

Pan Orient Energy Corp. - Thailand Operations Update

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CALGARY, May 11, 2021 - [Pan Orient Energy Corp.](#) ("Pan Orient" or the "Company") (TSXV: POE) is pleased to provide an update on the drilling program in Thailand.

THAILAND

Concession L53 Onshore (Pan Orient Energy (Siam) Ltd., in which Pan Orient has 50.01% ownership)

On March 18, 2021 the Company reported that a two to three well appraisal drilling program had commenced with the L53-DD10 well which had just completed drilling, and that it would be followed by the L53-DD12 well, and possibly a L53-DD11 well. It was also reported that the L53-DD10 well had encountered approximately 38 meters of combined net oil pay within the AA, BB, CC and EE sands.

The Company finished drilling of L53-DD12 and L53-DD11, and the perforation of L53-DD11 on April 26th and then began completion operations on L53-DD10 and L53-DD12. In addition, there is a workover program on L53-DD2 (just completed), L53-DD3 (underway) and L53-DD7. Of note, in anticipation of Thailand interprovincial Covid restrictions due to the recent wave of infections, the decision was made to utilize the drilling rig for the well completions and workovers at a day rate cost that was reduced by the drilling contractor to the same rate as a service rig.

L53-DD10 Appraisal Well

L53-DD10 has averaged 702 BOPD (351 BOPD net to Pan Orient's 50.01% equity interest) from the CC sand since May 3rd with a water cut of 55.0%. The well will remain on long-term production. Test results are not necessarily indicative of long-term performance or ultimate recovery.

L53-DD11 Appraisal Well

L53-DD11 encountered a total net oil pay of approximately 32.1 meters within the AA, CC, BB and DD sands. The well was perforated in the CC sand and has averaged 1,087 BOPD (544 BOPD net to Pan Orient's 50.01% equity interest) with a water cut of 7.5% since April 29th. The well is currently on long-term production. Test results are not necessarily indicative of long-term performance or ultimate recovery.

L53-DD12 Appraisal Well

L53-DD12 encountered approximately six meters of oil pay above the oil water contact within the CC sand in a structural position approximately 20 meters structurally lower than the L53-DD6ST2 well, which is approximately 220 meters to the north. Given the water disposal constraints at the L53-DD field, the high cost of trucking water and the ability to provide pressure support to the up-dip L53-DD6ST2 well, the decision was made to forego the completion in the CC sand and convert L53-DD12 to water injection. Water injection commenced on May 10th with anticipated maximum capacity of approximately 7,200 barrels of water per day, approximately the same as at the existing water disposal well L53-DD8. This will make for a combined water disposal capacity of 14,400 barrels of water per day at the L53-DD field site and negate the need for water trucking for quite some time.

L53-DD Well Workover Program

A workover was completed at L53-DD2 during the period of May 2nd to May 8th. A workover on L53-DD7

has commenced and will be followed by a workover on L53-DD3. The aim of the program is to optimize and increase production.

Concession L53 Production

Concession L53 oil sales (on a 100% basis) averaged 2,846 BOPD in February, 2,351 BOPD in March, 2,431 BOPD in April, and 3,445 BOPD from May 1st to May 9th. Net to Pan Orient's 50.01% equity interest, oil sales averaged 1,423 BOPD in February, 1,176 BOPD in March, 1,216 BOPD in April, and 1,723 BOPD from May 1st to May 9th.

In addition to the approximately 200 BOPD (on a 100% basis) that has been shut-in since May 2nd when the L53-DD2 well workover commenced, and approximately 170 BOPD (on a 100% basis) when the L53-DD3 workover commenced on May 7th, there has been production disruption for a number of additional wells in order to facilitate the rig moves from well to well.

As is the case with fields possessing significant aquifer support (water drive), the key to L53-DD oil field production optimization will be the ability to handle significant quantities of water, which will increase substantially over the life of the field, at low cost. The economic threshold of each well is highly sensitive to the operating costs experienced in the "tail" of the oil decline curve, where a large portion of the ultimately recoverable reserves are produced. In the case of offshore production, the operating costs are substantially higher than the very low operating costs the Company has managed at the L53-DD field.

Oil Sales Pricing

The realized oil price for the first quarter of 2021 was US\$57.65 per barrel, a substantial increase over the 2020 first quarter average of US\$47.02 per barrel. Management notes that the April 30, 2021 escalated price forecast of Sproule and Associates for the Brent crude oil reference price indicates an average for 2021 approximately 23% higher than the December 31, 2020 escalated price forecast used in the December 31, 2020 reserve report for Pan Orient Energy (Siam) Ltd.

COVID-19 Coronavirus

The operations in Thailand of Pan Orient Energy (Siam) Ltd. ("POS") continue to be somewhat affected by the worldwide COVID-19 coronavirus pandemic. The Thailand government imposed a state of emergency in late March 2020, giving it wide-ranging powers to address the crisis. Domestic travel restrictions have now been eased but a travel ban on most foreigners entering Thailand remains in effect. Prudent measures have been taken by POS to help protect the health and safety of staff, which are of paramount importance. Fortunately, POS in Thailand has been able to complete its initial three well 2021 appraisal drilling program. POS and Pan Orient are well-positioned to withstand these unprecedented events. The Company is optimistic about a return to normal operations and less volatile market conditions but the outlook for world oil prices remains somewhat uncertain.

Pan Orient is a Calgary, Alberta based oil and gas exploration and production company with operations currently located onshore Thailand and Western Canada.

This news release contains forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this news release includes, but is not limited to, references express or implied to; well drilling programs and drilling and testing plans and information on future production. By their very nature, the forward-looking statements contained in this news release require Pan Orient and its management to make assumptions that may not materialize or that may not be accurate. The forward-looking information contained in this news release is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially, including without limitation: imprecision of reserves estimates and estimates of recoverable quantities of oil, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, supply, demand and resulting prices for oil and gas, the impact of the COVID-19 coronavirus; commercial negotiations, other technical and economic factors or revisions and other factors, many of which

are beyond the control of Pan Orient. Although Pan Orient believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.

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SOURCE [Pan Orient Energy Corp.](#)

Contact

[Pan Orient Energy Corp.](#), Jeff Chisholm, President and CEO (located in Bangkok, Thailand), Email: jeff@panorient.ca - or - Bill Ostlund, Vice President Finance and CFO, Telephone: (403) 294-1770, Extension 233

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