Hemisphere Energy Accelerates 2022 Drilling Program

25.11.2021 | Newsfile

Vancouver, November 25, 2021 - Hemisphere Energy Corp. (TSXV: HME) (OTCQX: HMENF) ("Hemisphere" or the "Company") is pleased to provide an update on its drilling operations in the Atlee Buffalo area of southeast Alberta.

Due to rig availability constraints and projected cost increases in 2022, Hemisphere has recently accelerated a portion of its 2022 capital spending plans and commenced a drilling program in the Atlee F pool for up to 4 wells during the fourth quarter of 2021. Hemisphere anticipates that the new wells will be on production in January 2022. This strategy will help to ensure earlier production and reserve additions in 2022, as well as mitigate the impact of supply chain issues and expected labour shortages across the industry.

The Atlee F pool is under an active waterflood and at least one of the new wells is likely to be converted to an injector in the coming year to help sweep oil through the pool and maintain reservoir pressure. As the Company has been focused on developing its Atlee G pool, minimal capital has been invested in the F pool since 2018. Hemisphere believes there is considerable potential to increase the recovery factor of this oil reservoir through expansion of its existing waterflood and potential future conversion to polymer flood.

In light of advancing the timing of this drilling program, Hemisphere anticipates changes to its previously announced 2021 guidance. With the addition of $4 million in capital expenditures for the new wells expected to be incurred in 2021, year-end net debt is projected to be approximately $16 million. Meanwhile, average annual production for 2021 is projected to be lower by approximately 5% due to timing of conversions of oil producer wells into injectors, delayed production start-up of the September 2021 drilling program, and downtime associated with facility expansion work in Atlee Buffalo.

At this time, 2022 guidance remains unchanged with the exception of shifting $4 million in capital expenditures forward into 2021. A revised budget will be released by the Company in the first quarter to address new pricing considerations, the possible addition of capital expenditures and projects, and updated estimates of production, funds flow, and net debt.

Corporate Guidance(1)		2021 Revised Guidance	2021 Previous Guidance	2022 Revised Guidance	2022 Previous Guidance
Average Annual Production	boe/d	1,800	1,900	2,550	2,550
Exit Production	boe/d	2,200	2,200	3,000	3,000
Adjusted Funds Flow from Operations (FFO)(2)	$ million	19	19	30	30
FFO per Basic Share(2,3)	$/share	0.21	0.22	0.33	0.34
Capital Expenditures	$ million	10	6	3	7
Free Funds Flow(2)	$ million	9	13	26	23
Exit (Net Debt) Cash(2)	$ million	(16)	(13)	9	9
Exit Net Debt to FFO		0.9x	0.7x	n/a	n/a

Notes:
(1) See "Guidance Assumptions".
(2) See "Non-IFRS Measures".
(3) Assuming 90.6 million basic shares issued and outstanding.

About Hemisphere Energy Corporation

Hemisphere is a Canadian oil company focused on sustainable growth of its high netback, low decline conventional heavy oil assets through water and polymer flood enhanced recovery methods. Hemisphere

trades on the TSX Venture Exchange as a Tier 1 issuer under the symbol "HME" and on the OTCQX Venture Marketplace under the symbol "HMENF".

For further information, please visit the Company's website at www.hemisphereenergy.ca to view its corporate presentation or contact:

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Forward-looking Statements

Certain statements included in this news release constitute forward-looking statements or forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements are typically identified by words such as anticipate, continue, estimate, expect, forecast, may, will, project, could, plan, intend, should, believe, outlook, potential, target and similar words suggesting future events or future performance. In particular, but without limiting the generality of the foregoing, this news release includes forward-looking statements regarding the Company's expectation to drill up to 4 wells during the fourth quarter of 2021, that such new wells will be on production in January 2022, that at least one of new wells is likely to be converted to an injector in the coming year to help sweep oil through the pool and maintain reservoir pressure, the Company's belief of the potential to increase the recovery factor of its oil reservoir through expansion of its existing water flood and potential future conversion to polymer flood, the Company's forecasts that year-end net debt is projected to be approximately $16 million and that average annual production for 2021 is projected to be lower by approximately 5% due to timing of conversions of oil producer wells into injectors, delayed production start-up of the September 2021 drilling program, and downtime associated with facility expansion work in Atlee Buffalo, the matters described under "Corporate Guidance", the Company's expectation for providing additional information in the first quarter to address new pricing considerations, the possible addition of capital expenditures and projects, and updated estimates of production, funds flow, and net debt, and that Hemisphere will continue to balance the growth of its operations and cash flow with the strength of its balance sheet in order to optimize return to shareholders.

Forward‐looking statements are based on a number of material factors, expectations or assumptions of Hemisphere which have been used to develop such statements and information, but which may prove to be incorrect. Although Hemisphere believes that the expectations reflected in such forward‐looking statements or information are reasonable, undue reliance should not be placed on forward‐looking statements because Hemisphere can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: incurring $4 million of drilling expenses in 2021 and that 4 news wells will be drilled as a part of the same; that one well will be converted into an injector; the assumptions set forth under "Guidance Assumptions: below; the approval of a new corporate budget in 2022; the current and go-forward oil price environment; that Hemisphere will continue to conduct its operations in a manner consistent with past operations; that results from drilling and development activities are consistent with past operations; the quality of the reservoirs in which Hemisphere operates and continued performance from existing wells; the continued and timely development of infrastructure in areas of new production; the accuracy of the estimates of Hemisphere's reserve volumes; certain commodity price and other cost assumptions; continued availability of debt and equity financing and cash flow to fund Hemisphere's current and future plans and expenditures; the impact of increasing competition; the general stability of the economic and political environment in which Hemisphere operates; the general continuance of current industry conditions; the timely receipt of any required regulatory approvals; the ability of Hemisphere to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which Hemisphere has an interest in to operate the field in a safe, efficient and effective manner; the ability of Hemisphere to obtain financing on acceptable terms; field production rates and decline rates; the accuracy of the Company's reservoir modelling; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and cost of pipeline, storage and facility construction and expansion and the ability of Hemisphere to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Hemisphere operates; and the ability of Hemisphere to successfully market its oil and natural gas products.

