

Cuda Oil and Gas Inc. Announces an Increase in Proved, Developed and Producing Reserves at June 30, 2021 and Operations Highlights

09.09.2021 | [Newsfile](#)

Calgary, September 8, 2021 - [Cuda Oil and Gas Inc.](#) (TSXV: CUDA) ("Cuda" or the "Company") is pleased to release the results of its June 30th, 2021 Oil and Gas Reserves Evaluation ("2021 Mid-Year Reserves Report") for Wyoming and Alberta. Cuda continues to advance its major asset at Barron Flats Shannon Secondary Recovery Unit ("SSRU") in the Powder River Basin of Wyoming.

In the 2021 Mid-Year Reserves Report, Ryder Scott has identified increases to the Company's estimated Proven Developed Producing ("PDP") reserves, increasing by 12% as compared to December 31st, 2020. Furthermore, with the improved pricing environment, the net present value at a discount rate of 10% ("NPV10") increased by over 40% compared to the NPV10 at December 31st, 2020. It is important to note that these increases are realized in the absence of any additional drilled or completed wells validating the positive performance of the miscible gas flood project.

Cuda emphasizes that oil production continues to increase in wells proximal and adjacent to the injection wells. These results and bookings align the SSRU project to ultimate recovery results of the adjacent analogue field, the Sand Dunes Miscible Gas Flood ("Sand Dunes"). Over its project life, Sand Dunes recovered approximately 50% of the 48 MMbbls of OOIP or 25 MMbbls. For perspective, the Company's SSRU Project was assigned 121 MMbbls of OOIP in the 2021 Mid-Year Reserves Report, volumetrically 60% larger than Sand Dunes. Current simulation modeling by a third-party expert indicates up to 51 MMbbls, based on 100% WI, could ultimately be recovered in a full field development scenario inclusive of future development capital.

Reserves Report Highlights

All reserves information contained in this press release is based on the 2021 Mid-Year Reserves Report and includes reserves attributed to the SSRU, the Cole Creek Unit and Alberta assets. Unless specifically indicated, all financial and operational information in this press release is based on estimates and all financial information is unaudited.

Proven Developed Producing Reserves ("PDP")

- The Company's PDP reserves grew 12% over 2020 reserves to 4,318 Mboe (84% oil and liquids).
- NPV10 of \$58.1 million.
- Reserve Life Index ("RLI") of 21.4 years, based on Q2 2021 production.

Total Proved Reserves ("1P")

- The Company's 1P reserves grew by 6% from 2020 reserves, to 7,859 Mboe (89% oil and liquids).
- NPV10 of \$83.1 million.
- RLI of 37.9 years.

Proved plus Probable Reserves ("2P")

- The Company's 2P reserves grew by 1% as compared to 2020 reserves, to 14,530 Mboe (92% oil and liquids).
- NPV10 of \$148.7.2 million.
- RLI of 71.4 years.

Future development costs associated with the 1P and 2P categories are \$60.9 million and \$103.3 million respectively.

Other Definitions

bbls	Barrels of oil
bbls/d	Barrels of oil per day
MMbbls	Million barrels of oil
BOE	Barrel of oil equivalence
Mboe	Thousand barrels of oil equivalent
NPV10	Valuation based on discounted value of the reserves after all capital development, operating, costs, and royalties before taxes, discounted to present day dollars
WI	Working interest
OOIP	Original Oil in Place

Oil and Gas Reserves

The 2021 Mid-Year Reserves Report represents Cuda's oil and gas properties in Alberta and Wyoming and was prepared in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51 - 101") by Ryder Scott, the Company's independent reserves evaluator. The following table summarizes certain information contained in the 2021 Mid-Year Reserves Report:

Reserves Category

Reserves Category	Light and Medium Oil	Natural Gas	Natural Liquids	Total BOE ¹ 30-Jun-21	Total BOE ¹ 31-Dec-20
	(Mbbl)	(MMcf)	(Mbbl)	(Mboe)	(Mboe)
Proved Developed Producing	3,263	4,027	384	4,318	3,843
Proved Developed Non-Producing	41	240	3	84	253
Proved Developed	3,304	4,268	386	4,402	4,096
Proved Undeveloped	3,211	778	116	3,457	3,344
Total Proved	6,515	5,046	502	7,859	7,440
Probable	6,069	2,162	243	6,672	6,956
Total Proved Plus Probable	12,584	7,208	745	14,530	14,396

Notes

1. BOEs are derived by converting gas to oil equivalent in the ratio of six thousand cubic feet of gas to one barrel of oil (6 Mcf:1 bbl).

