

Delphi Energy Releases Year End 2014 Reserves

26.02.2015 | [Marketwired](#)

CALGARY, ALBERTA--(Marketwired - Feb 25, 2015) - [Delphi Energy Corp.](#) (TSX:DEE) ("Delphi" or the "Company") is pleased to report its crude oil and natural gas reserves information for the year ended December 31, 2014.

Corporate Highlights

- Achieved record annualized production of 10,549 barrels of oil equivalent ("boe") per day and fourth quarter production of 12,035 boe per day.
- Achieved finding and development costs ("F&D"), including changes in future development costs ("FDC"), of \$13.67 per boe for proved developed producing reserves⁽¹⁾; \$12.51 per boe for total proved reserves and \$10.88 per boe for total proved plus probable reserves;
- Achieved finding, development and acquisition costs ("FD&A"), including changes in FDC, of \$13.58 per boe for proved developed producing reserves⁽¹⁾; \$12.12 per boe for total proved reserves and \$10.35 per boe for total proved plus probable reserves;
- Realized an operating netback⁽²⁾ of \$20.82 per boe resulting in recycle ratios⁽³⁾ of 1.5, 1.7 and 2.0 for proved developed producing, total proved and total proved plus probable reserves, respectively.
- Increased proved developed producing reserves by 25 percent to 18.7 million boe, total proved reserves by 19 percent to 42.9 million boe and total proved plus probable reserves by 21 percent to 74.4 million boe compared to December 31, 2013;
- Proved developed producing reserve value (before income taxes, discounted at 10 percent) decreased by five percent to \$179.7 million. Total proved reserves value (before income taxes, discounted at 10 percent) decreased by five percent to \$360.3 million and total proved plus probable reserve value (before income taxes, discounted at 10 percent) increased by two percent to \$592.8 million compared to December 31, 2013. Reserve values were relatively unchanged from the prior year as the increase in reserves were offset by a reduced commodity price forecast used by the independent engineers;
- Replaced 2014 production of 3.9 million boe by 4.3 times with total proved plus probable reserve additions (including technical revisions and economic factors) of 16.6 million boe; and
- Increased annualized production per share⁽⁴⁾ by 26 percent and proved developed producing reserves per share⁽⁴⁾ by 23 percent compared to December 31, 2013.

Montney Highlights

- For the Montney program, Delphi achieved finding and development costs⁽⁵⁾, including changes in FDC, of \$12.98 per boe for proved developed producing reserves; \$11.65 per boe for total proved reserves and \$9.87 per boe for total proved plus probable reserves. With a realized operating netback⁽²⁾ of \$28.10 per boe, the Montney achieved a recycle ratio⁽³⁾ on development capital of 2.2, 2.4 and 2.8 for proved developed producing, total proved and total proved plus probable, respectively.
- For the Montney program, Delphi achieved finding, development and acquisition costs⁽⁵⁾, including changes in FDC, of \$14.09 per boe for proved developed producing reserves; \$12.35 per boe for total proved reserves and \$10.12 per boe for total proved plus probable reserves. With a realized operating netback⁽¹⁾ of \$28.10 per boe, the Montney achieved a recycle ratio⁽²⁾ on acquisition and development capital of 2.0, 2.3 and 2.8 for proved developed producing, total proved and total proved plus probable, respectively.

- Increased proved developed producing Montney reserves by 124 percent to 9.8 million boe, increased total proved reserves by 50 percent to 28.0 million boe and total proved plus probable reserves by 53 percent to 50.7 million boe compared to December 31, 2013; and
- Proved developed producing reserve value (before income taxes, discounted at 10 percent) for the Montney increased by 82 percent to \$113.9 million. Total proved reserves value (before income taxes, discounted at 10 percent) increased by 30 percent to \$259.1 million and total proved plus probable reserve value (before income taxes, discounted at 10 percent) increased by 34 percent to \$448.2 million compared to December 31, 2013.

(1) For proved developed producing: capital invested of \$100.9 million; change in FDC of \$1.5 million; acquisition costs of \$17.7 million; disposition proceeds of \$16.6 million; extensions and improved recovery, technical revisions, discoveries and economic factors of 7.5 million boe; acquisitions and dispositions of 0.1 million boe.

(2) Operating netback is calculated by subtracting royalties, operating and transportation costs from revenues.

(3) Recycle ratio is calculated as operating netback per boe divided by F&D or FD&A costs, including change in FDC, per boe.

(4) Calculated on basic common shares at year-end.

(5) Capital invested of \$96.5 million; change in FDC of \$1.6 million, \$36.3 million and \$95.0 million for proved developed producing, total proved and total proved plus probable respectively; acquisition costs of \$8.8 million; extensions and improved recovery, technical revisions, discoveries and economic factors of 7.6 million boe, 11.5 million boe and 19.8 million boe for proved developed producing, total proved and total proved plus probable respectively.

