

Alvopetro Announces Inaugural Sustainability Report, July 2022 Sales Volumes, & Operational Update

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CALGARY, Aug. 4, 2022 - [Alvopetro Energy Ltd.](#) (TSXV: ALV) (OTCQX: ALVOF) announces our inaugural sustainability report for the year-ended December 31, 2021, July sales volumes and an operational update.

Inaugural Sustainability Report

We are pleased to present our inaugural 2021 Sustainability Report (the "Report"), highlighting the operational milestones achieved through the development of our Caburé project and outlining Alvopetro's approach to environmental, social and governance ("ESG") practices. The Report was approved by the Company's Board of Directors and provides stakeholders insight into our environmental stewardship, community involvement and corporate governance practices. A full copy of the Report can be found on our website at <https://alvopetro.com/Sustainability>.

Corey Ruttan, President and Chief Executive Officer, commented: "Our goal while developing this sustainability report was to create transparency on how we manage our business objectives focused on innovation, business strength and our approach to sustainability by; responsibly supplying energy, strengthening communities and our workforce, and minimizing our impact."

2021 ESG highlights included:

- Alvopetro's locally produced natural gas resulted in average savings of 48% for consumers relative to imported LNG and 53% lower GHG emissions relative to fuel oil;
- 100% of produced water reinjected;
- Scope 1 & 2 emissions intensity of 4.7 kg CO₂e per boe;
- 65% less vegetation removed than allowed in our permit during the construction of our Murucututu pipeline extension;
- 75 jobs created during Murucututu pipeline construction;
- Zero lost-time safety incidents; and
- Budgeting \$0.20/boe to voluntary social programs.

July Sales Volumes and Facility Expansion

Our July sales volumes averaged 2,514 boepd based on field estimates, including natural gas sales of 14.4 MMcfpd, associated natural gas liquids sales from condensate of 108 bopd and oil sales of 6 bopd, a 7% increase from our Q2 average of 2,359 boepd. Our Caburé gas processing facility expansion was commissioned and completed in late July. We now have available processing capacity of up to 500,000 cubic metres per day (18 MMcfpd). Prior to the expansion our sales volumes were limited by the gas processing facility capacity. With the expanded capacity, our production is expected to be driven by Alvopetro's share of available Caburé unit production and production additions from new projects.

Operational Update

In April, we completed drilling our 182-C1 well on Block 182 and, based on open-hole wireline logs, the well discovered 25 metres of potential net natural gas pay in the Agua Grande formation with an average 34% water saturation and average porosity of 8.2%, using a 6% porosity cut-off, 50% Vshale cut-off and 50% water saturation cut-off. We have commenced completion and testing operations using the drilling rig. After perforating and cleaning up the well we will complete a 72-hour formation test. We then plan to move the drilling rig on the same drilling location to drill a follow up well further east from the bounding fault to further assess the Agua Grande potential and to target the Sergi Formation.

In July, we completed drilling our second 2022 exploration well (183-B1) on the fault block immediately east to our 182-C1 discovery. The 183-B1 location was also a multi-zone pre-rift prospect targeting both the Agua

Grande and Sergi Formations. Based on open-hole logs and collected fluid samples, the 183-B1 well encountered multiple zones of interest with an aggregate 34.3 metres of potential net hydrocarbon pay, using a 6% porosity cut-off, 50% Vshale cut-off and 50% water saturation cut-off. Subject to equipment availability we expect to commence multi-zone formation tests later in the third quarter.

On our Murucututu project, we commenced commissioning of our field production facility at our 183-1 location in July and subject to final ANP inspection we expect to have our 183-1 well on production near the end of the month. We also commenced field installation of the pipeline extension to tie-in our 197-1 well in June and expect construction to be completed later in the third quarter. Subject to receipt of regulatory approvals, we plan to complete and tie-in the 197-1 well in the fourth quarter.

At the Caburé Unit, the unit operator has commenced drilling the Unit C well (49.1% Alvopetro) targeting development and exploration potential in the Pojuca, Marfim and Caruaçu formations. Drilling is expected to be completed near the end of August.

Semi-Annual Natural Gas Price Redetermination

Pursuant to the terms of our long-term gas sales agreement with Bahiagás, our natural gas price effective August 1, 2022 is BRL1.94/m³ or \$11.28/Mcf (based on our average heat content to date of 107% and the July 31, 2022 BRL/USD foreign exchange rate of 5.19). The adjusted price is based on the ceiling price in the contract, which was adjusted to \$10.22/MMBtu effective August 1, 2022. While the ceiling price increased by 6% from the February 1, 2022 ceiling price, due to the appreciation of the BRL relative to the USD in the first half of 2022 compared to the latter half of 2021, the BRL denominated contractual price remained consistent. This price will be effective for all natural gas sales from August 1, 2022 to January 31, 2023.

