

Hillcrest Petroleum Ltd

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Hillcrest Petroleum looking to lift production at West Hazel with well-recompletion

Hillcrest Petroleum Ltd (CVE:HRH) (OTCMKTS:HLRTF) said Thursday that oil production from its West Hazel field in Saskatchewan was stable and it is looking to lift output by re-completing an existing well when it secures funding.

Current production revenues are expected to continue to cover the junior oiler's operating expenses amid current low crude prices, it told investors.

In January this year, the firm said daily output from four wells at West Hazel was averaging around 115 barrels per day, with some days seeing over 200 barrels, after all of the wells were brought back online last year.

READ: Hillcrest Petroleum looking to grow production and revenue at West Hazel through 2020

"Plans and permits are in place to re-complete an existing well in an up-hole, oil-bearing, zone which is estimated to add 50-100 barrels oil production per day," the Vancouver-based firm said in a statement Thursday.

Costs to re-complete the well and for the associated production is expected to be less than C\$200,000.

The additional production is expected to provide a disproportionate increase in operating income, as most of West Hazel's field costs are fixed, the firm noted.

"Sales revenues from additional oil production would therefore accrue directly to operating profits without increasing operating costs," it said.

"Hillcrest is in discussions with parties to secure funding for the re-completion and the company is confident funding can be sourced."

Work to hook up the field to the power grid is underway and is expected to be completed by the end of March, said Hillcrest. The move is expected to reduce monthly operating costs by about 20% and reduce operational carbon footprint significantly, by replacing the diesel generators currently used.

"Since re-starting production from the West Hazel field early last year, we have gained valuable insight into opportunities to add value by optimizing our operations and implementing environmental best practices," said Don Currie, CEO at Hillcrest Petroleum.

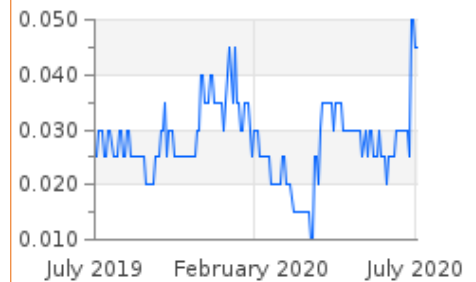
"The initial upgrades of facilities and the current field electrification puts the company in a better position than most producers, in that we are able to maintain positive operating cash flows from the field, even after the recent dramatic drop in oil prices."

Currie added: "We are continuing to pursue our stated objective of acquiring and further developing, producing assets in the Western Canada Basin and will update our shareholders as material events occur."

Price: 0.045

Market Cap: \$5.57 m

1 Year Share Price Graph



Share Information

Code: HRH

Listing: TSX-V

52 week	High	Low
	0.07	0.01

Sector: Oil & Gas

Website: www.hillcrestpetroleum.com

Company Synopsis:

Hillcrest Petroleum Ltd. , headquartered in Houston Texas, is a publicly traded independent oil and gas production company. Hillcrest is currently producing and selling oil and natural gas from our main asset located in the shallow waters of Louisiana in the Gulf of Mexico and from onshore wells located in Newton County Texas. Hillcrest Petroleum Ltd.

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Shares in Toronto were unchanged at C\$0.020.

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