

# Razor Energy Corp. Announces 2020 Year-End Reserves and Operational Outlook

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CALGARY, Feb. 25, 2021 - [Razor Energy Corp.](#) ("Razor" or the "Company") (TSXV: RZE) is pleased to provide a summary of its 2020 year-end reserves evaluation and an updated operational outlook.

The highlights and reserves summary below set forth Razor's gross reserves at December 31, 2020, as evaluated by Sproule Associates Limited ("Sproule"), qualified reserves evaluators, in an independent report dated February 19, 2021 (the "Sproule Report"). The figures in the following tables have been prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook (the "COGEH") and the reserve definitions contained in National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). Additional reserve information as required under NI 51-101 will be included in the Company's Annual Information Form which will be filed on SEDAR on or before April 8, 2021.

Razor's 2020 annual audited consolidated financial statements have not been completed. Certain financial and operating information included in this news release are based on management's estimates only and are subject to audit and may be subject to change upon completion of the Company's annual audited consolidated financial statements. See "*Reader Advisories - Unaudited Financial Information*".

## HIGHLIGHTS

- Proved Developed ("PD") reserves value discounted at 10% ("NPV10") before tax is \$75.8 million. Considering year over year commodity price change the decrease is 3% over year-end 2019. The PD reserves category is comprised of Proved Developed Producing ("PDP") and Proved Developed Non-Producing ("PDNP") reserves.
- PDP reserves value discounted at 10% ("NPV10") before tax is \$26.6 million whereas PDNP reserves value discounted at 10% ("NPV10") before tax is \$49.2 million.
- PD reserve volumes are 11,884 Mboe (90% oil and liquids), which represent a decrease of 17% over year-end 2019. Whereas the PDP reserve volumes are 7,416 Mboe, a decrease of 33% over year-end 2019, the PDNP reserve volumes are 4,468 Mboe, an increase of 38% over year-end 2019. This shift in reserve volume categories from PDP to PDNP is a result of Razor's disciplined and proactive approach to preserving value through minimal capital expenditures on repair, maintenance and workovers during the low commodity price cycle experienced in 2020. As commodity prices improve, the PDNP wells will be reactivated, placed onstream and moved back to the PDP reserves category.
- Total Proved ("1P") reserves were 13,525 Mboe, which represents a decrease of 17% over year-end 2019.
- Total Proved plus Probable ("2P") reserves were 17,319 Mboe, which represents a decrease of 17% over year-end 2019.
- The Company's Reserve Life Index <sup>(1)</sup> is 5.9 years for PDP, 9.4 years for PD, 10.7 years for 1P and 13.8 years for 2P Reserves based on December 2020 field-reported production of 3,450 boepd.
- The Abandonment, Decommissioning and Reclamation ("ADR") cost, discounted at year-end 2020, was \$34.2 million, an increase of \$1.7 million from year-end 2019 (\$32.5 million). The Inactive Well Compliance ("IWC") cost, discounted at year-end 2020, was \$31.4 million, an increase of \$2.6 million from year-end 2019 (\$28.8 million).

(1) "Reserve life index" does not have standardized meaning. See "Reader Advisories - Oil and Gas Metrics" contained in this news release.

## OPERATIONAL OUTLOOK

Razor is excited with news it shared last week regarding the multi-year amendment of its existing non-revolving term loan facility and a new term loan and royalty transaction which enhances liquidity. The Company remains focused on advancing its conventional oil and gas base business and reducing

indebtedness while responsibly closing out its proportionate share of end-of-life inventory.

Razor continues to enjoy its solid reserves base, comprised of 85% light and medium oil and natural gas liquids, which has a stable, annual base decline of 12%. In 2020, the Company took a disciplined and proactive approach to preserving value through minimal capital expenditures on well repair, maintenance and workovers in response to low commodity prices due to the supply/demand imbalance resulting from COVID-19.

With renewed liquidity, and recent upward trend in commodity prices, Razor has initiated its 46 well reactivation program which will continue throughout 2021 and into 2022. The Company anticipates bringing approximately 1,500 boepd onstream (primarily light oil and natural gas liquids) from this program at similar declines to its existing reserve base. Once reactivated, the PDNP reserves from these wells will shift back to the PDP reserves category.

