's annual information form dated March 17, 2020, copies of which are available electronically on Pipestone Energy's SEDAR at www.sedar.com.

Certain information in this news release is financial outlook; within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure of the company's reasonable expectations of our anticipate results. The financial outlook is provided as of the date of this news release. Readers are cautioned that this financial outlook may not be appropriate for other purposes.

The forward-looking statements contained in this news release are made as of the date hereof and Pipestone Energy assumes no obligation to update or revise any forward-looking statements, whether as a

result of new information, future events or otherwise, unless required by applicable securities laws. All forward-looking statements herein are expressly qualified by this advisory.

Basis of Barrel of Oil Equivalent

Petroleum and natural gas reserves and production volumes are stated as a barrel of oil equivalent (boe), derived by converting natural gas to oil equivalency in the ratio of 6,000 cubic feet of gas to one barrel of oil. Readers are cautioned that boe figures may be misleading, particularly if used in isolation. A boe conversion ratio of 6,000 cubic feet of gas to one barrel of oil is based on energy equivalency, which is primarily applicable at the burner tip, and does not represent a value equivalency at the wellhead.

DCE&T

This news release contains certain other oil and gas metrics, including DCE&T (drilling, completion, equip and tie-in costs), which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included herein to provide readers with additional measures to evaluate the Company's performance; however, such measures are not reliable indicators of the future performance and future performance may not compare to the performance in previous periods and therefore such metrics should not be unduly relied upon. DCE&T includes all capital spent to drill, complete, equip and tie-in a well.

References to gas or natural gas in production amounts in this press release are to the product type shale gas;

[Pipestone Energy Corp.](#)

[Pipestone Energy Corp.](#) is an oil and gas exploration and production company with its head office located in Calgary, Alberta. The company is focused on developing its pure-play condensate-rich Montney asset in the Pipestone area near Grande Prairie. Pipestone Energy is committed to building long term value for our shareholders and values the partnerships that it is developing within its operating community. Pipestone Energy shares trade under the symbol PIPE on the TSX Venture Exchange. For more information, visit www.pipestonecorp.com.

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