

Pan Orient Announces March 31, 2022 Contingent Bitumen Resources For Sawn Lake, Alberta Sagd Project Of Andora Energy Corporation

13.06.2022 | [CNW](#)

CALGARY, June 13, 2022 - [Pan Orient Energy Corp.](#) (POE: TSXV), on behalf of its 71.8% owned subsidiary Andora Energy Corporation ("Andora"), is pleased to release the March 31, 2022 Contingent Bitumen Resources Report ("Resources Report") which is a National Instrument 51-101 compliant resources evaluation for Andora's oil sands interests at Sawn Lake Alberta, Canada, as evaluated by independent qualified reserves evaluator Sproule Associates Limited ("Sproule"). The evaluation included all of Andora's Oil Sands Leases at Sawn Lake based on exploitation using Steam Assisted Gravity Drainage ("SAGD").

Please note that unless otherwise stated, amounts are in Canadian dollars and volumes and financial amounts are net to Andora.

Highlights of Sawn Lake, Alberta Contingent Resources Report as of March 31, 2022

- The Resources Report reflects the development plan for Sawn Lake Central and Sawn Lake South of staged development with five standardized "battery scale" SAGD facilities where growth is primarily funded by cash flow generated by the project. The SAGD batteries are 5000 to 6000 barrels of bitumen per day (BOPD) each and utilize Andora's proprietary Produced Water Boiler ("PWB") technology which uses water from SAGD production to generate steam and meet water recycle requirements in Alberta. This strategy significantly reduces financial, reservoir and operating risk.
- Contingent resources have been assigned to the Sawn Lake Central and Sawn Lake South blocks of Sawn Lake. The unrisks "Best Estimate" contingent resources for Andora are 292.0 million barrels of bitumen recoverable (209.6 million barrels net to Pan Orient's 71.8% interest in Andora).
- Andora is the operator of both these blocks and holds a 75% working interest in the 11 sections of the Central Block, which have been assigned 214.3 million barrels of unrisks recoverable bitumen (net to Andora's interests) and holds a 100% working interest in the 16 sections of the South Block, which have been assigned 77.7 million barrels of unrisks recoverable bitumen.
- The unrisks "Best Estimate" net present value, discounted at 15%, for Andora's interests is \$192 million on an after-tax basis (\$138 million net to Pan Orient's 71.8% interest in Andora).
- The Resources Report assigned an 85% chance of development for Sawn Lake, and the risks "Best Estimate" contingent resources for Andora are 248.2 million barrels of bitumen recoverable (178.2 million barrels net to Pan Orient's 71.8% interest in Andora). The risks "Best Estimate" net present value, discounted at 15%, for Andora's interests is \$165 million on an after-tax basis (\$118 million net to Pan Orient's 71.8% interest in Andora).
- The Resources Report forecasts bitumen production from 2023 to 2084, with maximum unrisks "Best Estimate" production net to Andora of 20,378 BOPD in 2036. The unrisks "Best Estimate" evaluation indicates that the maximum cumulative year-end financing requirement, being cumulative cash flow of operating income less capital expenditures and income tax, is \$18.2 million in Year 4.
- The first stage of commercial development is at Sawn Lake Central (where Andora is operator with a 75% working interest) to reactivate the existing SAGD facility and wellpair and drill of an additional wellpair. On a 100% working interest basis, the estimated cost is \$10 million and forecast production is 1,237 BOPD. A further expansion is forecast in year three with the drilling of three more wellpairs plus facilities work, which are estimated on a 100% working interest basis, at a capital cost of \$31 million to increase production to 2,990 BOPD. Regulatory approval for the Sawn Lake commercial operation to 3200 BOPD was received in December 2017.

Resources Report

Sawn Lake SAGD Development Evaluation of the Contingent Bitumen Resources in the Sawn Lake Area of Alberta of Andora Energy Corporation as of March 31, 2022 by Sproule evaluated Andora's interests at the Sawn Lake area of Alberta in 27 sections (24 different sections) of bitumen oil sands in the Sawn Lake area of the central Alberta to be potentially recoverable. Andora's documented developments by the application of development Sawn Lake SAGD development. Contingent resources have been assigned to the Sawn Lake Central and Sawn Lake South where Andora is the operator. The volumes estimated in the Sproule report are considered contingent until such time as there are additional delineation wells confirming reservoir quality and continuity, refinement of the commercial development plan, regulatory approval for full field

A SAGD demonstration project in the Sawn Lake Central Block commenced in 2013 and consisted of one well being drilled to a depth of 650 meters and a horizontal length of 780 meters and a SAGD facility for steam generation, water handling and bitumen treating. Steam injection commenced in May 2014 and production commenced in September 2014. In February 2016, the demonstration project reached a steady state production rate of 620 BOPD with an initial recovery stream of 150 BOPD. The demonstration project was generally successful and the key rate associated with the later stages of the demonstration project and operations were suspended at the end of February 2016. The demonstration project proved that the SAGD process works in the Bluesky formation at Sawn Lake, established characteristics of resource through stabilization of SAGD performance, indicated the productive capability, and provided by Sproule, maintenance of development facility design associated with risk factors commercial development of the resource. The results of the project, necessarily indicate that the project is commercially viable to ultimate recovery and the Sawn Lake demonstration resource has not yet been proven that it is commercially viable.

