

Arrow Exploration Announces Summary of 2020 Year-End Reserves Evaluation

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Calgary, March 15, 2021 - [Arrow Exploration Corp.](#) (TSXV: AXL) ("Arrow" or the "Company") is pleased to announce a summary of its year-end reserve report (the "Reserve Evaluation Report") for the year ended December 31st, 2020. The Company expects to file the Reserve Evaluation Report on SEDAR concurrently with the filing of its 2020 year-end Financial Statements and Management Discussion & Analysis.

Highlights

The Company's Reserve Evaluation Report for the year ended December 31st, 2020 has been prepared by Boury Global Energy Consultants Ltd. ("BGEC"), the Company's independent reserve engineers in accordance with the requirements of National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101").

Arrow's Year-End 2020 gross reserves highlights include:

- 2,930 Mboe of Proved Reserves ("1P Reserves");
- 7,034 Mboe of Proved plus Probable Reserves ("2P Reserves");
- 10,480 Mboe of Proved plus Probable plus Possible Reserves ("3P Reserves")¹;
- 1P Reserves estimated net present value before income taxes of US\$9.6 million calculated at a 10% discount rate;
- 2P Reserves estimated net present value before income taxes of US\$34.3 million calculated at a 10% discount rate; and
- 3P Reserves estimated net present value before income taxes of US\$63.8 million calculated at a 10% discount rate.

Company Share of Reserves and Net Present Value (Before Income Tax)²

To view an enhanced version of this table, please visit:

https://orders.newsfilecorp.com/files/7751/77082_arrow_reserves.jpg

¹ Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

Changes In Reserves Year-over-Year

Year-End 2020 1P Reserves decreased by 1,165 Mbbl, when compared to 2019 year-end reserves. This change included 226 Mbbl of 1P Reserves additions resulting from revisions due to technical and economic factors, offset by 172 Mbbl of production and 1,218 Mbbl through a disposition (being the sale of the Llanos 23 Block, as previously announced by the Company on December 30th, 2020). When adjusting for the disposition, 1P Reserves increased by 53 Mbbl.

Year-End 2020 2P Reserves decreased by 3,284 Mbbl, when compared to 2019 year-end reserves. This change included 275 Mbbl of 2P Reserve reductions due to revisions (primarily due to decreases at the Capella Field and the Oso Pardo Field, offset by gains at the Company's Fir asset in Canada), 172 Mbbl of

production and 2,840 Mbbbl through the aforementioned disposition of the Llanos 23 Block. When adjusting for the disposition, 2P Reserves decreased by 444 Mbbbl.

Year-End 2020 3P Reserves decreased by 4,049 Mbbbl, when compared to 2019 year-end reserves. This change included 135 Mbbbl of 3P Reserve reductions due to revisions, 172 Mbbbl of production and 3,744 Mbbbl through the aforementioned disposition of the Llanos 23 Block. When adjusting for the disposition, 3P Reserves decreased by 304 Mbbbl.

Update to Reserve Volumes and Values for Changes in Commodity Prices

Arrow is also pleased to provide an update (the "Update") as to the Company's Year-End 2020 reserves based on commodity prices that, in management's view, more-closely reflect those prevailing in the first quarter of calendar year 2021. The Update was prepared by BGEC at the request of Arrow's management and was prepared in keeping with NI 51-101 standards. The Company reminds readers that its production in Colombia is priced off the Brent Crude benchmark, minus (or) plus the prevailing Vasconia Crude discount (or) premium, as the case may be. Readers are cautioned that there is no certainty that the forecast price of crude oil will increase as calculated by changes to the December 31st, 2020 price deck used in the Reserve Evaluation Report. Figures are shown on a before income tax basis.

In summary, based on an increase to the December 31st, 2020 price deck used in the Reserve Evaluation Report of US\$10/bbl WTI Crude Oil (and no change to the price forecast for natural gas), the Company's gross reserves highlights include:

- 3,023 Mboe of Proved Reserves ("1P Reserves");
- 8,076 Mboe of Proved plus Probable Reserves ("2P Reserves");
- 11,541 Mboe of Proved plus Probable plus Possible Reserves ("3P Reserves")¹;
- 1P Reserves estimated net present value before income taxes of US\$22.1 million calculated at a 10% discount rate;
- 2P Reserves estimated net present value before income taxes of US\$63.7 million calculated at a 10% discount rate; and
- 3P Reserves estimated net present value before income taxes of US\$106.7 million calculated at a 10% discount rate.

