

New Zealand Energy Announces Share Consolidation Private Placement and Tariki-5 Development

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Wellington, November 6, 2023 - [New Zealand Energy Corp.](#) (TSXV: NZ) ("NZEC" or the "Company") announced today a management discussion regarding the recent Share Consolidation, the announced Private Placement and to provide information and an update concerning the status of the proposed Tariki-5 drilling.

This management discussion includes certain statements which may be deemed "forward-looking statements" (see Forward-looking Information). All amounts are in New Zealand dollars unless otherwise stated.

NZEC's shares are listed on the TSX Venture Exchange under the symbol "NZ". Additional information is available on SEDAR and on the Company's website at www.newzealandenergy.com.

NZEC's BUSINESS

NZEC, through its subsidiaries (collectively "NZEC" or "the Company") is engaged in the production of and exploration for oil and natural gas, as well as the operation of midstream assets, in New Zealand. The Company's assets are located on New Zealand's North Island in the Taranaki Basin, New Zealand's only commercial oil and gas producing area.

Background

NZEC is the Operator of three Petroleum Mining Licences ("PMLs"), one Petroleum Mining Permit ("PMP") and one Petroleum Exploration Permit ("PEP") in each of which it has an interest. It holds a 50% interest, in PML 38138 ("Tariki Licence"), PML 38140 ("Waihapa Licence") and PML 38141 ("Ngaere Licence") (collectively the "TWN Licences"). L&M Energy Limited ("L&M") hold the remaining 50%.

NZEC has a 100% interest in PMP 55491 ("Copper Moki PMP") and PEP 51150 (the "Eltham Permit").

NZEC holds a 50% working interest (with New Dawn Energy Limited) in, and is operator of, the Waihapa Production Station and associated gathering and sales infrastructure (collectively the "TWN Assets"), providing a range of services to its own operated assets and to third parties, oil handling and pipeline throughput, gas processing and transport, LPG storage and produced water handling and disposal.

The following provides a recap of the Tariki history, excerpts from the RPS Energy Canada Limited ("RPS") reserves report dated 29th October 2022 and updates on the drilling of a new well in the Tariki permit named Tariki-5.

The Tariki field was discovered in 1986 with the drilling of the Tariki-1A well. Additional drilling was undertaken in 1987 and 1988. Production commenced after the Tariki-4A well was drilled in 1995. The Tariki-1A well produced at a restricted rate of approximately 20 MMscf/d until 2002 when production began to decline. The well continued to produce at decreasing rates until the reservoir pressure declined to the point the well could no longer lift liquids in 2008 (~500 psi). Minor amounts of production have come from Tariki-4A and Tariki-D1 wells. There has been no material production from the field since 2008 however, continued pressure monitoring has shown that the reservoir pressure has been increasing since production

ceased and is currently ~3000 psi, indicating a weak but extensive aquifer. Over 50 Bscf has been produced to date from the field.

Tariki-1A was opened to flow and a production log was run in September 2022 utilizing compressed natural gas for artificial lift. No meaningful conclusion could be drawn from this test. While it may be possible to recover incremental volumes using the existing Tariki-1A well, the combination of extensive perforations in that well and unknown condition of the casing lead NZEC to consider there is less risk if a new well is drilled. RPS) which undertook the Tariki Petroleum Reserves evaluation, is in agreement with this approach.

NZEC, after completing additional 3D seismic, geology, and engineering work is planning to drill a new development well (Tariki-5) at the crest of the Tariki reservoir to recover the remaining reserves in the field. Undeveloped reserves have been assigned by RPS to the planned reactivation of the field.

Remaining gas in place is evaluated at between 17 and 20 Bscf (100%) of which RPS has determined the economically recoverable reserves for each reserve case scenario net to NZEC (50%) on both a before and after-tax basis from drilling of a crestal new well as summarised in table 1 below. RPS modelled NZ\$50 million as tax pools to offset the majority of future tax liabilities. The company's New Zealand tax losses exceed NZ\$100 million.