The Resources Report identified key positive and negative factors for development of the Bluesky formation in the Sawn Lake area. Key positive factors include: the abundance of well data available from operations on Sawn Lake Central and Sawn Lake South is for development in stages with two standardized, higher scale SAGD facilities where the company is primarily funded by net operating income generated by the project. After tax cash flow in the Sproule evaluation is Andora's share of revenue less royalty burden, operating expenses, abandonment, capital expenditures and income tax. The first phase of resource base, sensitivity to low commodity pricing which will impact the economics of development, commercial expansion of the demonstration project SAGD facility to 2,990 BOPD's done in two stages with reactivation of the existing facility and major installation and testing of Andora's EWB and drilling of an additional four wells. Regulatory approval was received in December 2017, and market expansion of the existing Sawn Lake Central demonstration project to 3,200 BOPD using Andora's PWB. Further stages of development include expansion to 5,000 BOPD of the first SAGD battery and then an additional four SAGD batteries which are located in the best parts of the reservoir. The timing of individual batteries is dependent on regulatory approval and after tax cash flow from existing operations for funding of new investment.

Andora's increased working interest in Sawn Lake Central area from 50% to 75% in March 2022. Volume estimates are on a 100% working interest basis.

- Adjustment of the development stages and estimated commencement of commercial production in 2023.
- Updates for Andora tax pools and non-capital loss carry-forwards to \$59 million and the Alberta Oil Sands Royalties Pre-Payout Cumulative Costs of \$50.8 million for the Sawn Lake Project will have a significant impact on project economics and financing, and on decisions regarding the timing and extent of future development.
- Changes to income tax rates, carbon tax legislation and other factors.

It is recognized that stable crude oil prices and specifically Western Canada Select benchmark prices will have a significant impact on project economics and financing, and on decisions regarding the timing and extent of future development.

Andora Sawn Lake, Alberta Interests at March 31, 2022

	Gross Sections	Working Interest	Unrisked Contingent Resources - Company Gross (million barrels)	Best Estimate
Central Block (Andora operated)	11	75 %	214.3	
South Block (Andora operated)	16	100 %	77.7	
	27		292.0	

Summary of Contingent Bitumen Resources as of March 31, 2022 as provided by Sproule

Marketable Resources - Company Gross (million barrels)	Andora	Pan Orient 71.8%
Risky (evaluation assigned an 85% chance of development)		
Contingent - Low Estimate "1C"	221.3	158.9
Contingent - Best Estimate "2C"	248.2	178.2
Contingent - High Estimate "3C"	291.3	209.1
Unrisky		
Contingent - Low Estimate "1C"	260.3	186.9
Contingent - Best Estimate "2C"	292.0	209.6
Contingent - High Estimate "3C"	342.7	246.1

Sawn Lake Oil Sands Project

Summary of Net Present Values as of March 31, 2022

Contingent Resources as provided by Sproule

Andora 100% (Cdn\$ million)

Net Present Values Before Tax (Risky)	0 %	5 %	10 %	15 %
Contingent - Low Estimate "1C"	4,871	1,219	417	174
Contingent - Best Estimate "2C"	6,247	1,518	521	223
Contingent - High Estimate "3C"	8,770	1,907	619	259
Net Present Values After Tax (Risky)	0 %	5 %	10 %	15 %
Contingent - Low Estimate "1C"	3,726	927	312	127
Contingent - Best Estimate "2C"	4,788	1,157	392	165
Contingent - High Estimate "3C"	6,732	1,457	469	193
Net Present Values Before Tax (Unrisky)	0 %	5 %	10 %	15 %
Contingent - Low Estimate "1C"	5,727	1,432	490	204
Contingent - Best Estimate "2C"	7,346	1,784	612	261
Contingent - High Estimate "3C"	10,315	2,241	727	304
Net Present Values After Tax (Unrisky)	0 %	5 %	10 %	15 %
Contingent - Low Estimate "1C"	4,379	1,087	365	147
Contingent - Best Estimate "2C"	5,628	1,358	459	192
Contingent - High Estimate "3C"	7,916	1,711	549	226

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For risky resources and values, the evaluation assigned an 85% chance of development.