Reserve Category

Summary of Net Present Values of Future Net Revenue (Before Tax)³
(based on forecast price and costs)

	At June 30, 2021 ¹	At December 31, 2020 ²
Discount Rate	10.00%	10.00%
Reserves Category	(M\$)	(M\$)
Proved Developed Producing	58,058	40,651
Proved Developed Non-Producing	495	1,404
Proved Developed	58,552	42,055

Proved Undeveloped	24,503	20,288
Total Proved	83,055	62,343
Probable	65,605	49,462
Total Proved Plus Probable	148,660	111,805

Notes

1. Forecast pricing based on Ryder Scott published price forecasts effective June 30, 2021.
2. Forecast pricing based on Ryder Scott published price forecasts effective December 31, 2020.
3. Estimates of future net revenue do not represent fair market value.

Operations Highlights

Operations highlights as reported at September 1, 2021 by the operator Canadian Overseas Petroleum Limited ("COPL") identified that the Wyoming assets current oil production at August 31, 2021 is 2,720 bbls/d (gross). Furthermore, the assets continue to perform significantly ahead of expectation, oil production at SSRU is increasing weekly and will continue to increase due to strong gas injection response and enhanced surface well site production facilities.¹

About Cuda Oil and Gas Inc.

[Cuda Oil and Gas Inc.](#) is engaged in the business of exploring for, developing and producing oil and natural gas, and acquiring oil and natural gas properties across North America. The Cuda management team has worked closely together in both private and public company environments. Cuda will continue to implement its proven strategy of exploring, acquiring, and exploiting with a long-term focus on large, light oil resource-based assets across North America including significant operational experience in the United States. The Cuda management team brings a full spectrum of geotechnical, engineering, negotiating and financial experience to its investment decisions.

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Forward-Looking Information

This news release contains forward-looking statements. All statements other than statements of historical fact included in this news release, are forward-looking statements that involve various risks and uncertainties and are based on forecasts of future operational or financial results, estimates of amounts not yet determinable and assumptions of management. In particular, forward-looking information included in this news release includes: (i) Cuda's exploration and development plans, which assume accuracy of technical and geological information and analysis and may be impacted by unscheduled maintenance, labour and contractor availability; (ii) future development costs and reserve life, which assume foreign exchange rates and accuracy of production estimates, and may be impacted by unexpected maintenance, the need to hire external resources and accelerated capital plans; (iii) reserves which are forward-looking statements by their nature involving the implied assessment that the reserves can be profitably produced, and may be impacted by energy prices, future drilling results and operating costs; and (iv) anticipated increases in production volumes and revenue. Risk factors that could prevent forward-looking statements relating to Cuda and its operating activities from being realized include ongoing permitting requirements, the actual results of current exploration and development activities, operational risks, risks associated with drilling and completions, uncertainty of geological and technical data, market conditions, the availability and nature of alternative sources of energy, conclusions of economic evaluations and changes in project parameters as plans continue to be refined as well as future prices of oil and natural gas. Although Cuda has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Oil and Gas Advisories

This news release contains metrics commonly used in the oil and natural gas industry, such as "future development costs" and "reserve life index". These oil and gas metrics have been prepared by management and 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 and should not be used to make comparisons. Such metrics have been included in this news release to provide readers with additional measures to evaluate Cuda's performance and to compare Cuda's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this news release, should not be unduly relied upon.

Future development costs are estimates of capital expenditures required in the future for the Company to convert proved developed non-producing reserves and probable reserves to proved developed producing reserves.

Reserve Life Index or RLI is calculated based on the amount for the relevant reserves category, divided by current production.

"BOEs" may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

This news release provides certain information relating to recovery results from gas-injection operations on properties in close proximity to the Company's properties, which is "analogous information" as defined by applicable securities laws. This analogous information is derived from publicly available information sources, which Cuda believes are independent in nature. Estimates by engineering and geotechnical practitioners may vary and the differences may be significant. Cuda believes that the provision of this analogous information is relevant to its activities and forecasting, given its interest in properties in the area; however, readers are cautioned that there is no certainty that any forecasts provided herein based on analogous information will be accurate.

Original Oil In Place ("OOIP") is used by Cuda in this news release as an equivalent to Discovered Petroleum Initially-In-Place ("DPIIP"). DPIIP, as defined in the Canadian Oil and Gas Evaluation Handbook (COGEH), is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of DPIIP includes production, reserves and contingent resources; the remainder is unrecoverable. The OOIP/DPIIP set forth in this news release has been provided for the sole purpose of highlighting the recovery factors used by Cuda's independent engineers in attributing reserves to Cuda effective as of June 30, 2021. It should not be assumed that any portion of the OOIP/DPIIP set forth in the news release is recoverable other than the portion which has been attributed reserves by Cuda's independent engineers. There is uncertainty that it will be commercially viable to produce any portion of the OOIP/DPIIP other than the portion that is attributed reserves.

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

¹ COPL Press Release dated September 1, 2021

To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/95959>

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/393580--Cuda-Oil-and-Gas-Inc.-Announces-an-Increase-in-Proved-Developed-and-Producing-Reserves-at-June-30-2021-a>

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