

# Southern Pacific Receives Formal Approval for its STP-McKay Thermal Project and Increases Corporate Proven Reserves by More Than 800%

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CALGARY, ALBERTA--(Marketwire - Oct. 18, 2010) - [Southern Pacific Resource Corp.](#) ("Southern Pacific" or the "Company") (TSX: STP) is pleased to announce that its STP-McKay Thermal Project ("STP-McKay") has received Order in Council approval from the Government of Alberta. The Order in Council authorizes the Energy Resources Conservation Board ("ERCB") to grant approval No. 11461 to Southern Pacific, which will allow the Company to proceed with the development of STP-McKay.

In conjunction with this approval, Southern Pacific is pleased to announce that GLJ Petroleum Consultants Ltd. ("GLJ") have assigned 56.8 million barrels as Proven Undeveloped Reserves effective October 15, 2010. The assignment is primarily focused around the initial development areas, where the estimates achieve the high degree of confidence required for Proven reserve classification. The estimated amount of Total Proven reserves represents approximately 13.5 years of production at design capacity from the STP-McKay Thermal Project. The estimated amount of Total Proven plus Probable reserves provides a 50-year reserve life for the facility. After deducting estimated Company production since the June 30, 2010 evaluation, the following table summarizes the Company's current remaining reserves and resources in millions of barrels of oil equivalent (MMBOE) effective October 15, 2010.

October 15, 2010	June 30, 2010	
Working Interest Recoverable (MMBOE)	Working Interest Recoverable (MMBOE)	% change
Reserves		

Total Proved (1P)	63.1	6.8	828
Proved + Probable Reserves (2P)	178.1	178.6	0
Proved + Probable + Possible (3P)	207.3	207.8	0
Contingent Resources			
Low Estimate (P90)	204.0	260.8	(22)
Best Estimate (P50)	488.6	488.6	0
High Estimate (P10)	1,100.2	1,100.2	0

"This formal approval represents a significant milestone in Southern Pacific's corporate development," said Byron Lutes, President and CEO. "The Company has worked on McKay for almost three years, discovering, delineating and carefully preparing an application for a 12,000 bbl/d design project using steam-assisted gravity drainage ("SAGD") as its recovery mechanism. The STP-McKay application has been thoroughly reviewed by both the ERCB and AENV and has met the stringent regulatory requirements necessary for approval. We are extremely pleased with this news and we are now prepared to move ahead with the final financing and construction of the project."

In conjunction with this milestone, Southern Pacific is pleased to announce the release of its redesigned website. The site contains a wealth of information for investors, including a photo gallery that includes new images of the construction of the road to STP-McKay. The new site can be viewed at our regular website address: [www.shpacific.com](http://www.shpacific.com).

## Readers' Advisory

Barrel of Oil Equivalent: Where amounts are expressed on a barrel of oil equivalent ("BOE") basis, natural gas volumes have been converted to boe at a ratio of 6,000 cubic feet of natural gas to one barrel of oil equivalent. This conversion ratio is based upon an energy equivalent conversion method primarily applicable at the burner tip and does not represent value equivalence at the wellhead. BOE figures may be misleading, particularly if used in isolation.

## Definitions

"Best estimate (P50)" means the best estimate of the quantity that will actually be recovered. It is equally

likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

"High (P10)" means an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

"Low (P90)" means a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability (P90) that the quantities actually recovered will equal or exceed the low estimate.

"Contingent resources" means those quantities of petroleum estimated, as of 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. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage.

"Probable reserves" means those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated Proved plus Probable reserves.

"Possible reserves" means those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities recovered will equal or exceed the sum of the estimated Proved plus Probable plus Possible reserves.

"Proved reserves" means those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated Proved reserves.

The estimates of reserves and future net revenue for additional 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.

## Safe Harbour

This news release contains certain "forward-looking information" within the meaning of such statements under applicable securities law including estimates as to: future production, operations, operating costs, commodity prices, administrative costs, commodity price risk management activity, acquisitions and dispositions, capital spending, access to credit facilities, income and oil taxes, regulatory changes, and other components of cash flow and earnings anticipated discovery of commercial volumes of bitumen, the timeline for the achievement of anticipated exploration, anticipated results from the current drilling program and, subject to regulatory approval and commercial factors, the commencement or approval of any SAGD project, including final ERCB approval of STP-McKay.

Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include, but are not limited to, variation between estimates of reserves data and actual results, the inherent risks involved in the exploration and development of conventional oil and gas properties and of oil sands properties, difficulties or delays in start-up operations, the uncertainties involved in interpreting drilling results and other geological data, fluctuating oil prices, the possibility of unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors including unforeseen delays. As an oil sands enterprise in the development stage, with some conventional production, Southern Pacific faces risks including those associated with exploration, development, start-up, approvals and the continuing ability to access sufficient capital from external sources if required. Actual timelines associated may vary from those anticipated in this news release and such variations may be material. Industry related risks could include, but are not limited to, operational risks in

exploration, development and production, delays or changes in plans, risks associated to the uncertainty of reserve estimates, health and safety risks and the uncertainty of estimates and projections of production, costs and expenses. For a description of the risks and uncertainties facing Southern Pacific and its business and affairs, readers should refer to Southern Pacific's most recent Annual Information Form. Southern Pacific undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, unless required by law.

The reader is cautioned not to place undue reliance on this forward-looking information.

### **For more information, please contact**

Southern Pacific Resource Corp.

Byron Lutes, President & CEO

403-269-1529

[blutes@shpacific.com](mailto:blutes@shpacific.com)

or

Southern Pacific Resource Corp.

Glenn Miller, VP Land and Regulatory Affairs

403-269-7116

[gmillier@shpacific.com](mailto:gmillier@shpacific.com)

[www.shpacific.com](http://www.shpacific.com)

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