The forward‐looking statements included in this news release are not guarantees of future

performance and should not be unduly relied upon. Such information and statements, including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors that may cause actual results or events to defer materially from those anticipated in such forward‐looking statements including, without limitation: changes in commodity prices; changes in the demand for or supply of Hemisphere's products, the early stage of development of some of the evaluated areas and zones; unanticipated operating results or production declines; results of Hemisphere's waterflood operations; the ability of Hemisphere to, pending future events, return capital to shareholders as a result of any required third party approvals; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Hemisphere or by third party operators of Hemisphere's properties, increased debt levels or debt service requirements; inaccurate estimation of Hemisphere's oil and gas reserve volumes; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time‐to‐time in Hemisphere's public disclosure documents, (including, without limitation, those risks identified in this news release and in Hemisphere's Annual Information Form).

The forward‐looking statements contained in this news release speak only as of the date of this news release, and Hemisphere does not assume any obligation to publicly update or revise any of the included forward‐looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Forward Looking Financial Information

This news release, including in respect of Company's guidance for 2021 and 2022, may contain future oriented financial information ("FOFI") within the meaning of applicable securities laws. The FOFI has been prepared by management to provide an outlook of the Company's activities and results. The FOFI has been prepared based on a number of assumptions including the assumptions discussed and disclosed above, including under "Guidance Assumptions" below and "Forward Looking Statements" above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on FOFI. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these FOFI, or if any of them do so, what benefits the Company will derive therefrom. The Company has included the FOFI in order to provide readers with a more complete perspective on the Company's future operations and such information may not be appropriate for other purposes. The Company disclaims any intention or obligation to update or revise any FOFI statements, whether as a result of new information, future events or otherwise, except as required by law.

Non-IFRS Measures

This news release contains terms that are non-IFRS measures and commonly used in the oil and gas industry which are not defined by or calculated in accordance with International Financial Reporting Standards ("IFRS"), such as: (i) adjusted funds flow from operations; (ii) net debt; and (iii) free funds flow. These terms should not be considered an alternative to, or more meaningful than the comparable IFRS measures (as determined in accordance with IFRS) which in the case of funds flow from operations is cash provided by operating activities. There is no IFRS measure that is reasonably comparable to free funds flow and net debt. These measures are commonly used in the oil and gas industry and by Hemisphere to provide shareholders and potential investors with additional information regarding: (i) in the case of adjusted funds flow from operations and free funds flow, the Company's ability to generate the funds necessary to support future growth through capital investment and to repay any debt; (ii) in the case of operating netback, the indication of the Company's profitability relative to current commodity prices; and (iii) in the case of net debt, the capital structure of the Company.

Hemisphere's determination of these measures may not be comparable to that reported by other companies. Adjusted funds flow from operations is calculated as cash generated by operating activities, before changes in non-cash working capital and adjusted for any decommissioning expenditures; Adjusted funds flow from operations per share is calculated using the outstanding basic shares of the company as of the date of this press release and footnoted herein; Free Funds Flow is calculated as Adjusted Funds Flow less capital expenditures; Net debt is calculated as current assets minus current liabilities including bank debtor gross term loan and excluding fair value of financial instruments and any lease and warrant liabilities. The Company has provided additional information on how these measures are calculated in the Management's Discussion and Analysis for the year ended December 31, 2020 and the interim period ended September 30, 2021, which are available under the Company's SEDAR profile at www.sedar.com.

Guidance Assumptions

2021 includes actual to Q3 (Jan-Sep/21). Remainder of 2021 (Oct-Dec) assumes US$79.30 WTI with WCS Differential of $US14.80/bbl; Fx of 1.265; average quality adjustment of Cdn $5.00/bbl; Opex and Transportation of $11.4/boe; Loan Interest costs of $1.4/boe; G&A costs of $3.25/boe; Royalties and GORRs of 22%, and hedging loss of $9.5/boe. Assumptions for 2022 include US$60/bbl WTI 2022 with WCS Differential of $US12/bbl; Fx of 1.265; average quality adjustment of Cdn$4.00/bbl; Opex and Transportation of $11.5/boe; Loan Interest costs of $0.7/boe; G&A costs of $2.9/boe; Royalties and GORRs of 14%, and hedging losses of $0.6/boe.

Oil and Gas Advisories

Any references in this news release to recent production rates (including as a result of recent waterflood activities) which may be considered to be initial rates and are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter and are not necessarily indicative of long-term performance or ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. Such rates are based on field estimates and may be based on limited data available at this time.

A barrel of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of 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. In addition, given that the value ratio based on the current price of crude oil as compared to natural gas 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.

Definitions and Abbreviations

bbl	Barrel	Mcf	thousand cubic feet
bbl/d	barrels per day	Mcf/d	thousand cubic feet per day
$/bbl	dollar per barrel	$/Mcf	dollar per thousand cubic feet
boe	barrel of oil equivalent		
boe/d	barrel of oil equivalent per day	NPV10 BT	Net Present Value discounted at 10%, before tax
$/boe	dollar per barrel of oil equivalent	IFRS	International Financial Reporting Standards
WCS	Western Canadian Select	G&A	General and Administrative Costs
US$	United States Dollar		

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