

Alvopetro Celebrates Caburé Project's One-year Anniversary

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CALGARY, AB, July 6, 2021 /CNW/ - All references herein to \$ refer to United States dollars, unless otherwise stated.

[Alvopetro Energy Ltd.](#) (TSXV: ALV) (OTCQX: ALVOF), ("Alvopetro", or the "Company") celebrates the first anniversary of the start of natural gas sales from our Caburé project. The project was a precedent setting development with a series of first ever accomplishments in Brazil. On July 5, 2020, Alvopetro became the first independent company in Brazil to process natural gas to the national sales specification, and to sell into the local distribution network. Some of the highlights of the first-year of Caburé operations include:

- Four consecutive quarters of increasing production
- Total natural gas sales of 124 million cubic meters (4.4 Bcf)
- Average sales including condensate of 2,086 boepd
- Average realized natural gas sales price of \$5.48/mcf to the end of Q1 2021
- Forecasted natural gas sales price effective August 1, 2021, BRL\$1.31/m³ (\$7.34/mcf)¹
- Repayment of over 50% of the project's \$15 million debt financing
- 100% gas plant availability
- Created over 400 local jobs during construction and over 50 permanent positions
- Zero lost-time safety incidents
- A positive contribution to the region's greenhouse gas emission profile, with the project's natural gas resulting in 53% lower emissions relative to burning fuel oil

Corey Ruttan, President and CEO commented: "We are very proud to be celebrating the first anniversary of commencing production from our precedent setting Caburé project. In this first year, we have delivered over 124 million cubic meters of natural gas. Alvopetro's clean natural gas has contributed to users in the state of Bahia having one of the most competitively priced energy sources in Brazil.

We are now poised to start reinvesting in high impact upstream opportunities, balanced with stakeholder returns. We have already repaid over half of our original project debt financing and we now look forward to creating a sustainable dividend payout for our shareholders."

Sales Volumes

June sales volumes averaged 2,414 boepd based on field estimates, including natural gas sales of 13.8 mmcfpd and associated natural gas liquids sales from condensate of 106 bopd. June sales increased 3% from our average May sales volumes of 2,353 boepd.

Second quarter 2021 sales volumes averaged 2,360 boepd based on field estimates, including natural gas sales of 13.5 mmcfpd, associated natural gas liquids sales from condensate of 105 bopd, and oil sales of 3 bopd from our Bom Lugar field. Q2 2021 sales increased 9% from our average Q1 2021 sales volumes of 2,175 boepd.

¹ Based on Alvopetro's average heat content to date at a 7% premium and the average foreign exchange rates in the first half of 2021. Future realized USD denominated sales will be impacted by fluctuations in foreign exchange rates.

Early Debt Repayment

Given our continued strong production levels and financial results to-date in 2021, at the end of June we

repaid an additional \$2 million of our outstanding credit facility. This repayment brings the outstanding balance under our credit facility down to \$7.5 million. Since commencing production on July 5, 2020, we have already repaid \$8.0 million, over 50% of the principal amount of the loan.

Operational Update

Our 2021 capital plan includes drilling the 182-C1 and 183-B1 natural gas exploration prospects. We have secured a drilling rig for these projects. Following a contractual rig maintenance and acceptance period, we expect to commence drilling in September and to have both wells drilled this year.

We have now received all the pipe in the field for our Gomo/Murucututu pipeline extension, to tie in our 183(1) well, and we plan to commence field construction this month.

Corporate Presentation

Alvopetro's updated corporate presentation is available on our website at:
<http://www.alvopetro.com/corporate-presentation>.

Social Media

Follow Alvopetro on our social media channels at the following links:

Twitter - <https://twitter.com/AlvopetroEnergy>

Instagram - <https://www.instagram.com/alvopetro/>

LinkedIn - <https://www.linkedin.com/company/alvopetro-energy-ltd>

YouTube: https://www.youtube.com/channel/UCgDn_igrQgdIj-maR6fWB0w

[Alvopetro Energy Ltd.](#)'s vision is to become a leading independent upstream and midstream operator in Brazil. Our strategy is to unlock the on-shore natural gas potential in the state of Bahia in Brazil, building off the development of our Caburé natural gas field and our strategic midstream infrastructure.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

All amounts contained in this new release are in United States dollars, unless otherwise stated and all tabular amounts are in thousands of United States dollars, except as otherwise noted.

Abbreviations:

Bcf = billion cubic feet

boepd = barrels of oil equivalent ("boe") per day

bopd = barrels of oil and/or natural gas liquids (condensate) per day

BRL = Brazilian real

mcf = thousand cubic feet

mmcf = million cubic feet

mmcfpd = million cubic feet per day

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 per barrel (6Mcf/bbl) 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 this news release are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.

Forward-Looking Statements and Cautionary Language. This news release contains "forward-looking information" within the meaning of applicable securities laws. The use of any of the words "will", "expect", "intend" and other similar words or expressions are intended to identify forward-looking information. More particularly and without limitation, this news release contains forward-looking information concerning the plans relating to the Company's operational activities, forecasted earnings, and the expected natural gas price, gas sales and gas deliveries under Alvo Petro's long-term gas sales agreement. The forward-looking statements are based on certain key expectations and assumptions made by Alvo Petro, including but not limited to the timing of regulatory licenses and approvals, the success of future drilling, completion, testing, recompletion and development activities, future foreign exchange rates, the outlook for commodity markets and ability to access capital markets, the impact of the COVID-19 pandemic, the performance of producing wells and reservoirs, well development and operating performance, general economic and business conditions, weather and access to drilling locations, the availability and cost of labour and services, environmental regulation, including regulation relating to hydraulic fracturing and stimulation, the ability to monetize hydrocarbons discovered, the regulatory and legal environment and other risks associated with oil and gas operations. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. Although Alvo Petro believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Alvo Petro can give no assurance that it will prove to be correct. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the operations or financial results of Alvo Petro are included in our annual information form which may be accessed through the SEDAR website at www.sedar.com. The forward-looking information contained in this news release is made as of the date hereof and Alvo Petro undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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