Currently, Razor's commitment under the AER's ABC program is \$3.1 million per year. In addition, the Company has been granted \$3.5 million in aggregate to round five from Alberta's Site Rehabilitation Program ("SRP") through its relationships with trusted service providers. Razor has spent \$655 thousand to date under the SRP through well abandonments, reclamation and remediation activities. Since the Company began operations in February 2017, Razor has spent a cumulative \$7.3 million on end-of-life activities.

Concurrently, Razor's subsidiary company, FutEra Power, continues to advance development of its 21 megawatt co-produced geothermal and natural gas hybrid power project in Swan Hills. FutEra anticipates construction to commence during the second quarter of 2021 with plans to deliver power to the grid by first quarter of 2022.

## 2020 INDEPENDENT RESERVES EVALUATION

Sproule carried out an independent reserves evaluation effective December 31, 2020, which was prepared in accordance with definitions, standards and procedures contained in the COGEH and in NI 51-101. The reserves evaluation was based on Sproule forecast pricing and foreign exchange rates at December 31, 2020 as outlined herein.

Reserves included herein are stated on a company gross basis (working interest before deduction of royalties without the inclusion of any royalty interest) unless otherwise noted.

## RESERVES SUMMARY

Summary of Gross Oil and Gas Reserves at December 31, 2020<sup>(1), (2), (3), (4)</sup>

	Light and Medium Crude Oil	Heavy Crude Oil	Conventional Natural Gas	Natural Gas Liquids	Barrels of Oil Equivalent
	Gross (Mbbl)	Gross (Mbbl)	Gross (MMcf)	Gross (Mbbl)	Gross (Mboe)
Proved					
Developed Producing	4,940	193	4,126	1,595	7,416
Developed Non-Producing	2,891	103	784	1,343	4,468
Undeveloped	1,178	291	445	98	1,641
Total Proved	9,009	587	5,355	3,036	13,525
Probable	2,637	144	1,377	783	3,793
Total Proved plus Probable	11,646	731	6,732	3,819	17,319

Net Present Value of Future Net Revenue Before Income Taxes Discounted at (% per Year) (M\$)

	0%	5%	10%	15%	20%
Proved					

Developed Producing	-109,463	7,172	26,553	29,075	28,079
Developed Non-Producing	84,169	62,960	49,199	39,730	32,904
Undeveloped	32,005	25,137	19,756	15,568	12,284
Total Proved	6,712	95,269	95,508	84,372	73,267
Probable	86,027	54,611	37,709	27,525	20,853
Total Proved plus Probable	92,738	149,880	133,216	111,898	94,120

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Notes:

- (1) The tables summarize the data contained in the Sproule Report and as a result may contain slightly different numbers due to rounding.
- Gross reserves mean the total working interest (operating or non-operating) share of remaining recoverable
- (2) reserves owned by Razor before deductions of royalties payable to others and without including any royalty interests owned by Razor.
- (3) Based on Sproule's December 31, 2020 escalated price forecast. See "Summary of Pricing and Inflation Rate Assumptions - Forecast Prices and Costs".
- The net present value of future net revenue attributable to the Company's reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures, well ADR and IWC costs. It should not be assumed that the undiscounted or discounted net present value of future net revenue
- (4) attributable to the Company's reserves estimated by Sproule represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of the Company's oil, NGL and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein.