Furthermore, based on an increase to the December 31st, 2020 price deck used in the Reserve Evaluation Report of US\$15/bbl WTI Crude Oil (and no change to the price forecast for natural gas), the Company's gross reserves highlights include:

- 3,055 Mboe of Proved Reserves ("1P Reserves");
- 8,117 Mboe of Proved plus Probable Reserves ("2P Reserves");
- 11,597 Mboe of Proved plus Probable plus Possible Reserves ("3P Reserves")¹;
- 1P Reserves estimated net present value before income taxes of US\$28.4 million calculated at a 10% discount rate;
- 2P Reserves estimated net present value before income taxes of US\$79.9 million calculated at a 10% discount rate; and
- 3P Reserves estimated net present value before income taxes of US\$128.4 million calculated at a 10% discount rate.

Table 1 provides detail as to the volumes and values of the Company's Year-End 2020 Reserves based on an increase to the December 31st, 2020 price deck used in the Reserve Evaluation Report of US\$10/bbl WTI, referred to as "Case 1". Table 2 summarizes the difference in Year-End 2020 reserve volumes and values between Case 1 and the Reserve Evaluation Report, with positive figures representing comparatively higher volumes and/or values in Case 1 when compared to the Reserve Evaluation Report, and with negative figures representing comparatively lower volumes and/or values in Case 1 when compared to the Reserve Evaluation Report.

Table 1³

To view an enhanced version of Table 1, please visit:

https://orders.newsfilecorp.com/files/7751/77082_arrow_table1.jpg

Table 2⁴

To view an enhanced version of Table 2, please visit:

https://orders.newsfilecorp.com/files/7751/77082_arrow_table2.jpg

Table 3 provides detail as to the volumes and values of the Company's Year-End 2020 Reserves based on an increase to the December 31st, 2020 price deck used in the Reserve Evaluation Report of US\$15/bbl WTI, referred to as "Case 2". Table 4 summarizes the difference in Year-End 2020 reserve volumes and values between Case 2 and the Reserve Evaluation Report, with positive figures representing comparatively higher volumes and/or values in Case 2 when compared to the Reserve Evaluation Report, and with negative figures representing comparatively lower volumes and/or values in Case 2 when compared to the Reserve Evaluation Report. Figures are shown on a before income tax basis.

Table 3⁵

To view an enhanced version of Table 3, please visit:

https://orders.newsfilecorp.com/files/7751/77082_arrow_table3.jpg

Table 4⁶

To view an enhanced version of Table 4, please visit:

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^{2,3,4,5,6} Estimates of reserves of gas include associated and non-associated gas; "Gross Reserves" are Company's working interest reserves before the deduction of royalties; "Net Reserves" are Company's working interest reserves after deductions of royalty obligations plus the Company's royalty interests; NPV of FNR includes all resource income: Sale of oil, gas, by-product reserves; Processing of third party reserves; Other income; Note: The numbers in the tables may not add exactly due to rounding.

This press release contains various references to the abbreviation "BOE" which means barrels of oil equivalent. Where amounts are expressed on a BOE basis, natural gas volumes have been converted to oil equivalence at six thousand cubic feet (Mcf) per barrel (bbl). The term BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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 under-exploited, under-explored and offer high potential growth. The Company's business plan is to expand oil production from some of Colombia's most active basins, including the Llanos, Middle Magdalena Valley (MMV) and Putumayo Basin. The asset base is predominantly 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 50% interest in the Tapir Block is contingent on the assignment by Ecopetrol SA of such interest to Arrow. Arrow's seasoned team is led by a hands-on executive team supported by an experienced board. Arrow is listed on the TSX Venture Exchange under the symbol "AXL".

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This news release contains certain statements or disclosures relating to Arrow that are based on the expectations of its management as well as assumptions made by and information currently available to Arrow which may constitute forward-looking statements or information ("forward-looking statements") under applicable securities laws. All such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that Arrow anticipates or expects may, could or will occur in the future (in whole or in part) should be considered forward-looking statements. In some cases, forward-looking statements can be identified by the use of the words "continue", "expect", "opportunity", "plan", "potential" and "will" and similar expressions. The forward-looking statements contained in this news release reflect several material factors and expectations and assumptions of Arrow, including without limitation, Arrow's evaluation of the impacts of COVID-19, the potential of Arrow's Colombian assets (or any of them individually), and Arrow's business plan to expand oil production and achieve attractive potential operating margins. Arrow believes the expectations and assumptions reflected in the forward-looking statements are reasonable at this time but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

The forward-looking statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such forward-looking statements 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. The forward-looking statements contained in this news release are made as of the date hereof and the Company undertakes no obligations to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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