

Hemisphere Energy Provides Corporate and Operational Update

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Vancouver, October 28, 2020 - [Hemisphere Energy Corp.](#) (TSXV: HME) is pleased to provide an update on its corporate and operational activities.

Despite the numerous challenges impacting the world throughout 2020, Hemisphere is optimistic that the year ahead will bring better times. With future constraints on oil supply due to lack of capital investment worldwide, combined with an eventual return of oil demand due to the implementation of vaccines and the return of air travel, Hemisphere sees the opportunity for a meaningful increase in oil prices in the coming years. Accordingly, Hemisphere has pivoted its capital activity away from drilling and towards longer term reserve and production growth into a rising price environment.

Hemisphere responded to the significant degradation of oil price early this year by deferring capital spending, focusing instead on debt reduction. To date in 2020, Hemisphere has paid down 20% of its loan, or US\$5.25 million. This brings total remaining term loan debt to US\$21.25 million. Hemisphere's five year term loan facility has a maximum capacity of up to US\$35 million, carries an interest rate of 7.50 percent plus LIBOR (with a LIBOR floor of 1 percent), and has a maturity date of September 15, 2022.

Over the past number of months, Hemisphere has dedicated significant time and resources to evaluating its Atlee Buffalo G oil pool as an excellent candidate for conversion from water to polymer flood. The long term value of this enhanced oil recovery project is significant in terms of incremental and accelerated reserve recovery, and management expects to begin polymer injection by mid-2021. An application has been submitted to the Alberta Energy Regulator (AER) for approval and engineering design is well underway.

During the third quarter, corporate production increased slightly to 1,685 boe/d (99% heavy crude oil), and average realized oil pricing improved by 225% to approximately \$37/boe, as compared to the second quarter. Capital investment was minimal through the first half of 2020, but approximately \$1 million will be dedicated through the fourth quarter to convert four Atlee Buffalo G pool wells to injectors, complete applications and engineering design of the Atlee Buffalo G pool polymer flood, secure additional fuel gas for more stable Atlee Buffalo battery operations through winter conditions, and continue to execute the Company's Normal Course Issuer Bid (NCIB) plan.

The company has continued to be active in its Normal Course Issuer Bid (NCIB) program having purchased 1,715,000 shares to date in 2020.

Hemisphere's risk management program comprises numerous oil hedges for the fourth quarter of 2020, including 425 bbl/d WTI swaps at a price of \$54.85/bbl, 120 bbl/d WTI collars with a floor of \$40/bbl and a ceiling of \$68.25/bbl, and 200 bbl/d WTI collars with a floor of \$40/bbl and a ceiling of \$67.05/bbl. Please see the company's corporate presentation for its additional 2021 oil hedges.

On behalf of the Hemisphere team and Board of Directors, we would like to thank our shareholders and stakeholders for their continued commitment and support during these challenging times.

Please see our website at www.hemisphereenergy.ca for the Company's updated corporate presentation.

About Hemisphere Energy Corporation

[Hemisphere Energy Corp.](#) is a Canadian oil and gas company focused on sustainable growth of its low risk conventional oil assets for minimal capital exposure by drilling development locations in its 100% owned

assets and optimizing its water flood projects. Hemisphere plans continued growth in production, reserves, and cash flow by focusing on existing projects and executing strategic and accretive acquisitions. Hemisphere trades on the TSX Venture Exchange as a Tier 1 issuer under the symbol "HME".

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Forward-looking Statements

Certain statements included in this news release constitute forward-looking statements or forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "potential", "target" and similar words suggesting future events or future performance. In particular, but without limiting the generality of the foregoing, this news release includes forward-looking statements regarding Hemisphere's expectations that that the year ahead will bring better times, management's expectation that there is an opportunity for a meaningful increase in oil prices in the coming years, Hemisphere's pivot towards longer term reserve and production growth into a rising price environment, Hemisphere's expectations with respect to certain operational matters, including Hemisphere's expectation that the long term value of the Atlee Buffalo G pool enhanced oil recovery project is significant in terms of incremental and accelerated reserve recovery is significant, that the Company will begin polymer injection at its Atlee Buffalo G oil pool by mid-2021, and Hemisphere's expectations for further capital expenditures in 2020 including spending approximately \$1 million to convert four Atlee Buffalo G pool wells to injectors, complete applications and engineering design of the Atlee Buffalo G pool polymer flood, secure additional fuel gas for more stable Atlee Buffalo battery operations through winter conditions, and continue to execute the Company's Normal Course Issuer Bid plan.

Forward-looking statements are based on a number of material factors, expectations, or assumptions of Hemisphere which have been used to develop such statements but which may prove to be incorrect. Although Hemisphere believes that the expectations reflected in such forward-looking statements are reasonable, undue reliance should not be placed on forward-looking statements because Hemisphere can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: the commodity prices and markets will recover to past levels as COVID vaccines are implemented and travel returns, while existing production declines exceed any increases from new projects, that Hemisphere will continue to conduct its operations in a manner consistent with past operations; results from drilling and development activities are consistent with past operations; the quality of the reservoirs in which Hemisphere operates and continued performance from existing wells; the continued and timely development of infrastructure in areas of new production; the accuracy of the estimates of Hemisphere's reserve volumes; certain commodity price and other cost assumptions; continued availability of debt and equity financing and cash flow to fund Hemisphere's current and future plans and expenditures; the impact of increasing competition; the general stability of the economic and political environment in which Hemisphere operates; the general continuance of current industry conditions; the timely receipt of any required regulatory approvals, including for any planned water or polymer flood activities; the ability of Hemisphere to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which Hemisphere has an interest in to operate the field in a safe, efficient and effective manner; the ability of Hemisphere to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and cost of pipeline, storage and facility construction and expansion and the ability of Hemisphere to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Hemisphere operates; and the ability of Hemisphere to successfully market its oil and natural gas products.

The forward-looking statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such statements, including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements including, without limitation: changes in commodity prices; changes in the demand for or supply of Hemisphere's products, the early stage of development of some of the evaluated areas and zones; unanticipated operating results or production declines, including any issues encountered in the course of any enhanced oil recovery projects; changes in tax or environmental laws, royalty rates or other regulatory

matters; changes in development plans of Hemisphere or by third party operators of Hemisphere's properties, increased debt levels or debt service requirements and continued access to capital; inaccurate estimation of Hemisphere's oil and gas reserve volumes or budgeting for certain planned projects and expenditures; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time to time in Hemisphere's public disclosure documents, (including, without limitation, those risks identified in this news release and in Hemisphere's Annual Information Form).

The forward-looking statements contained in this news release speak only as of the date of this news release, and Hemisphere does not assume any obligation to publicly update or revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Oil and Gas Advisories

A barrel of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Definitions and Abbreviations

boe barrel

boe/d of

bbl/d oil

equivalent

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equivalent

per

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barrel

of

oil

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