Reconciliation of Company Gross Reserves by Principal Product Type <sup>(1), (2)</sup>

The following table sets forth the reconciliation of the Company's reserves at Forecast Prices and Costs:

Factors	Light and Medium Crude Oil			Heavy Oil		
	Gross Proved Developed Producing (Mbbbl)	Gross Proved (Mbbbl)	Gross Proved + Probable (Mbbbl)	Gross Proved Developed Producing (Mbbbl)	Gross Proved (Mbbbl)	Gross Proved + Probable (Mbbbl)
December 31, 2019	7,029	10,432	13,325	209	555	682
Acquisitions	258	303	379	-	-	-
Category Change	-	-	-	-	-	-
Disposition	-	-	-	-	-	-
Extensions/Infill Drilling	-	-	-	-	-	-
Economic Factors	(557	) (1,260	) (1,476	) (22	) (30	) (37
Technical Revision	(1,019	) 304	189	29	86	110
Production	(771	) (771	) (771	) (24	) (24	) (24
December 31, 2020	4,940	9,009	11,647	193	587	731

  

Factors	Natural Gas Liquids			Conventional Natural Gas		
	Gross Proved Developed Producing (Mbbbl)	Gross Proved (Mbbbl)	Gross Proved + Probable (Mbbbl)	Gross Proved Developed Producing (MMcf)	Gross Proved (Mmcf)	Gross Proved + Probable (Mmcf)

December 31, 2019	2,246	3,122	3,981	9,956	12,892	16,575
Acquisitions	128	145	181	342	363	434
Category Change	-	-	-	-	-	-
Disposition	-	-	-	-	-	-
Extensions/Infill Drilling	-	-	-	-	-	-
Economic Factors	(177	) (361	) (514	) (452	) (501	) (780
Technical Revision	(299	432	473	(4,386	) (6,003	) (8,163
Production	(302	) (302	) (302	) (1,335	) (1,335	) (1,335
December 31, 2020	1,595	3,036	3,819	4,126	5,355	6,732

Factors	Barrels of Oil Equivalent		
	Gross Proved Developed Producing (Mboe)	Gross Proved (Mboe)	Gross Proved + Probable (Mboe)
December 31, 2019	11,144	16,258	20,750
Acquisitions	442	508	633
Category Change	-	-	-
Disposition	-	-	-
Extensions/Infill Drilling	-	-	-
Economic Factors	(832	) (1,744	) (2,157
Technical Revision	(2,020	) (178	) (589
Production	(1,319	) (1,319	) (1,319
December 31, 2020	7,416	13,525	17,319

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#### Notes:

- (1) The tables summarize the data contained in the Sproule Report and as a result may contain slightly different numbers due to rounding.
- (2) Conventional Natural Gas includes associated and non-associated gas.

#### Future Development Costs

The following table sets forth development costs deducted in the estimation of Razor's future net revenue attributable to the reserve categories noted below:

Year	Forecast Prices and Costs (M\$)	
	Total Proved Reserves	Proved plus Probable
2021	12,526	24,580
2022	25,535	25,535
2023	0	0
Thereafter	2,525	2,525
Total Undiscounted	40,585	52,639
Total Discounted at 10%	36,009	47,826

The future development costs are estimates of capital expenditures required in the future for Razor to convert proved developed and undeveloped non-producing plus probable reserves to proved developed producing reserves. The undiscounted future development costs are \$40.6 million for proved reserves and \$52.6 million for proved plus probable reserves, in each case based on forecast prices and costs.

## Summary of Pricing and Inflation Rate Assumptions - Forecast Prices and Costs

The forecast cost and price assumptions assume increases in wellhead selling prices and include inflation with respect to future operating and capital costs. Crude oil and natural gas benchmark reference pricing, inflation and exchange rates utilized by Sproule at December 31, 2020 were as follows:

Year	Exchange Rate (CAD/USD)	WTI Cushing Oklahoma 40 API (USD/bbl)	Canadian Light Sweet 40 API (CAD/bbl)	Hardisty Bow River 25 API (CAD/bbl)	Natural Gas AECO (CAD/mmbtu)
2021	0.77	46.00	54.55	40.03	2.86
2022	0.77	48.00	57.14	42.42	2.78
2023	0.77	53.00	63.64	48.39	2.69
2024	0.77	54.06	64.91	49.18	2.75
2025	0.77	55.14	66.21	50.16	2.80
2026	0.77	56.24	67.53	51.17	2.86
2027	0.77	57.37	68.88	52.19	2.91
2028	0.77	58.52	70.26	53.23	2.97
2029+	0.77	+2.0%/yr.	+2.0%/yr.	+2.0%/yr.	+2.0%/yr.

