

Range Energy Resources Inc

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Range Energy soars as its stake in Gas Plus Khalakan rockets in value

Range Energy Resource Inc (CNSX:RGO) shares soared 50% on the back of news from Gas Plus Khalakan (GPK), in which it has a 25% stake.

GPK, the sole contractor of the Khalakan production sharing contract in the Kurdistan region, revealed a revised year-end (2016) reserve audit for the Shewashan field.

The new audit has led to a material increase in the estimated reserves and net present worth of the Shewashan oil field.

According to the independent consultants, Shewashan's proved + probable (2P) gross reserves now stand at 113.8mln barrels, representing a 53% uplift in 2P gross reserves from a year earlier.

The increase to GPK's reserves is attributed to the larger area mapped following seismic reprocessing, Range said.

On a gross basis, proved reserves were put at 27,237mln barrels of oil (15,086mln net) while probable reserves clocked in at 76,576mln barrels gross, 17,729mln barrels net.

Possible reserves were estimated at 67,726mln barrels gross (12,726mln net), so there might be plenty left in the locker.

The present net worth (discounted at 10%) of the future net revenue attributed to GPK's interest in the proved plus probable reserves of the Shewashan oil field, using a base case price of US\$55.00 per barrel escalated at 3% per year from 2018, increased substantially to US\$ 422.5mln.

That represents an increase of 135% above the US\$179.8 million valuation in the 2015 D&M reserve audit.

Shares in Range Energy rose 50% to C\$0.03 on the news, valuing the company at C\$25.7mln. It is a 24.95% indirect shareholder of GPK through its ownership of 49.9% of the shares of New Age.

Before investors get too carried away, though, it is important to note that key producing wells in nearby fields have exhibited high rates of decline as a result of water breakthrough.

The Shewashan field remains in the early stages of development and any further increase in both reserves and present net worth should be viewed on the basis that only future well performance will determine the level of recovery possible from the matrix.

Production of the Shewashan field has been limited to the 2,000 barrels a day during the first quarter 2017 as a result of ongoing selective well testing and a water isolation program.

Price: 0.005

Market Cap: \$4.28 m

1 Year Share Price Graph



Share Information

Code: RGO

Listing: CNSX

52 week High Low
0.005 0.005

Sector: Oil & Gas

Website: www.rangeenergyresources.com

Company Synopsis:

Range Energy Resources Inc is engaged in the acquisition, exploration and development of oil and gas properties. The Company's asset includes; investment in oil & gas property of Khalakan Block domiciled in the Kurdistan Region of Iraq.

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Range said the recent stability of the Brent crude price had enabled GPK to operate profitably.

"The substantial increase in the Shewashan field's 2P reserves and present net worth help demonstrate the significant value of the Shewashan field and we are pleased to see this growth over a relatively short period of time," said Toufic Chahine, chairman of Range.

"We commend GPK's efforts to enhance the productivity of the Shewashan field and the Range board is committed to allow the company to continue the development of this oil field. With three wells successfully drilled it is still early in the fields development cycle and as we learn more about the underlying reservoir geology, we look forward to additional news from the Shewashan -4 drilling results," he added.

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