- 2 Resources assessed at forecast crude oil reference prices and costs.
- 3 Bitumen production is forecast to commence in 2023.
- 4 The reference prices for heavy oil per barrel (Western Canada Select "WCS" 20.5 API gravity) are \$87.81 for 2023, \$74.99 for 2024, \$76.49 for 2025, \$78.02 for 2026, \$79.58 for 2027, \$81.14 for 2028, \$82.80 for 2029 and increase at 2% per year thereafter.
- 5 Bitumen revenue per barrel for these resources is \$23.31 less than the associated variable costs in 2023 and the differential increases approximately 1.5% per year.
- 6 The reference prices for natural gas (AECO-C Spot price per MMBTU in Canadian dollars) are \$3.02 for 2023, \$3.02 for 2024, \$3.08 for 2025, \$3.14 for 2026, \$3.21 for 2027, \$3.27 for 2028, \$3.34 for 2029 and increase at 2% per year thereafter.
- 7 Future development costs (including inflation of 0% per annum for 2023 and 2% per annum thereafter) for the Contingent Resources which have been deducted in calculating the before tax NPV are:
 - ? Unrisked Low Estimate - CDN\$3,444 million with the drilling of 358 gross well pairs
 - ? Unrisked Best Estimate - CDN\$3,567 million with the drilling of 358 gross well pairs
 - ? Unrisked High Estimate - CDN\$3,765 million with the drilling of 358 gross well pairs
- 8 The values disclosed may not represent fair market value.
- 9 There is uncertainty that it will be commercially viable to produce any portion of the resources.

Sawn Lake Oil Sands Project

Summary of Net Present Values as of March 31, 2022

Contingent Resources as provided by Sproule

Pan Orient 71.8% Interest in Andora (Cdn\$ million)

Net Present Values Before Tax (Risky)	0 %	5 %	10 %
Contingent - Low Estimate "1C"	3,497	875	300
Contingent - Best Estimate "2C"	4,485	1,090	374
Contingent - High Estimate "3C"	6,297	1,369	445
Net Present Values After Tax (Risky)	0 %	5 %	10 %
Contingent - Low Estimate "1C"	2,675	665	224
Contingent - Best Estimate "2C"	3,438	830	282
Contingent - High Estimate "3C"	4,834	1,046	337
Net Present Values Before Tax (Unrisky)	0 %	5 %	10 %
Contingent - Low Estimate "1C"	4,112	1,029	352
Contingent - Best Estimate "2C"	5,275	1,281	439
Contingent - High Estimate "3C"	7,406	1,609	522
Net Present Values After Tax (Unrisky)	0 %	5 %	10 %
Contingent - Low Estimate "1C"	3,144	780	262
Contingent - Best Estimate "2C"	4,041	975	330
Contingent - High Estimate "3C"	5,683	1,229	394

- 1 Results represent Pan Orient's 71.8% interest in Andora.
- 2 For risky resources and values, the evaluation assigned an 85% chance of
- 3 Resources assessed at forecast crude oil reference prices and costs.
- 4 Bitumen production is forecast to commence in 2023.
- 5 The reference prices for heavy oil per barrel (Western Canada Select "WCS" are \$87.81 for 2023, \$74.99 for 2024, \$76.49 for 2025, \$78.02 for 2026, \$79.80 for 2027, \$82.80 for 2029 and increase at 2% per year thereafter.
- 6 Bitumen revenue per barrel for these resources is \$23.31 less than the assumed in 2023 and the differential increases approximately 1.5% per year.
- 7 The reference prices for natural gas (AECO-C Spot price per MMBTU in Canada) are \$3.02 for 2023, \$3.02 for 2024, \$3.08 for 2025, \$3.14 for 2026, \$3.21 for 2027, \$3.27 for 2028 at 2% per year thereafter.
- 8 Future development costs (including inflation of 0% per annum for 2023 and 2024) are deducted from Contingent Resources which have been deducted in calculating the before tax

?Unrisked Low Estimate - CDN\$2,472 million with the drilling of 358 gross w

?Unrisked Best Estimate - CDN\$2,561 million with the drilling of 358 gross w

? Unrisked High Estimate - CDN\$2,703 million with the drilling of 358 gross w

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The values disclosed may not represent fair market value.

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There is uncertainty that it will be commercially viable to produce any portion

Pan Orient is a Calgary, Alberta based oil and gas exploration and production company with operations located onshore Thailand and in Western Canada.

This news release contains forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this news release includes, but is not limited to, references to: the development plan for Sawn Lake Central and Sawn Lake South; estimates of contingent resources; volumes of recoverable bitumen; estimates of net present value; chance of development; forecast bitumen production; financing requirements; capital costs; price forecasts; commencement of commercial production; and estimates of tax pools, non-capital loss carry-forwards and royalty thresholds. By their very nature, the forward-looking statements contained in this news release require Pan Orient and its management to make assumptions that may not materialize or that may not be accurate. The forward-looking information contained in this news release is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially, including without limitation: imprecision of resources estimates and estimates of recoverable quantities of bitumen, obtaining and timing of regulatory approvals, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, demand for oil and gas, commercial negotiations, other technical and economic factors or revisions and other factors, many of which are beyond the control of Pan Orient. Although Pan Orient believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/416999--Pan-Orient-Announces-March-31-2022-Contingent-Bitumen-Resources-For-Sawn-Lake-Alberta-Sagd-Project-Of-A>

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