

Point Loma Resources

00:33 05 Jul 2019

Point Loma Resources expects first farm-out well at Wizard Lake to spud this month

Point Loma Resources Ltd (CVE:PLX) updated on the performance of its Wizard Lake Rex oil discovery well in Alberta and revealed that a second well at the field by partner Salt Bush is expected to spud before the end of this month.

As previously reported, the 16-17-48-27W4 Rex well was placed on production on June 5 this year, and output for June is estimated at 4,280 bbls (barrels) over a total producing period of 555 hours, with the oil cut increasing throughout the period.

READ THE DEEP DIVE: Point Loma eyes a potential game-changer as the oiler advances large asset base in Alberta
Current output for the well is estimated to between 200 and 250 barrels per day (bpd) of oil.

"The early results of strong oil rates at Wizard Lake and the potential to see further increases is a big step for Point Loma," said Terry Meek, Point Loma's CEO in a statement.

"This increase in oil production is expected to provide higher netbacks and cash flow. The drilling of the first farm-out well, later in July, continues the development of the pool and is anticipated to build further oil production in the near term."

A successful fully completed two well farm-out at Wizard Lake by Salt Bush would result in three producing oil wells.

Point Loma would be operator with a 50% working interest in the Rex oil discovery well, a 25% before payout / 50% after payout working interest (WI) in both the farm-out wells and a 50% WI in the remaining lands.

Together with Salt Bush, the acreage accumulated equals 3,385 acres and provides 18 potential drilling opportunities. Point Loma and Salt Bush can also drill and earn an additional 720 acres in the area adding to the total opportunities.

One of multiple opportunities

"This discovery is one of multiple opportunities Point Loma has identified that could lead to similar developments. We are excited to work with Salt Bush to fully develop this new discovery," said Meek.

Wizard Lake is a key oil discovery for Point Loma, it says, and is expected to increase its oil production weighting. At the current pumping rate, the oil and ngl (natural gas liquids) weighting has increased to around 40% and as the well continues to clean up this could continue to increase.

Also in today's release, Point Loma it had issued settlement units with certain arm's length parties to settle trade

Price: \$0.12

Market Cap: \$9.02 m

1 Year Share Price Graph



September 2018 March 2019 September 2019

Share Information

Code: PLX

Listing: TSX-V

52 week High Low
0.32 0.085

Sector: Oil & Gas

Website: www.pointloma.ca

Company Synopsis:

Point Loma Resources is new publicly traded Oil and Gas company that has captured a large position on the Mannville oil and liquids rich gas trend in west central Alberta. As a new company we have no bank debt, a solid balance sheet and an experienced team focussed on creating shareholder value.

action@proactiveinvestors.com.au

payables amounting to \$634,250.

Around 3.5 million units were issued. Each consists of one share and one share purchase warrant, which were issued at a deemed price of \$0.18, with each warrant exercisable into one share at \$0.22 for one year. The units cannot be traded until October 25 this year.

Following the news, broker Mackie repeated a 'Buy' rating and C\$1 target price.

"We are encouraged by the initial production rate of the Rex discovery well and we look forward to additional updates as the well continues to clean up. The two follow up delineation wells, which have longer laterals than the discovery well, could boost oil production again in Q4/19," said analyst Bill Newman.

He noted too that the oiler has a large inventory of other high impact plays, including a conventional Banff oil play, Mannville oil expansion plays, and the Duvernay shale oil resource play which provides additional upside.

Shares eased on the day 5.8% in Toronto to C\$0.16

---Updates with broker comment and share price move---

Contact the author at giles@proactiveinvestors.com

Follow him on Twitter@Gile74

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +61 (0)2 9280 0700 action@proactiveinvestors.com.au

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.

In exchange for publishing services rendered by the Company on behalf of Point Loma Resources named herein, including the promotion by the Company of Point Loma Resources in any Content on the Site, the Company receives from said issuer annual aggregate cash compensation in the amount up to Twenty Five Thousand dollars (\$25,000).