## 2020 CAPITAL EXPENDITURES

Razor spent \$237 thousand of capital on production-add activities during the year ended December 31, 2020. During 2020, the Company also incurred \$538 thousand on end-of-life abandonment and reclamation activities under the Alberta Energy Regulator's ("AER") Area Based Closure ("ABC") program prior to the AER suspending it in mid-2020 for the remainder of the year in response to low commodity prices.

## ABOUT RAZOR

Razor is a publicly traded junior oil and gas development and production company headquartered in Calgary, Alberta, concentrated on acquiring, and subsequently enhancing, producing oil and gas properties primarily in Alberta. The Company is led by experienced management and a strong, committed Board of Directors, with a long-term vision of growth, focused on efficiency and cost control in all areas of the business. Razor currently trades on TSX Venture Exchange under the ticker "RZE".  
[www.razor-energy.com](http://www.razor-energy.com)

Razor also has two other active subsidiaries in FutEra Power Corp. ("FutEra") and Blade Energy Services Corp. ("Blade").

## ABOUT FUTERA

FutEra leverages Alberta's resource industry innovation and experience to create transitional power and sustainable infrastructure solutions to commercial markets and communities, both in Canada and globally. Currently it is developing a 21 megawatt co-produced geothermal and natural gas hybrid power project in Swan Hills, Alberta.  
[www.futerapower.com](http://www.futerapower.com)

## ABOUT BLADE

Operating in west central Alberta, Blade's primary services include fluid hauling, road maintenance, earth works including well site reclamation and other oilfield services.  
[www.blade-es.com](http://www.blade-es.com)

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*The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Razor, including expectations and assumptions concerning the success of future drilling, development, completion and reactivation activities, the performance of existing wells, the performance of new wells, the availability and performance of facilities and pipelines, the geological characteristics of Razor's properties, the successful application of drilling, completion and seismic technology, prevailing weather and break-up conditions, commodity prices, price volatility, price differentials and the actual prices received for the Company's products, royalty regimes and exchange rates, the application of regulatory and licensing requirements, the availability of capital, labour and services, the creditworthiness of industry partners and Razor's ability to acquire additional assets.*

*Although Razor 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 Razor 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 and geothermal electricity projects in general (e.g., operational risks in development, exploration and production; variability in geothermal resources; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; and health, safety and environmental risks), constraint in the availability of services, electricity and commodity price and exchange rate fluctuations, changes in legislation affecting the oil and gas and geothermal industries, regulatory and political risks, adverse weather or break-up conditions and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. These and other risks are set out in more detail in Razor's annual information form for the year ended December 31, 2019 which is available on SEDAR at [www.sedar.com](http://www.sedar.com).*

*The forward-looking information contained in this press release is made as of the date hereof and Razor undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward-looking information contained in this press release is expressly qualified by this cautionary statement.*

*This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Razor's prospective results of operations, production, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this document was approved by management as of the date of this document and was provided for the purpose of providing further information about Razor's future business operations. Razor disclaims any intention or obligation to update or revise any FOFI contained in this document, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this document should not be used for purposes other than for which it is disclosed herein.*

*Oil and Gas Metrics. This press release contains a number of oil and gas metrics, including "future*

*development costs", "reserves life index" and "reserve replacement" 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. 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 of the Company and future performance may not compare to the performance in previous periods. Future development costs are calculated as the sum of development capital plus the change in future development costs for the period. Reserves life index is calculated as total Company share reserves divided by annual production. Reserve replacement is calculated by dividing reserve volume additions by annual production and expressed as a percentage.*

*Boe Disclosure. The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All BOE conversions in the report are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.*

*Unaudited Financial Information. Certain financial and operating information included in this press release for the year ended December 31, 2020, are based on estimated unaudited financial results for the year then ended, and are subject to the same limitations as discussed under Forward Looking Information set out above. These estimated amounts may change upon the completion of audited financial statements for the year ended December 31, 2020 and changes could be material.*

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