

# Petrus Announces Strategic Acquisition of Cardium Assets in Ferrier

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CALGARY, March 01, 2022 - [Petrus Resources Ltd.](#) ("Petrus" or the "Company") (TSX: PRQ) is pleased to announce that it has entered into a definitive agreement (the "Agreement") to acquire a privately owned limited partnership (the "LP") and its general partner (the "GP", and together, the "Acquired Entities") for total consideration of approximately \$14.4 million, consisting of 10 million common shares of the Company (the "Shares") issued at a deemed price of \$1.44 per Share based on the volume weighted average trading price of the Shares on the Toronto Stock Exchange ("TSX") for the five trading days prior to the date of the Agreement (the "Acquisition"). The Acquisition is expected to close in early March and is subject to customary closing conditions, including the approval of the TSX.

## Acquisition Highlights

The Acquired Entities' assets are focused in Petrus' core area, Ferrier, Alberta. Through the Acquisition, Petrus will receive a contiguous, high working interest, Cardium land position in Ferrier; an area where the vast majority of mineral rights are leased and most acreage positions are secured through corporate sale transactions. The proximity of the acquired lands to Petrus' existing Ferrier assets will allow current and future production from the assets to be tied into Petrus' owned and operated gathering and processing infrastructure, which is expected to provide considerable operating and cost synergies. The Acquisition provides Petrus with an exceptional opportunity to leverage its expertise successfully drilling low-risk, low-cost, high return wells in this area.

Highlights of the Acquisition include:

- Strategic consolidation of quality Cardium assets at Ferrier
- A high working interest, undeveloped Cardium land position in 8 net sections of land directly offsetting Petrus' core development in Ferrier
- Meaningful drilling inventory of an estimated 40 gross unbooked drilling locations<sup>1</sup>, the majority of which have been internally identified by Petrus as Tier 1 locations
- Stable base production of 425 boe/d<sup>2</sup> (83.0% conventional natural gas, 13.5% NGLs and 3.5% light oil) with an estimated annual decline rate of 10%<sup>3</sup>
- Potential to materially reduce operating costs through development and utilization of Petrus' owned and operated infrastructure
- Attractive type curve economics at US\$80/bbl WTI and \$4.00/Mcf AECO

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<sup>1</sup> See "Estimates of Drilling Locations".

<sup>2</sup> Average daily production is for the month of December, 2021.

<sup>3</sup> See "Estimated Decline Rate".

## Related Party Matters

The Acquisition is a related party transaction under applicable securities legislation as, among other things, the Acquired Entities are managed and directed by Ken Gray, the President and Chief Executive Officer of both the GP and Petrus, and Ken Gray and two of Petrus' controlling shareholders (Stuart Gray and Glen Gray) own or control, in aggregate, approximately 69.5% of the LP's units and 50% of the GP's shares. The

board of directors of Petrus (the "Board") established a committee of independent and disinterested directors of Petrus (the "Independent Committee"), comprised of Don Cormack, Patrick Arnell and Peter Verburg, to review and recommend approval of the Agreement and the Acquisition to the Board. The Board, with Ken Gray and Don Gray abstaining, approved the Agreement and the Acquisition based on, among other things, the recommendation of the Independent Committee, their review and assessment of an independent reserves report prepared by GLJ Ltd. effective December 31, 2020 and mechanically updated to November 30, 2021 evaluating the reserves volumes and net present values of the Acquired Entities, and the advice received from the Company's financial advisor for the Acquisition.

The Acquisition is exempt from the formal valuation and minority shareholder approval requirements of applicable securities legislation as neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Acquisition, insofar as it involves interested parties, exceeds 25% of the Company's market capitalization.

## ABOUT PETRUS

Petrus is a public Canadian oil and gas company focused on property exploitation, strategic acquisitions and risk-managed exploration in Alberta.

