

Tourmaline Oil Corp. Provides Operational Update and 2011 Guidance

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CALGARY, ALBERTA -- ([Marketwire](#) - Dec. 23, 2010) - [Tourmaline Oil Corp.](#) ("Tourmaline" or the "Company") (TSX: TOU) is pleased to provide guidance for 2011 and update ongoing EP activities.

Production

Current daily production is approximately 23,000 boepd, approximately 120 mmcfpd of natural gas and approximately 3000 bblpd of oil, condensate and liquids. Tourmaline is expecting 2011 average production levels of approximately 27,700 boepd, representing 57% growth over 2010 average production levels of 17,700 boepd. The Company expects to average in excess of 30,000 boepd by the fourth quarter of 2011. Corporate oil and liquid rates are expected to reach the 5,000 boepd level in the second half of 2011 (18% of overall production).

The Company currently has approximately 55 mmcfpde behind pipe and production tested; the majority of this volume will be brought on-stream during the first quarter of 2011.

EP Activity Overview

Tourmaline is currently operating five drilling rigs in the Alberta Deep Basin, one at Spirit River Alberta, and one drilling rig in BC as well as six service rigs, the Company expects to maintain these activity levels through to spring breakup. Tourmaline has two major facility projects underway, at Sunrise-Dawson BC and Minehead Alberta. These two projects, which will be completed in the first quarter of 2011, will bring the majority of the 55 mmcfpde of currently 'behind pipe' production on-stream.

Capital Program and Financial Outlook

Tourmaline is expecting to spend between \$350.0 and \$425.0 million on EP capital projects in 2011. Tourmaline has generated guidance based on its \$350.0 million low case EP capital program. First quarter 2011 spending of approximately \$150.0 million is currently estimated. In some areas, the Company has been able to accelerate 2011 budget items into the fourth quarter of 2010. The Company expects to drill between 77 and 80 wells in calendar 2011.

Utilizing this capital budget and production levels outlined above the Company is expecting cash flow of approximately \$274 million in 2011 (\$2.01 /share basic). Tourmaline has maintained a very strong balance sheet during its two years of operation and intends to continue to do so; the Company currently has no debt.

Tourmaline has a bank facility recently increased to \$200 million with two Canadian chartered banks that can be accessed when required. Management believes that the Company's reserves currently support a borrowing base more than double the current line. Tourmaline has chosen not to maximize borrowing capacity at this time in order to minimize related bank "stand by" fees.

The Company has included a corporate presentation on its website www.tourmalineoil.com where details of the Exploration and Production program, project economics and the financial outlook are contained.

Cost Overview

Tourmaline is one of the lowest cost operators in its two core EP areas. Third quarter operating costs were \$6.24/boe and are anticipated to continue to trend downwards over the next several quarters. Third quarter G&A costs were \$0.95/boe, amongst the lowest in the Intermediate sector and are also expected to trend downwards as new production volumes are brought on-stream. Current debt service costs are zero.

EP Overview

The Company currently has two main operated EP areas, the Alberta Deep Basin and the Peace River High. Both areas feature a significant existing production base, large and well defined Development drilling inventories and owned and operated infrastructure.

Alberta Deep Basin

During the first two years of operation Tourmaline has systematically assembled amongst the largest land and future drilling inventory positions in the core of the Alberta Deep Basin (1.02 million acres). Current net production from the Deep Basin is approximately 18,000 boepd. The area is characterized by a series of stacked gas and liquid charged tight sands that are accessed primarily via multi-stage frac stimulations in vertical well-bores. Typically 7-8 sand intervals are encountered in each vertical well, up to 15 separate, productive tight sands have been encountered in some penetrations. The Deep Basin gas is sweet and averages 10-15 bbls/mmcf of condensate and NGLs. Tourmaline's entire Deep Basin land base is approved for co-mingling and down-spacing at four wells per section. At just two well per section, Tourmaline has a future Development drilling inventory of 3100 vertical locations with an average working interest of 70%. The Company targets average reserves of 2.5-3.0 bcfe for a typical vertical Deep Basin well in this inventory. Tourmaline owns and operates two gas processing facilities and has significant working interest in a third facility in the Deep Basin. A fourth 100% owned and operated facility is being constructed providing the Company with gas processing capability well in excess of 200 mmcfpd.

In addition to the vertical drilling inventory there is a subset of sands as well as a series of embedded resource plays in the Deep Basin Lower Cretaceous section and deeper horizons that can be exploited horizontally. These include the Cardium, Notikewan, Wilrich, Falher, Nikinassin, Second White Specks formations and the Triassic Montney formation. Tourmaline has an ongoing horizontal evaluation program and expects to have 12-14 horizontal wells drilled and completed throughout the Mesozoic column by Spring breakup in March 2011.

The first two of these horizontals have been completed with strong initial performance. The Wild River Cardium horizontal has averaged 2.6 mmcfpd of natural gas and 100 bpd condensate over the first 30 days of production. The Musreau Wilrich horizontal has averaged 7.3 mmcfpd of natural gas and 60 bpd condensate during the first 30 days of production. Three additional horizontals have been drilled and are currently being completed, two are currently drilling. Given the extensive land position a future horizontal inventory of several hundred or more locations is envisaged and will be better quantified by this ongoing Phase 1 horizontal drilling program. Tourmaline's dominant Deep Basin land position and extensive infrastructure will allow the Company to maximize capture of and minimize costs for these emerging new horizontal opportunities.

