

Prairie Provident Resources

14:00 30 Jul 2018

Prairie Provident Resources' Princess wells augur well for area's future economics

Oil firm Prairie Provident Resources Inc (TSE:PPR) said results from recently drilled wells sunk at its key Princess area in southern Alberta augured very well for the economics and reserves in the area.

Results have exceeded expectations, with the Princess-4 well, in which it has 100% working interest, coming on stream on July 20, it said.

The well is currently producing at a constrained rate of around 900 boed (barrels of oil equivalent per day).

That well followed the Princess 1 well, which kicked off output on May 7, averaging 830 boed in May, 950 boed in June and 940 boed in July.

One of the top wells

Princess 1 was one of the top 10 non-resource oil producing wells in Alberta for that month, the firm noted.

In addition, Princess-1 and Princess-4 could achieve payout in approximately three months, delivering the strongest economics in the firm's portfolio of properties.

Prairie highlighted that it still has 33,000 acres of undeveloped land in the Princess area.

"Production and test rates from these recently drilled wells are significantly higher than PPR management's type curve. Based on results to date, management anticipates improved reserves and economics in the Princess area," it said in a regulatory filing.

Average daily production from Princess based on field estimates for the week ending July 27, 2018, was around 6,000 barrels of oil equivalent per day, at 74% liquids, which was a 30% increase over average daily first quarter 2018 production.

Based on current and projected production rates, Prairie Provident anticipates full-year production to be well within its 2018 guidance range of 5,200 to 5,600 boed, it added.

The group's full-year 2018 capital budget remains consistent with the original guidance of C\$26mln.

The cost to bring the five wells drilled in 2018 on-stream averaged around C\$1.7 million per well and it still has around 22% of this year's capital budget available for further development.

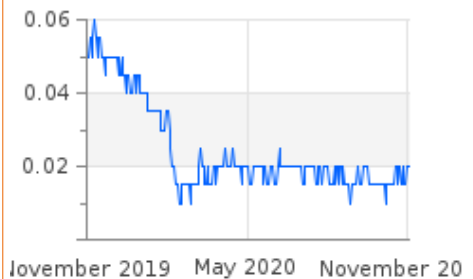
Repeating a 'buy'

Repeating a 'buy' rating and C\$2 price target, Bill Newman at broker Mackie noted that three 'boomer' wells at Princess (13-24, 13-26 and 14-12) had pushed output to over 6,000 barrels of oil equivalent per day.

Price: 0.02

Market Cap: \$3.44 m

1 Year Share Price Graph



Share Information

Code: PPR

Listing: TSX

52 week	High	Low
	0.06	0.005

Sector: Oil & Gas

Website: www.ppr.ca

Company Synopsis:

Prairie Provident ("PPR") is engaged in the exploration and development of oil and natural gas properties in the Western Canadian Sedimentary Basin in Alberta. Our conventional assets are weighted to higher-value light and medium oil, have a low base production decline and offer low-risk development.

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"The 13-24 exploration well and the 13-26 follow up well are exceptional, and at a cost of only \$1.7 million, the wells could payout in 3 months," he said in a note.

"The preliminary results of the 1412 exploration well are extremely encouraging and should lead to follow up drilling later this year.

"The Princess oil wells are highly economic and are quickly building production and cash flow and we expect the stock to move higher on today's news."

Shares added 5.68% to C\$0.465

---Updates for share price and broker comment---

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