

Prospera Energy Inc. Announces Cash Flow Optimization

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CALGARY, Oct. 03, 2024 - [Prospera Energy Inc.](#) (PEI: TSX-V; OF6A: FRA) ("Prospera" or the "Corporation")

Prospera Energy Inc. (PEI) is pleased to announce the prompt full repayment of its \$3,430,000 high-interest 16%, Gross Overriding Royalty (GORR) financing. The GORR re-purchase takes advantage of the early payment discount and eliminates the risk of heightened royalties. This GORR re-purchase also satisfies the Company's senior debt requirements.

In addition to settling the GORR financing, Prospera has also made significant progress in reducing its accounts payable. The Company has lowered its outstanding AP obligations from ~\$20.5M on December 31, 2023, to ~\$16.0M, demonstrating a strong commitment to improving its financial position while continuing to develop its strategic growth initiatives. The GORR financing repayment enables Prospera to focus on current development to increase production to optimize cash flow, while favorable commodity prices allow PEI to address current liabilities more efficiently.

Prospera continues medium-oil development and has completed a 4-well drilling program in Alberta's medium-light oil fairway. Geophysical logs confirmed oil-bearing reservoirs in all deviated wells. The first medium-oil horizontal well encountered an excellent eight hundred meters of porous reservoir with oil shows in the lateral section. This horizontal well DST test showed strong inflow of over 50 m³/d of fluid at 50% oil cuts. Oil quality is 26 to 30-degree API. Three new oil pools have been discovered to date. Operations is focused on bringing these wells into production, optimizing well operation run time, advancing heavy oil horizontal transformation, and improving recovery in the core heavy-oil properties.

About Prospera

Prospera is a publicly traded energy company based in Western Canada, specializing in the exploration, development, and production of crude oil and natural gas. Prospera is primarily focused on optimizing hydrocarbon recovery from legacy fields through environmentally safe and efficient reservoir development methods and production practices. Prospera was restructured in the first quarter of 2021 to become profitable and in compliance with regulatory, environmental, municipal, landowner, and service stakeholders.

The company is in the midst of a three-stage restructuring process aimed at prioritizing cost effective operations while appreciating production capacity and reducing liabilities. Prospera has completed the first phase by optimizing low hanging opportunities, attaining free cash flow, while bringing operation to safe operating condition, all while remaining compliant. Currently, Prospera is executing phase II of the restructuring process, the horizontal transformation intended to accelerate growth and capture the significant oil in place (400 million bbls). These horizontal wells allow PEI to reduce its environmental and surface footprint by eliminating the numerous vertical well leases along the lateral path. Phase III of Prospera's corporate redevelopment strategy is to optimize recovery through EOR applications. Furthermore, Prospera will pursue its acquisition strategy to diversify its product mix and expand its core area. Its goal is to attain 50% light oil, 40% heavy oil and 10% gas.

The Corporation continues to apply efforts to minimize its environmental footprint. Also, efforts to reduce and eventually eliminate emissions, alongside pursuing innovative ESG methods to enhance API quality, thereby achieving higher margins and eliminating the need for diluents.

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FORWARD-LOOKING STATEMENTS

This news release contains forward-looking statements relating to the future operations of the Corporation and other statements that are not historical facts. Forward-looking statements are often identified by terms such as "will," "may," "should," "anticipate," "expects" and similar expressions. All statements other than statements of historical fact included in this release, including, without limitation, statements regarding future plans and objectives of the Corporation, are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

Although Prospera believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Prospera can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price and exchange rate fluctuations and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures.

The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of Prospera. As a result, Prospera cannot guarantee that any forward-looking statement will materialize, and the reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release, and Prospera does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by Canadian securities law.

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