

# Tenth Avenue Petroleum Announces 2022 Year-End Results and Reserves

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CALGARY, May 2, 2023 - [Tenth Avenue Petroleum Corp.](#) ("TPC" or the "Company") (TSXV:TPC) is pleased to announce its financial and operating results for the fourth quarter and year ended December 31, 2022, as well as highlights of the Company's year-end reserves evaluation.

Financial and operational information set out below should be read in conjunction with the Company's audited financial statements and related managements' discussion and analysis ("MD&A") for the years ended December 31, 2022 and 2021. This information is filed on [www.sedar.com](#) and on the Company's website at [www.tenthavenuepetroleum.com](#). Highlights reported in this press release include certain non-GAAP financial measures and ratios which have been identified using capital letters. The reader is cautioned that these measures may not be directly comparable to other issuers: refer to additional information under the heading "Readers Advisories - Non-GAAP Measures and Ratios".

## Q4 2022 FINANCIAL AND OPERATING HIGHLIGHTS

- Achieved a 12% production growth to 134 boe/d (73% Oil/NGLs) in Q4/22, compared to 120 boe/d (92% Oil/NGLs) in Q3/22.
- Oil and gas sales revenue fell by 28% to \$690,671 in Q4/22, compared to \$956,331 in Q3/22 due to wider heavy oil differentials and lower natural gas prices contributing to lower realized prices (\$86.35/boe compared to \$56.19/boe).
- Cash provided from operating activities in Q4/22 was \$213,496, compared to \$270,889 in Q3/22.
- Adjusted Funds Flow deficit of \$59,429 was realized in Q4/22, compared to a deficit of \$5,314 in Q3/22. AFF was adversely affected by bad debts of \$81,539 relating to processing income from prior period adjustments.
- During the fourth quarter the Company spent \$517,718 in exploration and development capital in connection with 2.3 km pipeline, wellsite pad preparation and tie-in of the 102/6-11 well. The 102/6-11 well was subsequently tied-in and commenced production on January 30, 2023, with average IP30 rates of 60 boe/d (51 boe/d net).

## 2022 YEAR-END FINANCIAL AND OPERATING HIGHLIGHTS

- Achieved 205% in production growth to 134 boe/d (73% Oil/NGLs) in Q4/22 compared to 44 boe/d (93% Oil/NGLs) in Q4/21.
- Achieved total revenue of \$3,899,389 in 2022, compared to \$343,813 in 2021 driven by the Company's production growth from two acquisitions and higher realized sales oil & gas prices (\$92.42/boe compared to \$86.75/boe).
- Adjusted Funds Flow increased to \$653,036 in 2022 compared to \$51,640 in 2021.
- Recorded a net loss of \$2,412,275 (\$0.07 loss per share basic and diluted) during the year ended December 31, 2022, compared to net income of \$384,463 (\$0.03 per share basic and diluted) in the same period in 2021.
- Successfully completed two acquisitions for a total consideration of \$3.6 million, including adjustments. Acquired lower-decline production at an average of \$28,571 per flowing boe (based on the 2022 average production rates) and added TPP reserves at \$10.08/per Boe.
- Exited 2023 with a working capital surplus of \$447,950.
- Completed a variety of capital initiatives in 2022 including facility upgrades at Murray Lake which allowed the Company to increase water injection supporting its EOR project, pump upgrades to enhance productivity and began to tie-in construction for the Vulcan 102/6-11 well.
- The Company currently has over \$22.0 million in tax pools including \$16.5 million in non-capital losses.

