

Tenth Avenue Petroleum Corp. Announces Transformative Acquisition

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CALGARY, Jan. 13, 2021 - [Tenth Avenue Petroleum Corp.](#) ("TPC" or the "Company") (TSXV:TPC) is pleased to announce it has entered into an agreement with Avalon Energy Ltd., an Alberta-based private oil and gas company, to acquire high quality, crude oil assets including 88 bbls/d (100% oil) of low decline, high netback, oil production in the Murray Lake and Hays areas of Southern, Alberta (the "Acquisition" or "Acquired Assets"). The transformative Acquisition is accretive on a production, cashflow and reserves basis. Total consideration for the Acquisition is \$2,500,000, payable with \$1,750,000 cash and \$750,000 in common shares of the Company at a price to be determined in the context of the market at closing. The Acquisition is expected to close on or before March 1, 2022, subject to customary closing adjustments, completion of a concurrent financing (the "Financing") and the receipt of necessary regulatory and TSX Venture Exchange ("Exchange") approvals. Further details of the Financing will be disclosed when determined by the Company.

SUMMARY TRANSACTION HIGHLIGHTS

- 88 bbls/d (100% oil) of sustainable, reliable and high working interest production (97% WI).
- Highly attractive purchase price of 1.24x cash flow(1) or 28,441 \$/flowing boe.
- 185% production increase over current volumes while PDP reserve volumes (mboe) will grow more than 74%(2) (3) and PDP NPV10 will increase by approximately 105%(2)(3).
- Highly accretive operating netbacks (over \$63/boe)(1) at current strip pricing.
- TPC has identified the potential to increase production through low capex opportunities.
- The addition of another material core area provides improved flexibility in capital deployment offering better returns on investment.

Notes:

1. Based on current field estimates, including January 15, 2022 future prices, \$5 diff (US), 1.23FX, blow down metrics (future 12 month on blowdown scenario)
2. Operating Netback was calculated using a C\$63.00/bbl netback, and by subtracting royalties and operating costs from revenues estimates are based on TPC's internal evaluation in accordance with National Instrument 51-101 ("NI 51-101") and the COGE Handbook.
3. All reserves information in this press release are gross reserves. The reserve information for the Company in the foregoing table is derived from the independent engineering report effective as of September 1, 2021 prepared by McDaniel's & Associates Consultants Ltd. ("McDaniel's") evaluating the oil, NGL and natural gas reserves attributable to all of our properties (the "Company Reserve Report"). The reserves associated with the acquisition is based on the Company's internal evaluation prepared by a qualified reserves evaluator in accordance NI-51-101 and COGE Handbook.

The Acquisition and Offering further strengthen TPC's business model which is focused on delivering accretive growth by adding high quality and dependable cash flowing assets. The strategic acquisition materially increases our existing production base by 185% to 135 boe/d (97% oil & NGLs) from 47 boe/d, expands our existing core area with the addition of two oil growth opportunities in Southern Alberta.

THE ACQUISITION

The Acquired Assets are made up of two 100% working interest, operated conventional Mannville oil pools providing for high operating netbacks and maintains TPC's high oil weighting (97% oil & NGLs). The Acquired Assets have an established decline profile of less than 14%, further solidifying TPC's underlying

production base and providing a dependable cash flow stream.

The Company believes these assets have been under capitalized during the last two years. The majority of the identified locations are low risk infill locations in established high quality conventional light oil pools which are expected to provide attractive economics, even in much lower commodity price environments. Based on the historical low established decline rate of the base production, it is expected that minimal capital will be required to maintain existing production levels, providing TPC with a strong platform for future sustainable growth.

In addition to the identified low risk development drilling inventory, TPC believes there is significant upside associated with the Acquired Assets through down spacing as well as pool and Enhanced Oil Recovery (EOR) resource extension opportunities on the undeveloped acreage acquired.

Overall, the Acquisition is arm's length and is consistent with TPC's strategy to capitalize on undervalued, opportunities to enhance the quality of the Company's business model and asset base throughout various commodity price cycles. The Acquisitions are accretive on all key per valuation metrics and are expected to improve TPC's operating netbacks and exposure to additional light oil drilling inventory, further strengthening TPC's disciplined growth strategy. No finder fees are payable in connection with the Acquisition.

The Acquisition has the following characteristics:

Total Transaction Price: \$2.5 million

Production (1) 88 bbls (100% oil & NGLs)

Total Proved Developed Producing (PDP) NPV10 \$2.9 million

Total Proved + Probable (TPP) NPV10 \$3.4 million

Total Proved Developed Producing Reserves (2) 169.4 mboe

Total Proved plus Probable Reserves (TPP)(2) 207.9 mboe

Notes:

1. Based on current field estimates, including January 15, 2022 future prices, \$5 diff (US), 1.23FX, blow down metrics (future 12 month on blowdown scenario)

2. All reserves information in this press release are gross reserves. Gross reserves for the Acquired Assets, are the Acquired Assets' total working interest reserves before the deduction of any royalties and including any royalty interest's receivable on the Acquired Assets.

3. All reserves information in this press release are gross reserves. The reserve information for the Company in the foregoing table is derived from the independent engineering report effective as of September 1, 2021 prepared by McDaniel's & Associates Consultants Ltd. ("McDaniel's") evaluating the oil, NGL and natural gas reserves attributable to all of our properties (the "Company Reserve Report"). The reserves associated with the acquisition is based on the Company's internal evaluation prepared by a qualified reserves evaluator in accordance NI-51-101 and COGE Handbook.

The Acquisition has an effective date of March 1, 2022 and is expected to close in early March 2022, subject to customary conditions and regulatory and Exchange approvals. The aggregate amount of the concurrent Financing is anticipated to be approximately \$3.5 million.

This press release is not an offer of the Common Shares for sale in the United States. The Common Shares may not be offered or sold in the United States absent registration or an exemption from registration. The Common Shares will not be publicly offered in the United States. The Common Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws.

About Tenth Avenue Petroleum Corp.

Tenth Avenue Petroleum Corp. is a junior oil and gas exploration and production company with operations in Alberta.

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Forward-looking Information and Statements

The information in this news release contains certain forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "approximate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "would" and similar expressions. These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control, including: the impact of the COVID-19 pandemic on the Company's business and operations (and the duration of the impacts thereof); the inability of the Company to meet its commitments on its lands or on the lands it may acquire, the impact of general economic conditions; industry conditions; changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; fluctuations in commodity prices and foreign exchange and interest rates; stock market volatility and market valuations; volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves, changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; and obtaining required approvals of regulatory authorities. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits the Company will derive from them. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. The forward-looking statements in this news release are expressly qualified in their entirety by this cautionary statement. Except as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements. Investors are encouraged to review and consider the additional risk factors set forth in the Company's continuous disclosure documents which are available on SEDAR at www.sedar.com.

Oil and Gas Advisories

Meaning of Boe

The term "boe" or barrels of oil equivalent 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. Additionally, 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 ratio of 6:1 may be misleading as an indication of value.

Reserves Estimates

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

Non-GAAP Measurements

The Company utilizes certain measurements that do not have a standardized meaning or definition as prescribed by International Financial Reporting Standards ("IFRS") and therefore may not be comparable with the calculation of similar measures by other entities, including but not limited to operating netback, cash flow and working capital. Readers are referred to advisories and further discussion on non-GAAP measurements contained in the Company's continuous disclosure documents. Operating netback is a

non-GAAP measure calculated as the average per boe of the Company's oil and gas sales, less royalties and operating costs.

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

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