## FOR FURTHER INFORMATION PLEASE CONTACT:

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## CAUTIONARY STATEMENTS:

### *Oil and Gas Advisories*

*The oil and natural gas industry commonly expresses production volumes and reserves on a barrel of oil equivalent ("boe") basis whereby natural gas volumes are converted at the ratio of six thousand cubic feet to one barrel of oil. The intention is to sum oil and natural gas measurement units into one basis for improved measurement of results and comparisons with other industry participants. Petrus uses the 6:1 boe measure which is the approximate energy equivalence of the two commodities at the burner tip. Boes do not represent an economic value equivalence at the wellhead and therefore may be a misleading measure if used in isolation.*

### *Estimates of Drilling Locations*

*Unbooked drilling locations are the internal estimates of the Company based on assumptions as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources (including contingent and prospective). Unbooked locations have been identified by Petrus' management as an estimation of the multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Petrus will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and natural gas reserves, resources or production. The drilling locations on which Petrus will actually drill wells, including the number and timing thereof, is ultimately dependent upon the availability of funding, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors.*

### *Estimated Decline Rate*

*Based on Petrus' internally developed type curves, which were constructed as of December 31, 2021*

### *Abbreviations*

*In this Press Release, the abbreviations set forth below have the following meanings:*

<i>Oil and Natural Gas Liquids</i>	<i>Natural Gas</i>
<i>bbl</i> <i>barrel</i>	<i>Mcf thousand cubic feet</i>
<i>bbls</i> <i>barrels</i>	<i>GJ Gigajoules</i>
<i>NGLs</i> <i>natural gas liquids</i>	
<i>boe/d</i> <i>Barrels of oil equivalent per day</i>	

#### *Forward-Looking Statements*

*This news release contains forward-looking statements regarding: Petrus' ability to tie the acquired assets into its facilities and the expectation that the Acquisition and the proximity of the assets to Petrus' existing assets will provide considerable operating and cost synergies; the potential to materially reduce operating costs of the acquired assets; Petrus' expectations regarding unbooked drilling locations (and the quality thereof) and decline rate; and the closing of the Acquisition and the timing of the same. These forward-looking statements are provided as of the date of this news release, or the effective date of the documents referred to in this news release, as applicable, and reflect predictions, expectations or beliefs regarding future events based on the Company's beliefs at the time the statements were made, as well as various assumptions made by and information currently available to it. In making the forward-looking statements included in this news release, the Company has applied several material assumptions, including, but not limited to, the assumption that: Toronto Stock Exchange approval of the Acquisition will be obtained in a timely manner; that all conditions precedent to the completion of the Acquisition will be satisfied in a timely manner; assumptions regarding commodity prices, including those set forth above; the impact of regional and/or global events, including the ongoing COVID-19 pandemic, inflation and the Russian-Ukrainian war, on energy demand and commodity prices; that the Company's operations and production will not be disrupted by circumstances attributable to the foregoing events and the responses of governments and the public to such going forward; future capital expenditure and decommissioning expenditure levels; future operating costs and general and administrative costs; future crude oil, natural gas liquids and natural gas prices and differentials between light, medium and heavy oil prices and Canadian, WTI and world oil and natural gas prices; future hedging activities; future crude oil, natural gas liquids and natural gas production levels, including that Petrus will not be required to shut-in production due to low commodity prices or the deterioration of commodity prices; future exchange rates and interest rates; future debt levels; Petrus' ability to execute its capital programs as planned without significant adverse impacts from various factors beyond its control, including extreme weather events, wild fires, infrastructure access and delays in obtaining regulatory approvals and third party consents; Petrus' ability to obtain equipment in a timely manner to carry out development activities and the costs thereof; Petrus' ability to market its oil and natural gas successfully to current and new customers; Petrus' ability to obtain financing on acceptable terms, including Petrus' ability to maintain the existing borrowing base under its syndicated bank facility, Petrus' ability (if necessary) to replace its syndicated bank facility; and Petrus' ability to add production and reserves through our development and exploitation activities. Although management considers these assumptions to be reasonable based on information available to it, they may prove to be incorrect. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, projections and other forward-looking statements will not be achieved or that assumptions on which they are based do not reflect future experience. We caution readers not to place undue reliance on these forward-looking statements as a number of important factors could cause the actual outcomes to differ materially from the expectations expressed in them. These risk factors may be generally stated as the risk that the assumptions expressed above do not occur, but specifically include, without limitation, risks relating to: general market conditions; the failure to receive all applicable third party and regulatory approvals for the Acquisition, and the additional risks described in the Company's latest Annual Information Form, and other disclosure documents filed by the Company on SEDAR. The foregoing list of factors that may affect future results is not exhaustive. When relying on Petrus' forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on behalf of the Company, except as required by law.*

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