Management Discussion

RPS evaluated Reserves and Value	3 1P	2P	3P
Condensate (stb)	51,900	136,900	205,900
Gas (Bcf)	2.56	5.50	7.39
BOE (MMboe)	0.479	1.054	1.437
Before Tax Revenue Million NZ\$	20.1	50.2	71.9
- Undiscounted	18.3	43.1	58.1
- 5%	16.6	37.4	48.4
- 10%	13.7	29.2	35.9
- 20%			
After tax Cash Flow Million NZ\$	20.1	49.4	64.8

For further information regarding the Tariki Field and the Reserve Report please refer to the Company's news release dated 1 November 2022.

The drilling programme and design documentation for Tariki-5 has been completed and an independent well examiner has issued a Drilling Design Certificate. All regulatory consents are in place for the well drilling. The Tariki-5 Drilling and associated Development Outline is attached.

The net proceeds from the Private Placement will be used to procure long lead items for the Tarki-5 well and to fund working capital. Discussion with the rig contractor are ongoing and a drilling unit can be available for contract in Q1 2024.

The well is designed to test the intermediate fractured Tikorangi limestone formation en-route to the target overthrust Tariki sandstone reservoir. The Tikorangi formation, from which over 24 million barrels of oil has been produced at the nearby Waihapa/Ngaere fields held and operated by NZEC, is also present in the Tariki permit. The Tariki-2C well produced over 180,000 barrels of oil from the Tikorangi formation - a fractured limestone. The new seismic data indicates the Tariki-2C well penetrated the Tikorangi formation approximately 200 metres down dip from the crest of the structure suggesting the potential for recoverable oil at the top of the structure. Further penetration and tests were conducted in Kupara-1 and Kupara-1A which each tested oil at low rates.

Assessing the likely quantities of any oil in the Tikorangi Formation is inherently difficult as oil quantities require information about the nature and extent of the fracturing within the host rocks. A production test will be performed in Tariki-5 using coiled tubing and N2 for artificial lift if required.

The target overthrust Tariki sandstone will then be drilled and cased in a crestal location mapped some 20 metres updip of the Tariki-1A well. The well is forecast to be capable of producing at rates over 20 MMscf/d

with associated condensate. As advised in the company's release of 24th October 2023, NZEC is advancing discussions with one or more gas purchasers interested in acquiring Tariki gas in the ground from the Joint Venture to fund the development well. This development well is planned thereafter to be used as the primary injector/producer for a gas storage development.

SHARE CONSOLIDATION, COMMON SHARES ON ISSUE AND PRIVATE PLACEMENT

On 20 October 2023, the company consolidated its shares on a 10:1 basis.

Following this consolidation, as of the date of this MD, the Company's had 2,321,235 common shares on issue, with no warrants and no share options on issue.

On October 24, 2023, the Company announced its intention to complete a non-brokered private placement offering up to 6,000,000 common shares of the Company at a price of C\$0.38 per share, for gross proceeds of up to C\$2,280,000 (the "Private Placement").

The net proceeds from the Private Placement will be used to procure long lead items for the Tarki-5 well and to fund working capital. To further finance the Tariki-5 well, NZEC will advance discussions with one or more gas purchasers interested in acquiring Tariki gas in the ground.

NZEC will aim to close the Private Placement on or about 14 November 2023.

The Private Placement is subject to regulatory approval, including approval of the TSX Venture Exchange. All securities issued in connection with the Private Placement will be subject to a hold period of four months plus one day from the date of closing.

Shareholders or investors who may wish to participate in the Private Placement and who seek further details about the offering should contact the Company Secretary, Mr. Ketan Chhima at kchhima@newzealandenergy.com.

RISK FACTORS

Natural resources exploration and development involves a number of risks and uncertainties, many of which are beyond management's control. The Company's business is subject to the risks normally encountered in the oil and natural gas industry such as the marketability of, and prices for, oil and natural gas, competition with companies having greater resources, acquisition, exploration and production risks, need for capital, fluctuations in the market price and demand for oil and natural gas, the regulation of the oil and natural gas industry by various levels of government and public protests. The success of further development and exploration projects cannot be assured. In addition, the Company's operations are outside of Canada and are subject to risks arising from foreign exchange and foreign regulatory regimes. The Company works to mitigate these risks through such mechanisms as its project and opportunity evaluation processes, engagement with joint venture parties and employing appropriately skilled staff. In addition, insurance policies, consistent with industry practice, are maintained to protect against loss of assets, well blowouts and third party liability. The Company is committed to operating in accordance with all applicable laws and regulations, safely and with due regard to the environment.