Corporate Presentation

Alvopetro's updated corporate presentation is available on our website at:
<http://www.alvopetro.com/corporate-presentation>.

Social Media

Follow Alvopetro on our social media channels at the following links:

Twitter - <https://twitter.com/AlvopetroEnergy>

Instagram - <https://www.instagram.com/alvopetro/>

LinkedIn - <https://www.linkedin.com/company/alvopetro-energy-ltd>

YouTube: https://www.youtube.com/channel/UCgDn_igrQgdIj-maR6fWB0w

[Alvopetro Energy Ltd.](#)'s vision is to become a leading independent upstream and midstream operator in Brazil. Our strategy is to unlock the on-shore natural gas potential in the state of Bahia in Brazil, building off the development of our Caburé natural gas field and our strategic midstream infrastructure.

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

All amounts contained in this new release are in United States dollars, unless otherwise stated and all tabular amounts are in thousands of United States dollars, except as otherwise noted.

Abbreviations:

boepd = barrels of oil equivalent ("boe") per day

bopd = barrels of oil and/or natural gas liquids (condensate) per day

MMcf = million cubic feet

MMcfpd = million cubic feet per day

BOE Disclosure. The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet per barrel (6Mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and

does not represent a value equivalency at the wellhead. All boe conversions in this news release are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.

Testing and Well Results. Data obtained from the 183-B1 and 182-C1 wells identified in this press release, including hydrocarbon shows, open-hole logging, net pay and porosities, should be considered to be preliminary until testing, detailed analysis and interpretation has been completed. Hydrocarbon shows can be seen during the drilling of a well in numerous circumstances and do not necessarily indicate a commercial discovery or the presence of commercial hydrocarbons in a well. There is no representation by Alvopetro that the data relating to the 183-B1 well nor the 182-C1 well contained in this press release is necessarily indicative of long-term performance or ultimate recovery. The reader is cautioned not to unduly rely on such data as such data may not be indicative of future performance of the well or of expected production or operational results for Alvopetro in the future.

Forward-Looking Statements and Cautionary Language. This news release contains "forward-looking information" within the meaning of applicable securities laws. The use of any of the words "will", "expect", "intend" and other similar words or expressions are intended to identify forward-looking information. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the expectations discussed in the forward-looking statements. These forward-looking statements reflect current assumptions and expectations regarding future events. Accordingly, when relying on forward-looking statements to make decisions, Alvopetro cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties. More particularly and without limitation, this news release contains forward-looking information concerning potential hydrocarbon pay in the 183-B1 and the 182-C1 wells, exploration and development prospects of Alvopetro and the expected timing of certain of Alvopetro's testing and operational activities. The forward-looking statements are based on certain key expectations and assumptions made by Alvopetro, including but not limited to expectations and assumptions concerning testing results of the 183-B1 well and the 182-C1 well, equipment availability, the timing of regulatory licenses and approvals, the success of future drilling, completion, testing, recompletion and development activities, the outlook for commodity markets and ability to access capital markets, the impact of the COVID-19 pandemic, the performance of producing wells and reservoirs, well development and operating performance, foreign exchange rates, general economic and business conditions, weather and access to drilling locations, the availability and cost of labour and services, environmental regulation, including regulation relating to hydraulic fracturing and stimulation, the ability to monetize hydrocarbons discovered, the regulatory and legal environment and other risks associated with oil and gas operations. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. ~~Alvopetro's Chief Executive Officer and Director, the Alaska and Chief Financial Officer, Corey C. Putnam, President, Chief Executive Officer and Director, the Alaska and Chief Financial Officer, Phone: 587.794.1224, Email: info@alvopetro.com, www.alvopetro.com, TSX V: ALV, OTCQX: ALVOE~~ Such forward-looking information is based on reasonable expectations and should not be placed on the forward-looking information because Alvopetro can give no assurance that it will prove to be correct.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on factors that could affect the operations or financial results of Alvopetro are included in our annual information form www.alvopetro.com/sec-filings/2024/Alvopetro-Annual-Report-2024-Sustainability-Report-2024-Forward-Looking-and-Operational-Update.html which may be accessed on Alvopetro's SEDAR profile at www.sedar.com. The forward-looking information contained in this news release is made as of the date hereof and Alvopetro undertakes no obligation to

update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.
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