Peace River High

Tourmaline's Peace River High core area consists of three main complexes, Sunrise-Dawson BC, Elsworth-Wapiti Alberta and Spirit River Alberta. All three complexes focus on Triassic age strata and all three are being exploited horizontally.

At Sunrise-Dawson BC the Company is developing liquid rich Montney targets in the play area where the Montney is the thickest and most over-pressured with sweet gas. Tourmaline has drilled and completed 17 Montney horizontals during the past 10 months of 2010 with average test rates of 5.6 mmcfpd and 35bbls/mmcf of condensate and NGLs. The Company has constructed a gas plant at Sunrise to maximize liquid recoveries and minimize costs; the plant is capable of 30 mmcfpd and will be expanded in 2011. Currently 8 gas wells at Sunrise are tied into the plant, a further 11 gas wells at Dawson will be tied into the plant during February of 2011. Tourmaline is now consistently drilling these horizontals in approximately 12-13 days for under \$2.0 million (\$4.0-4.2 million drilled, completed, stimulated well cost). The Company is targeting per well bore reserves of 4.0 bcfe at Dawson-Sunrise and has approximately 300 Montney horizontals currently in inventory.

At Elsworth-Wapiti Alberta Tourmaline is targeting gas condensate charged upper Montney strata, again with horizontal wells. The Company has a land position of approximately 80 sections in this highly prospective emerging Montney play area. The first of the Company's Elsworth horizontals production tested at 7.5 mmcfpd with 35-40 bbls/mmcfpd of associated condensate. The second horizontal is currently being completed and the third is currently drilling. The large land position equates to a significant future horizontal inventory and will be the subject of ongoing development in the 2011-2012 time frame.

At Spirit River Alberta the Company is targeting stacked oil and gas charged strata of the Charlie Lake

formation. Current production from the Spirit River complex is 2300 boepd, the oil is light with an average 42 degreesAPI gravity. Historically the Charlie Lake reservoir at Spirit River was developed vertically, Tourmaline has recently drilled and completed 2 multi stage frac'd horizontals in the Charlie Lake complex with encouraging results. The 30 day IP of the first two horizontals is 240 bopd and 1.0 mmcfd and production is stable. The Company controls a drilling inventory of over 50 Spirit River horizontals; a third horizontal is currently drilling. The Spirit River property provides a significant oil production growth opportunity in 2011 for the Company and the E and P program contemplates drilling up to 10 additional horizontal wells during 2011.

About Tourmaline Oil Corp.

Tourmaline is a Canadian intermediate crude oil and natural gas exploration and production company focused on long-term growth through an aggressive exploration, development, production and acquisition program in the Western Canadian Sedimentary Basin.

READER ADVISORY

Forward-Looking Information

Certain information contained in this news release constitutes forward-looking information. This information relates to future events or the Company's future performance. All information other than information of historical fact is forward-looking information. The use of any of the words "anticipate", "plan", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential" and "capable" and similar expressions are intended to identify forward-looking information. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. No assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon. This information speaks only as of the date of this news release or, if applicable, as of the date specified in those documents specifically referenced herein. In addition, this news release may contain forward-looking information attributed to third-party sources.

Included in this news release is an estimate of the Company's 2011 cash flow and cash flow per share which are based on the various assumptions as to production levels, commodity prices and other assumptions disclosed in this news release or in the Company's corporate presentation. To the extent such estimates constitute a financial outlook, they were approved by management of the Company on December 20, 2010 and are included to provide readers with an understanding of the Company's anticipated cash flow based on the capital expenditures and other assumptions described and readers are cautioned that the information may not be appropriate for other purposes.

Without limitation of the foregoing, this news release contains forward-looking information pertaining to the following: the reserve potential of the Company's assets; the production from the Company's assets and anticipated future cash flows from such assets; the Company's growth strategy and opportunities; the Company's capital exploration and development programs and future capital requirements; the estimated quantity and value of the Company's proved and probable reserves; expectations regarding the ability to raise capital and to continually add to reserves; the Company's estimates of future interest and foreign exchange rates; the Company's environmental considerations; the Company's expectations regarding commodity prices; the Company's expectation regarding reduction in its operating costs in 2010 and 2011; the timing of commencement of certain of the Company's operations and the level of production anticipated by the Company; the potential for production disruption and constraints; supply and demand fundamentals for crude oil and natural gas; the Company's access to adequate pipeline capacity; the Company's access to third-party infrastructure; the Company's drilling and recompletion plans; the Company's 2011 expected capital expenditures; expected debt levels and credit facilities; industry conditions pertaining to the oil and gas industry; the Company's plans for, and results of, exploration and development activities; the planned construction of the Company's gathering, transportation and processing facilities and related infrastructure; the timing for receipt of regulatory approvals; the Company's treatment under governmental regulatory regimes and tax laws; the Company's future general and administrative expenses; the Company's expectations regarding having adequate human resource staffing.