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FORWARD-LOOKING INFORMATION

This document contains certain forward-looking information and forward-looking statements within the meaning of applicable securities legislation (collectively "forward-looking statements"). The use of any of the words "will", "objective", "plan", "seek", "expect", "potential", "pursue", "subject to", "can", "could", "hopeful", "contingent", "anticipate", "look forward", and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which may

cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such forward-looking statements should not be unduly relied upon. The Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given these expectations will prove to be correct.

This document contains forward-looking statements and assumptions pertaining to the following: business strategy, strength and focus; the granting of regulatory approvals; the timing for receipt of regulatory approvals; geological and engineering estimates relating to the resource potential of the properties; the estimated quantity and quality of the Company's oil and natural gas resources; supply and demand for oil and natural gas and the Company's ability to market crude oil and natural gas; expectations regarding the Company's ability to continually add to reserves and resources through acquisitions and development; the Company's ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the Company's ability to raise capital on appropriate terms, or at all; the ability of the Company's subsidiaries to obtain mining permits and access rights in respect of land and resource and environmental consents; the recoverability of the Company's crude oil, natural gas reserves and resources; and future capital expenditures to be made by the Company.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in the document, such as the speculative nature of exploration, appraisal and development of oil and natural gas properties; uncertainties associated with estimating oil and natural gas resources; changes in the cost of operations, including costs of extracting and delivering oil and natural gas to market, affecting the potential profitability of oil and natural gas exploration; operating hazards and risks inherent in oil and natural gas operations; volatility in market prices for oil and natural gas; market conditions which prevent the Company from raising the funds necessary for exploration and development on acceptable terms or at all; global financial market events which cause significant volatility in commodity prices; unexpected costs or liabilities for environmental matters; competition for, among other things, capital, acquisitions of resources, skilled personnel, and access to equipment and services required for exploration, development and production; changes in exchange rates, laws of New Zealand or laws of Canada affecting foreign trade, taxation and investment; failure to realize the anticipated benefits of acquisitions; and other factors. Readers are cautioned the foregoing list of factors is not exhaustive.

Statements relating to "reserves and resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources described can be profitably produced in the future. This document includes references to management's forecasts of future development, probability of success, production and cash flows from such operations, which represent management's best estimates at the time. The forward-looking statements contained in the document are expressly qualified by this cautionary statement. These statements speak only as of the date of this document and the Company does not undertake to update any forward-looking statements contained in this document, except in accordance with applicable securities laws.

CAUTIONARY NOTE REGARDING RESERVE & RESOURCE ESTIMATES

The oil and gas reserves calculations and income projections were estimated in accordance with the Canadian Oil and Gas Evaluation Handbook ("COGEH") and National Instrument 51-101 ("NI 51-101"). The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six Mcf: one bbl was used by NZEC. This conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable.

Reserves are classified according to the degree of certainty associated with the estimates. Proved Reserves are those reserves which can be estimated with a high degree of certainty to be recoverable. It is likely the actual remaining quantities recovered will exceed the estimated proved reserves. Probable Reserves are those additional reserves which are less certain to be recovered than proved reserves. It is equally likely the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Revenue projections presented are based in part on forecasts of market prices, current exchange rates,

inflation, market demand and government policy which are subject to uncertainties and may in future differ materially from the forecasts above. Present values of future net revenues do not necessarily represent the fair market value of the reserves evaluated. The report also contains forward-looking statements including expectations of future production and capital expenditures. Information concerning reserves may also be deemed to be forward looking as estimates imply the reserves described can be profitably produced in the future. These statements are based on current expectations which involve a number of risks and uncertainties, which could cause the actual results to differ from those anticipated. Contingent resources are those quantities of oil and gas estimated on a given date to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters, or a lack of markets. Prospective resources are those quantities of oil and gas estimated on a given date to be potentially recoverable from undiscovered accumulations. The resources reported are estimates only and there is no certainty any portion of the reported resources will be discovered and, if discovered, will be economically viable or technically feasible to produce.

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