

Deutsche Rohstoff AG - Update on oil and gas activities

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Highlights of the current development

- Production runs according to plan at all subsidiaries
- Salt Creek sells remaining acreage in North Dakota for USD 6.6 million
- Oxy JV starts production
- Deutsche Rohstoff increases stake in Cub Creek to 98%
- Cub Creek commences drilling program in Wyoming
- 23 million USD of bank debt fully repaid in Q3

Mannheim. [Deutsche Rohstoff AG](#)'s oil and gas activities are progressing according to plan. Existing production is delivering the expected results, while at the same time numerous wells will start production according to plan and new drilling programs will be launched in the coming months. The strong operational development secures the forecast for 2022 and, based on current status quo and development, secures the forecast for 2023.

Salt Creek Oil & Gas with focus on "non-operated" assets

Salt Creek successfully sold its remaining acreage in North Dakota to various different buyers for a total of USD 6.6 million. The most recent production was approximately 70 BOEPD. The acreage was acquired in various transactions since 2016 for a total of approximately USD 7.5 million and generated approximately USD 3 million of cash flow during the holding period. Salt Creek will focus on further growth in Utah and Wyoming going forward. The company, which is 100% owned by Deutsche Rohstoff, will continue to hold only minority (non-operated) interests in wells.

As part of a reorganization within the Deutsche Rohstoff Group, Salt Creek also acquired all of Bright Rock Energy's acreage in Utah. Deutsche Rohstoff expects cash flows of more than USD 70 million from these acreages over the next five years (assumption: oil price USD 80/barrel). All acreage in Utah is non-operated, i.e. it is operated by other companies. In the second half year of 2022 and Q1 of 2023, approximately 46 wells in Utah will commence production as planned, with Salt Creek holding an average interest of approximately 5%.

During Q4, the first six wells from Salt Creek's joint venture with Oxy will commence full commercial production. The wells have now been completed and commissioned. A further 10 wells are currently being drilled. The total investment volume within the framework of the joint venture amounts to approximately USD 75 million.

Cub Creek Energy production on track; preparation for drilling program in Wyoming

Production from Cub Creek Energy's various wells in Colorado and Wyoming is progressing on schedule. The Knight Pad, which accounts for the largest share of production, remains on schedule and produced approximately 3,600 barrels of oil per day (gross) in Q3. At the same time, gas volumes are steadily increasing as expected.

In Wyoming, Cub Creek has started preparations for drilling on the "Lost Springs" and "Netz" pads. The first 3 wells are planned to be drilled at Lost Springs pad starting in November. Plans for a total of 5 gross wells (4 net wells) starting in late 2022 will eventually be expanded to up to 8 wells. A final decision is expected during the first quarter of 2023. Only the first five wells are included in the 2023 forecast.

Due to the high cash flow, Cub Creek Energy was able to repay all existing shareholder loans of around USD 33 million to [Deutsche Rohstoff AG](#) during the year. The company's bank loan, which was still valued at USD 23 million as of 30 June 2022, has been repaid in full during the third quarter.

Bright Rock Energy continues with strong production from Buster Pad

After Bright Rock Energy transferred the acreage in Utah to Salt Creek Oil & Gas, the company's focus is on further development of the very large acreage package in Wyoming. In total, Bright Rock holds approximately 32,500 acres where over 200 wells could be possible. For 2023, management is preparing a potential drilling program of four to six wells, which are not part of Deutsche Rohstoff's forecast and a final decision will be made in early 2023. The first well drilled last year from the Buster well pad continues to deliver very positive results well above expectations. To date, the well has produced approximately 160,000 BO and has thus paid back its investment volume of approximately USD 10.5 million after 11 months.

Increase of shares in Cub Creek Energy and Utah acreage

[Deutsche Rohstoff AG](#) increased its shares held via Deutsche Rohstoff USA in Cub Creek Energy and in the acreage in Utah that had been held by Bright Rock. At Cub Creek Energy, the company acquired shares in the amount of 9.5% from minority shareholders. These were primarily the interests of US co-founders who had held interests since 2014. At Bright Rock Energy, the indirectly held shares of the management in the land in Utah were acquired. In total, [Deutsche Rohstoff AG](#) invested around USD 15.5 million in the acquisition of minority interests in the second half of the year and significantly strengthened its ownership position. Deutsche Rohstoff now holds 97% or more in the US subsidiaries with the exception of Elster Oil & Gas (93%).

Equity portfolio and hedges

In the hedge book, around 30% of production for Q4 is hedged at USD 66. For 2023, the hedge book is being continuously expanded, currently around 15% of total production for 2023 is hedged at USD 74. In the coming months, the hedge ratio is to be further increased, in the first step to around 30% by the end of 2022. A significant portion of production in 2023 is expected from new wells in Wyoming and Utah. These wells will be successively hedged with the start of production in the coming months.

[Deutsche Rohstoff AG](#) reduced the majority of the share portfolio from 2020 in the course of 2021 and 2022. After further sales of Northern & Oil Gas, around 230,000 shares with a book value of EUR 2.3m were still held at the end of September. The current market value is around EUR 6.4 million. The sales generated a profit of approximately EUR 0.9 million in the 3rd quarter. As part of the investments in shares of mining companies, in particular in gold and lithium shares, the portfolio currently amounts to around EUR 10 million. The unrealized income is around EUR 1 million.

Mannheim, 4 October 2022

Deutsche Rohstoff identifies, develops and sells attractive raw material deposits in North America, Australia and Europe. The focus is on the development of oil and gas deposits in the USA. Metals such as gold and tungsten round off the portfolio. Further information is available at www.rohstoff.de

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