

Touchstone Provides Operational Update

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CALGARY, May 25, 2021 - [Touchstone Exploration Inc.](#) ("Touchstone", "we", "our", "us" or the "Company") (TSX: TXP) (TXP) provides an operational update, highlighted by the recovery of pressure gauges from the Cascadura Deep-1 well in the Company's Ortoire onshore exploration block in Trinidad (Touchstone 80 percent working interest operator, Heritage Petroleum Company Limited 20 percent working interest).

As previously announced, the Cascadura Deep-1 well was completed over a 199-foot-thick interval in Sheet Four of the Herrera Formation. Following production testing operations, the well was shut in for a pressure buildup test on April 11, 2021. The pressure gauges were recovered on May 17, 2021.

Cascadura Deep-1 Testing Highlights

- Buildup test data showed no depletion with a final bottomhole pressure of 4,746 psi, confirming a substantial liquid discovery.
- Analysis of buildup data showed the test was unbounded with a minimum radius of investigation of 1,500 feet, confirming significant size and reserves potential of the pool.
- While the well test data indicated that the formation was damaged, we are confident that the well will require no stimulation and that flow rates will be consistent with those during testing (average flow back rate of 22.9 MMcf/d of natural gas and 0.5 bbls/d of NGLs).
- Natural gas produced during the production test was approximately 94 percent methane with no hydrogen sulfide. The condensate consisted of 57 degree API condensate with no associated hydrogen sulfide.
- There remains approximately 560 feet of potential pay above the completed zone which can be evaluated in future development.

Operational Highlights

- The COVID-19 state of emergency in Trinidad currently has not had a significant impact on the Company's day-to-day operations, although related restrictions are causing delays to construction and field work.
- The design for the main production facility at Cascadura has been completed with an initial production capacity of 100 MMcf/d (expandable to 200 MMcf/d).
- Requested to complete an Environmental Impact Assessment ("EIA") on the Cascadura development project that will allow us to undertake a pre-approved multi-year program including drilling, completions, facilities, gathering lines and the sales infrastructure without the time intensive application process that would have previously accompanied each project in the workstream.
- Royston location preparation has been delayed due to COVID-19 restrictions impacting construction, with the well expected to spud in June 2021.
- Royston seismic program continues with 149 of 370 shot holes drilled and data acquisition anticipated to commence in early 2021.
- Coho surface facility is nearing completion and awaiting pipeline installation and tie-in.
- Chinook-1 testing continues with the planned completion of the Cruse sands currently awaiting regulatory approval.

Paul Baay, President and Chief Executive Officer, commented:

"I am pleased to report that the downhole gauges recovered from Cascadura Deep-1 have provided excellent data, and the information has increased our confidence in the substantial size of the pool's reserves and its potential deliverability. This is consistent with the previous testing performed at Cascadura-1ST1, and we are encouraged by the lack of any boundary effects observed on the reservoir.

The team continues to move all of our projects forward under the COVID-19 restrictions that were recently enacted in Trinidad. We continue to have a comprehensive COVID-19 protocol in place in collaboration with our industry partners, and we are committed to the safety and well being of our employees, contractors and the residents of the communities we operate in. For the most part, our routine operations remain uninterrupted, and we will recommence the affected operations as soon as we can safely do so.

I remain confident that we will spud Royston-1 in June despite recent construction delays due to COVID-19 emergency health measures. The drilling of Royston-1 will complete the first phase of our exploration program at Ortoire. The second phase is expected to include the Steelhead and Guabine prospects targeting the Herrera and Karamat Formations, as well as our Cretaceous prospect at Kraken. The phase two exploration program is anticipated to be performed in parallel with development programs at our confirmed Ortoire discoveries. Our future capital projects are anticipated to commence following the start of production from Coho and Cascadura, as these discoveries are expected to provide the funding for our future development and exploration programs."

COVID-19 Update

A state of emergency was declared in Trinidad and Tobago on May 15, 2021 with a curfew between the hours of 9:00 p.m. to 6:00 a.m. in an effort to combat the rising number of COVID-19 cases and deaths. The state of emergency was an enhancement of other restrictions that were already in place including limitations on non-essential businesses and services. Our operations have been granted essential service status but some of our suppliers have not, which has resulted in partial delays to our construction and exploration activities. The state of emergency has not materially affected our base production operations but has impacted the preparation of the Royston-1 well access road and the shipping of the third-party rig to Trinidad.

Regulations that were due to expire on May 23, 2021 have been extended to July 4, 2021. This is separate from the curfew of emergency, which will be debated in Parliament and will continue until necessary for up to three months. However, we will continue to manage our operations in accordance with domestic regulations and only proceed when we have access to the required services available for safe and cost-effective operations.

Cascadura Deep-1 Testing

The pressure recorders were recovered from the Cascadura Deep-1 well on May 17, 2021 and provided 44 days of data including initial completion pressure, isochronal flow and shut-in buildup data. During the buildup period, the Company observed bottomhole pressures returning to pre-test levels, with a final shut-in pressure of approximately 4,746 psi (Cascadura-1ST1 test one (lower): 4,762 psi, test two (upper): 4,715 psi). The buildup data suggested that the formation was damaged to some extent during drilling, with an estimated skin of between +4 and +7 (Cascadura-1ST1 test one (lower): +0.1, test two (upper): +0.2). On flowback observations, the Company believes that the well will continue to clean up once on production. No boundary was observed during testing, with a radius of investigation of over 1,500 feet, confirming previous results observed at Cascadura.

