

# Prospera Energy Inc. Issues Operational Update and 2020/21 Guidance

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CALGARY, Sept 10, 2020 - [Prospera Energy Inc.](#) ("Prospera" or the "Corporation") (TSXV:PEI) (FRA:OF6A) Prospera CEO, Sarshar Ahmad wishes to update shareholders on 2020 operations to date and further guidance for the remainder of 2020 and 2021.

During the first quarter of 2020, the World Health Organization declared COVID-19 to be a global pandemic. Prospera Energy's primary focus and concern has always been the health and safety of the Corporation's employees, contractors, partners, service providers and the communities in which we operate. Throughout Q1 and Q2 the Company implemented measures to protect the well-being of all stakeholders, following the guidance of local, provincial and federal public health officials, while maintaining safe operations and business continuity.

As COVID-19 further spread worldwide, international market responses to the pandemic caused a significant decline in economic activity, resulting in an unprecedented decrease in global crude oil demand and extreme volatility in oil prices. During this uncertain time, Prospera identified and implemented various measures in an effort to preserve shareholder value and maintain financial stability.

Prospera Energy initiated and executed strategic and proactive responses to these global events throughout March, April and May. These efforts have helped to mitigate both the Corporation's and its shareholder's exposure to excess damage from the global economic impact of Covid-19 and the resulting crash in global oil prices.

The Corporation's key accomplishments during this initial impact of Covid-19 included the following:

- Negotiated new schedule w/ major lender: Monthly payments deferred to Aug 1/2020 (3 months) plus \$75,000 reduction of principal;
- Contract operating-10% reduction in hrs (Dec/19): Savings \$16,000/mth;
- Fluid Hauling- 10% cut with rebidding of fees(Mar/19): Savings \$15,000/mth;
- 3rd Party Fluid Costs - 50% cut: own water disposal well + selling spec oil(2019): Savings \$30,000/mth;
- Downhole Well Repairs - 15% cuts: re-bidding & new supplier alliances (Q4/19) Savings \$25,000/mth;
- Downhole Well Repairs - 15% cut in tubing costs w/ new supplier (2019): Savings \$10,000/mth;
- Chemical/lubricants: 35% cut to lube oil w/ sourcing Alta supplier (Q3 2019); Savings \$5,000/mth;
- Well/ Engine R&M: 20% cut w/ hiring own mechanic (Q3 2019): \$5,000/mth;
- Freehold Royalty Reductions: 2.5% cut on Royalty rate (Q4 2019): \$3,000/mth;
- Oil blending revenue - Luseland Royalty oils profit of \$4/bbl: \$2,000/mth;
- G&A: Reduced field staff & wage cuts (45% cut): \$70,000/mth savings;
- Corporate G&A burn rate cut to \$80,000/mth (essential staff only, office rent)
- 7 week shut-in of production in select locations to preserve value for a stronger commodity price environment;

Operation of the corporation's Red Earth and Cuthbert fields continued until field tanks were full at the end of the month of April. The Hearts Hill and Luseland fields were able to continue production into shortage tanks without any disruption to operations. In late May, Prospera restarted production on all the fields in order to capture pricing upswings that were appearing with market price improvements. The corporation continued to produce at moderate levels while minimizing operations to lower operating costs while keeping an eye towards restarts with market improvements.

Prospera first restarted production operations at its Cuthbert location in order to take advantage of a unique heavy oil price environment. At this time, the corporation's Saskatchewan heavy oil operations were able to sell storage volumes into preferred sale streams ranging from WCS less \$3/bbl to full WTI oil pricing.

In June, Prospera reactivated the Red Earth light oil field and sold stored volumes into the market.

Throughout June, July and August, Prospera focused further on low cost operations while facilitating the further increase of production. This included engine and surface well repairs, rod rig work and service rig work on high impact wells. Production through June, July and August averaged 536 boepd at an average sale price of \$41.20 per barrel.

For September to December, Prospera will continue production increases concurrent with improving oil prices. Installation of a proposed high volume lift pump system at the Cuthbert field will allow for dramatic fluid level drawdowns with increased production. Cuthbert has a number of wells with high fluid levels which will benefit from this test high volume installation. The Corporation is projecting average gross oil production of 850-950 boepd at the end of 2020.

Prospera has identified approximately \$5.0MM of capital budget upside projects designed to increase production and reduce operating costs. This includes multiple well reactivations, Cuthbert high volume lift well equipping, electric generation in the field to replace outside supplies, facility modifications/enhancements, waterflood optimization, and polymer pilot projects. The work is anticipated to occur over the next 18 months with a target production bump to reach 1,800 boepd by December 2021.

## CREDIT FACILITY

Prospera's credit facility at June 30, 2020 is confirmed at \$1,954,100 (December 31, 2019 - \$2,412,424) outstanding in relation to Credit facility A and nil (December 31, 2019 - \$nil) outstanding in relation to Credit Facility B. Total outstanding as at June 30, 2020 is \$1,954,100, representing a further \$458,324 reduction in the Corporation's overall credit facility since Dec 31, 2019.

## AQUISITION

On August 17, 2020, Prospera signed an agreement for the acquisition of an additional 40% net working interest from participating interest holders in the southwest Saskatchewan Hearts Hills and Luseland properties. The purchase price was satisfied by a reduction of the vendors arrears for operational costs of \$1,017,711, subject to normal accounting adjustments. Prospera has now increased its overall net working interest in these properties from 50% to 90%, a 450% increase from the 20% net working interest that was originally acquired on June 11, 2018. The properties are located approximately 330 kilometers east of Calgary. Closing of this acquisition of interest will occur at the end of September, 2020.

## About Prospera

[Prospera Energy Inc.](#) is a Canadian natural resource Corporation engaged in the acquisition, exploration, development and production of oil and gas properties with operations in Alberta and western Saskatchewan.

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Production volumes are commonly expressed on a barrel of oil equivalent ("BOE") basis whereby natural gas volumes are converted at a ratio of six thousand cubic feet to one barrel of oil. The intention is to convert oil and natural gas measurement units into one basis for improved analysis of results and comparisons with other industry participants. The term BOE may be misleading, particularly if used in isolation. The conversion ratio is based on an energy equivalent method and does not represent an economic value equivalency at the wellhead.

## FORWARD-LOOKING STATEMENTS

This news release contains forward-looking statements relating to the future operations of the Corporation and other statements that are not historical facts. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipate", "expects" and similar expressions. All statements other than statements of historical fact, included in this release, including, without limitation, statements regarding future plans and objectives of the Corporation, are forward looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Although Prospera 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 Prospera 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; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price and exchange rate fluctuations and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures.

The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of Prospera. As a result, Prospera cannot guarantee that any forward-looking statement will materialize and the reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release, and Prospera does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by Canadian securities law.

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SOURCE: [Prospera Energy Inc.](#)

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