With respect to forward-looking information contained in this news release, assumptions have been made regarding, among other things: future crude oil and natural gas prices; the Company's ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which the Company conducts its business and any other jurisdictions in which the Company may conduct its business in the future; the Company's

ability to market production of oil and natural gas successfully to customers; the Company's future production levels; the applicability of technologies for recovery and production of the Company's reserves; the recoverability of the Company's reserves; future capital expenditures to be made by the Company; future cash flows from production meeting the expectations stated in this news release; future sources of funding for the Company's capital program; the Company's future debt levels; geological and engineering estimates in respect of the Company's reserves; the geography of the areas in which the Company is conducting exploration and development activities; the impact of competition on the Company; and the Company's ability to obtain financing on acceptable terms.

Actual results could differ materially from those anticipated in this forward-looking information as a result of the risk factors set forth in the Company's reports and documents on file with Canadian securities regulatory authorities including the Company's prospectus (the "Prospectus") dated November 15, 2010, and the risk factors set forth below: operating and capital costs; the Company's status and stage of development; general economic, market and business conditions; volatility in market prices for crude oil and natural gas and hedging activities related thereto; risks related to the exploration, development and production of oil and natural reserves; risks related to the timing of completion of the Company's projects; competition for, among other things, capital, the acquisition of reserves and resources and skilled personnel; operational hazards; actions by governmental authorities, including changes in government regulation and taxation; environmental risks and hazards; risks inherent in the exploration, development and production of oil and natural gas which may create liabilities to the Company in excess of the Company's insurance coverage; failure to accurately estimate abandonment and reclamation costs; failure of third parties' reviews, reports and projections to be accurate; the availability of capital on acceptable terms; political risks; changes to royalty or tax regimes; the failure of the Company or the holders of certain licenses or leases to meet specific requirements of such licenses or leases; claims made in respect of the Company's properties or assets; aboriginal claims; unforeseen title defects; risks arising from future acquisition activities; hedging strategies; potential conflicts of interest; the potential impact of the implementation of International Financial Reporting Standards on the Company's financial results; the potential for management estimates and assumptions to be inaccurate; risks associated with establishing and maintaining systems of internal controls; risks related to the reliance on historical financial information, including that historical financial information does not reflect the added costs that the Company expects to incur as a public entity; restrictions contained in the Company's credit facilities; additional indebtedness; volatility in the market price of the Company's common shares; the effect that the issuance of additional securities by the Company could have on the market price of the common shares; failure to engage or retain key personnel; potential losses which would stem from any disruptions in production, including work stoppages or other labour difficulties, or disruptions in the transportation network on which the Company is reliant; uncertainties inherent in estimating quantities of oil and natural gas reserves; failure to acquire or develop replacement reserves; geological, technical, drilling and processing problems, including the availability of equipment and access to properties; failure by counterparties to make payments or perform their operational or other obligations to the Company in compliance with the terms of contractual arrangements between the Company and such counterparties; current global financial conditions, including fluctuations in interest rates, foreign exchange rates and stock market volatility; and the other factors discussed under "Risk Factors" and "Forward-Looking Statements" in the Prospectus. In addition, information relating to "reserves" is deemed to be forward-looking information, as it involves the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated, and that the reserves described can be profitably produced in the future. See also "Certain Reserves Data Information" in the Prospectus. Readers are cautioned that the foregoing list of risk factors should not be construed as exhaustive.

Additional information on these and other factors that could affect the Company's operations or financial results are included in the Company's reports on file with Canadian securities regulatory authorities. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date it is expressed herein or otherwise and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required to do so pursuant to applicable law.

Oil and Gas Advisory

Certain crude oil and natural gas liquids ("NGLs") volumes have been converted to millions of cubic feet equivalent ("mmcf") or thousands of cubic feet equivalent ("mcf") on the basis of one barrel ("bbl") of crude oil or NGLs to six thousand cubic feet ("mcf") of natural gas. Also, certain natural gas volumes have been converted to barrels of oil equivalent ("boe"), thousands of boe ("mboe") or millions of boe ("mmboe") using the same equivalency measure. Such equivalency measures may be misleading, particularly if used in isolation. A conversion ratio of one bbl to six mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Non-GAAP Financial Measures

This news release includes references to financial measures commonly used in the oil and gas industry such as "cash flow" and "net debt", which do not have any standardized meaning prescribed by Canadian generally accepted accounting principles ("GAAP"). Management believes that in addition to net income, cash flow and net debt are useful supplemental measures as they are a measure of the Company's ability to generate the cash necessary to repay debt or fund future growth through capital investment. However, investors are cautioned that these measures should not be construed as an alternative to net income determined in accordance with GAAP as an indication of the Company's performance. The Company's method of calculating these measures may differ from other companies and, accordingly, they may not be comparable to similar measures used by other companies. For these purposes, the Company defines cash flow as cash provided by operations before changes in non-cash working capital and defines net debt as long-term bank debt plus working capital (adjusted for the fair value of financial instruments and future taxes).

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