Gas analysis at Cascadura Deep-1 displayed a methane content of 93.7 percent (Coho 98.6 percent, Cascadura-1ST1 (lower) 93.3 percent) while NGL analysis indicated 57 degree API condensate (Cascadura-1ST1: 53 degree API condensate). No hydrogen sulfide was observed in any samples, and no produced water was recorded during testing.

James Shipka, Chief Operating Officer, commented:

"The data gathered from Cascadura Deep-1 reinforced our interpretation of the Cascadura structure and is extremely encouraging for the production potential of the well. This test completed 199 feet of a total of 1,007 feet of reservoir observed in the Herrera section, and there remains nearly 560 feet of high-quality sand above the existing zone in the Sheet Three section for future development. Given the nature of the Herrera sands, the existing completion should efficiently drain the gas and liquids trapped in Sheet Four. Flowback testing suggested that the formation had been damaged during drilling, and the data quantified the magnitude of the damage. We believe that the well will clean up during production and that no stimulation is required at this time. We are now focused on bringing both Cascadura wells onto production as well as completing our comprehensive field development plan to efficiently exploit the potential of the Cascadura structure."

Cascadura EIA and Main Production Facility

The Company has been advised by the Trinidad Environmental Management Authority that an EIA is necessary for the Cascadura development project. While this will require considerable upfront work, once completed it will allow us to roll out a multi-phase program including drilling, completions, facilities, gathering lines and the main sales infrastructure. The Company is expected to receive the requirements for the EIA on May 28, 2021. While this will initially delay the project, it will bring predictable timelines for Cascadura operations moving forward. The Company will provide further information on anticipated timing as it becomes available.

We have completed the design for the Cascadura main production facility and will be soliciting bids for the required construction.

Touchstone is currently waiting on availability of the necessary soil stabilization materials to complete construction of the Royston-1 access road and surface location. Access to these materials is dependant on our suppliers being able to comply with the current COVID-19 restrictions. The drilling rig is in the final stages of pre-spud preparation and will be available to mobilize immediately upon the completion of the access road. All drilling personnel are on the ground in Trinidad and have cleared all required quarantine protocols.

Coho

Chinook

In the Herrera zones, test three of the Chinook-1 well was put to pump and, after seven days, showed very limited to no inflow with only load fluid and minimal oil being recovered. The well was shut in for a buildup period at which time the well experienced a substantial surge of reservoir fluid and solids from the formation. This inflow appears to have encapsulated the downhole assembly in sand, and following several attempts, we believe the pump to be unretrievable. This zone will be as we now focus on the shallow Cruse completion.

The Company has identified two additional locations significantly updip from the original Chinook well to evaluate the effect of the Chinook structure in the Herrera Formation. Given the limited inflow observed during testing and the skin damage resulting from the Cascadura Deep-1 testing, the Company is confident that the Herrera section of the Chinook-1 well was damaged during drilling. We are evaluating alternative drilling designs to limit possible reservoir damage in any future wells at Chinook.

Touchstone Exploration Inc. is a Calgary, Alberta based company engaged in the business of acquiring interests in petroleum and natural gas rights and the exploration, development, production and sale of petroleum and natural gas. Touchstone is currently active in onshore properties located in the Republic of Trinidad and Tobago. The Company's common shares are traded on the Toronto Stock Exchange and the AIM market of the London Stock Exchange under the symbol "TXP".

Certain information provided in this news release may constitute forward-looking statements and information (collectively "forward-looking statements") within the meaning of applicable securities laws. Such forward-looking statements include, without limitation, forecasts, estimates, expectations, and objectives for future operations that are subject to assumptions, risks and uncertainties, many of which are beyond the control of the Company. Forward-looking statements are statements that are based on historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", or similar expressions.

"estimates", "projects", "potential" and similar expressions, or are events or conditions that "will", "would", "may", "could" or "should" occur or be achieved.

In particular, forward-looking statements in this news release may include, but is not limited to, statements with respect to the Company's focus, plans, priorities and strategies; the impact of the COVID-19 pandemic in Trinidad and the ability of the Company to carry on its operations as currently contemplated; the quality and quantity of prospective hydrocarbon accumulations and results; the Company's exploration and development plans and strategies, including anticipated drilling, future drilling locations, production testing, development, tie-in, facilities construction, the timing thereof and the benefits to be derived therefrom; regulatory approvals, including completing regulatory applications, achieving such approvals and the expected timing thereof; the sufficiency of resources and available financing to fund future capital expenditures. Although the Company believes its 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 the Company can give no assurance that they will prove to be correct. 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. Certain of the risks are set out in more detail in the Company's 2020 Annual Information Form dated March 25, 2021 which has been filed on SEDAR and can be accessed at www.sedar.com. The forward-looking statements contained in this news release are made as of the date hereof, and except as may be required by applicable securities laws, the Company assumes no obligation to update or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.

Advisory on Oil and Gas Matters

References in this news release to production test rates and estimated initial flow rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which the well will commence production and operations thereafter and are not indicative of long-term performance or of ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company.

Abbreviations

bbls/d barrels per day

MMcf million cubic feet

MMcf/d million cubic feet per day

Contact: American Petroleum Institute gravity
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President and Chief Executive Officer; or Mr. James Shipka, Chief Operating Officer, Telephone:
NGLs natural gas liquids
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~~psi pounds per square inch~~

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