The table below summarizes the Company's financial and operating results for the years ended December 31,

2022, and December 31, 2021:

	Year ended		
	December 31		
(\$)	2022	2021	% change
Total oil, natural gas and processing revenue	3,923,501	343,813	1041
Cash flow from operating activities	545,967	(37,273)	1465
Per share - basic	0.02	0.00	-
Per share - diluted	0.02	0.00	-
Adjusted funds flow <sup>(1)</sup>	653,036	51,640	1165
Per share - basic <sup>(2)</sup>	0.02	0.00	-
Per share - diluted <sup>(2)</sup>	0.02	0.00	-
Net Income (loss)	(2,412,275)	384,463	(727)
Per share - basic	(0.07)	0.03	(296)
Per share - diluted	(0.07)	0.03	(323)
Net surplus <sup>(1)</sup>	(447,949)	(23,195)	1831
Capital expenditures	3,338,609	26,862	11,243
Weighted average shares outstanding			
Basic	36,057,305	11,237,872	221
Diluted	36,547,305	12,987,872	181
Share Trading			
High	0.36	0.15	140
Low	0.15	0.04	275
Trading volume	14,349,551	1,007,104	1325
Average daily production			
Oil (bbls/d)	98	10	856
NGL (bbls/d)	8	-	100
Natural Gas (mcf/d)	55	4	1192
Total (boe/d)	116	11	951
Average sale prices			
Oil (\$/bbls)	102.16	90.37	13
Natural gas liquids (\$/bbls)	32.00	-	100
Natural Gas (\$/mcf)	7.04		







Operating netback (\$/boe)			
Average realized sales	92.42	86.75	7
Royalty expenses	(16.30)	(20.88)	(22)
Net production and transportation expenses	(47.74)	(36.91)	29
Operating field netback (\$/Boe)	28.38	28.96	(2)
Adjusted funds flow (\$/Boe)	15.48	13.03	19

1. Capital Management Measure; See "Non-IFRS Financial Measures, Non-IFRS Financial Ratios and Capital Management Measures" Section of this MD&A.
2. Non-IFRS Financial Ratio; See "Non-IFRS Financial Measures, Non-IFRS Financial Ratios and Capital Management Measures" Section of this MD&A.

## 2022 RESERVES INFORMATION

The Company is pleased to provide below select highlights from the results of its year end independent oil and gas reserves evaluation as of December 31, 2022 (the "Trimble Report"), as prepared by its independent qualified reserves evaluator, Trimble Engineering Associates Ltd. ("Trimble"). The evaluation of Spartan's properties was prepared in accordance with the definitions, standards and procedures contained in the most recent publication of the Canadian Oil and Gas Evaluation Handbook ("COGEH") and National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101").

- TPC proved developed producing ("PDP") reserves of 237.5 MBOE, total proved ("TP") reserves 303.8 MBOE, and total proved plus probable ("TPP") reserves of 451 MBOE at December 31, 2022.
- The before-tax net present value ("NPV") of reserves, discounted at 10%, was approximately \$3.3 million on a PDP basis, \$4.2 million on a TP basis, and \$5.9 million on a TPP basis.

The TP reserves at Murray Lake have been booked assuming the existing production doesn't benefit from the current water injection. Since water began being injected at Murray Lake in 2008 the pool production decline has been approximately 3%. The Company began to increase water injection mid-2022, after upgrading the facilities and pumping equipment. Now that production history has been established with increased water injection rates, the Company will commission an Enhanced Oil Recovery ("EOR") study to further support the belief that production is benefiting from water injection, as early indications show. The lower Mannville A Sunburst pool at Murray Lake is estimated to contain OOIP of ~8.8 MMboe, and currently only 855 Mboe has been recovered to date representing a ~9.7% Recovery Factor. Similar pools in the Mannville A Sunburst that have EOR analogues have recovered upwards of 20-30%.

Additional reserves information as required under NI 51-101 for the year ended December 31, 2022, which will be filed on or before May 1, 2023, on SEDAR at [www.sedar.com](http://www.sedar.com). The numbers in the tables below may not add due to rounding.

Despite the impact of recent weakening to commodity prices, the Company will look to invest its working capital surplus at December 31, 2022, of approximately \$0.4 million as well as future cash flow from operating activities, to develop its proven non-producing reserves and pursue internally generated organic opportunities.

An updated corporate presentation can be found at [www.tenthavenuepetroleum.com](http://www.tenthavenuepetroleum.com)

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About Tenth Avenue Petroleum Corp.

[Tenth Avenue Petroleum Corp.](#) is a junior oil and gas exploration and production company with operations in Alberta.

#### 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](http://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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