

Obsidian Energy

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Obsidian Energy shares gush on plan to sell interest in Peace River asset for C\$97M

Obsidian Energy (TSE:OBE) (NYSE:OBE), the intermediate oil producer, formerly known as Penn West Petroleum, saw shares rise Friday as the company revealed it is poised to sell its 55% working interest in the Peace River oil partnership (PROP) for around C\$97million.

At Peace river, the Calgary-headquartered firm has extensive acreage, containing large resource in place, within the heart of the oilsands region in Alberta.

Shares in New York pre-market trade, were up over 13% to US\$0.33 each.

Non-core asset

The firm says it is selling the non-core asset, which will reduce costs and allow it to focus on its Cardium assets in Western Alberta.

"Along with the sale of PROP, the company will be divesting other non-producing assets in the area, which reduces our total decommissioning liabilities. Proceeds will be used to strengthen our balance sheet by paying down debt, with additional consideration going towards growing our fast-cycle primary oil development program," it said in a statement

The Peace River asset brings with it production of 4,160 boe/d (barrels of oil equivalent per day) with an estimated net operating income of \$15 million over the next 12 months.

The total consideration of \$97 million, includes \$85.8 million in cash and cash equivalents, with the remainder comprised of purchasers' shares and the present value of additional liabilities.

The effective date of the transaction was February 1 this year and is expected to close on or about July 31.

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Price: 0.53

Market Cap: \$38.7 m

1 Year Share Price Graph



June 2019 December 2019 June 2020

Share Information

Code: OBE

Listing: TSX

52 week	High	Low
	2.23	0.2

Sector: Oil & Gas

Website: www.obsidianenergy.com

Company Synopsis:

Obsidian Energy Ltd. (TSX: OBE) (NYSE: OBE) is an intermediate-sized oil and gas producer with a well-balanced portfolio of high-quality assets producing roughly 30,000 boe per day.

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