Corporate Reserves Summary

GLJ Petroleum Consultants Ltd. ("GLJ"), the Company's independent petroleum engineering firm, has evaluated Delphi's crude oil, natural gas and natural gas liquids reserves as at December 31, 2014 and prepared a reserves report in accordance with National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities" and the "Canadian Oil and Gas Evaluation Handbook". GLJ's price forecast dated January 1, 2015 was used in the evaluation.

The following is summary reserves information detailed in the GLJ Report at December 31, 2014:

Reserves ⁽¹⁾	December 31, 2014					% of P+P
	Light & Medium Oil (mbbls)	Natural Gas (mmcf)	Natural Gas Liquids (mbbls)	Total Oil Equivalent (mboe) ²		
Proved						
Producing	19	82,981	4,858	18,708		25
Developed Non-Producing	-	7,194	325	1,524		2
Undeveloped	-	91,447	7,461	22,702		31
Total Proved	19	181,622	12,644	42,934		58
Total Probable	5	131,709	9,478	31,434		42
Total Proved Plus Probable	24	313,331	22,122	74,368		100

(1) Delphi's reserves represent the operated and non-operated working interest share of reserves before deduction of royalties and include any royalty interests of the Company.

(2) Oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil (6:1).

Net Present Value of Future Net Revenue

The estimated future net revenues associated with Delphi's reserves at December 31, 2014, based on the GLJ January 1, 2015 price forecast, are summarized in the following table.

(\$ thousands) ⁽¹⁾	Net Present Values of Future Net Revenue Before Income Taxes Discounted At (%/year)					Unit Value Before Income Tax Discount
	0%	5%	10%	15%	20%	
Proved						
Producing	286,157	220,024	179,701	152,945	133,985	11.91
Developed Non-Producing	26,338	16,021	11,267	8,521	6,702	8.79
Undeveloped	425,976	258,960	169,377	115,685	80,819	8.53
Total Proved	738,471	495,005	360,345	277,152	221,507	9.94
Total Probable	739,594	381,777	232,472	157,014	113,366	8.78

Total Proved Plus Probable	1,478,065	876,782	592,816	434,165	334,872	9.45
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(1) The estimated future net revenues are before the deduction of estimated future site restoration costs but are reduced for estimated future abandonment costs for reserve wells and estimated capital for future development associated with the reserves. The estimated values disclosed do not necessarily represent fair market value.

(2) Unit values are calculated using net reserves defined as Delphi's working interest share after deduction of royalty obligations plus Delphi's royalty interests.

Future Development Costs

The following table provides the future development costs, undiscounted, included in the GLJ Report for both proved and proved plus probable reserves.

(\$ thousands)	2015	2016	2017	2018	2019	Rem	Total
Total Proved	63,708	114,882	12,724	29,634	5,271	5,250	231,468
Total Proved Plus Probable	76,933	139,668	83,586	64,026	20,674	6,533	391,420

Forecast Prices

The following is a summary of GLJ's January 1, 2015 price forecast used in the evaluation.

Year	Natural Gas		Oil		Edmonton Inflation %	Exchange Rate \$US/\$CDN
	AECO/NIT	NYMEX	Edmonton	NYMEX		
	Spot	Henry Hub	Light	WTI		
	\$CDN/MMBtu	\$US/MMBtu	\$CDN/bbl	\$US/bbl	\$CDN/bbl	
2015	3.31	3.31	64.71	62.50	69.24	2.0 0.850
2016	3.77	3.75	80.00	75.00	85.60	2.0 0.875
2017	4.02	4.00	85.71	80.00	91.71	2.0 0.875
2018	4.27	4.25	91.43	85.00	97.83	2.0 0.875
2019	4.53	4.50	97.14	90.00	103.94	2.0 0.875
2020	4.78	4.75	102.86	95.00	110.06	2.0 0.875
2021	5.03	5.00	106.18	98.54	113.62	2.0 0.875
2022	5.28	5.25	108.31	100.51	115.89	2.0 0.875
2023	5.53	5.50	110.47	102.52	118.20	2.0 0.875
2024	5.71	5.68	112.67	104.57	120.56	2.0 0.875
2025+	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	2.0 0.875

Reserves⁽¹⁾ Reconciliation

The following reconciliation of Delphi's reserves compares changes in the Company's reserves at December 31, 2013 to the reserves at December 31, 2014, each evaluated in accordance with National Instrument 51-101 definitions.

	Light and Medium Crude Oil (mbbls)	Associated and Non-Associated Gas (mmcf)	Natural Gas Liquids (mbbls)	Total Oil Equivalent (mboe)
Proved				
December 31, 2013	565	157,150	9,385	36,142
Extensions and Improved Recovery	-	33,960	3,048	8,708
Technical Revisions	2	5,224	1,149	2,023
Discoveries	-	-	-	-
Acquisitions	3	5,651	223	1,167
Dispositions	(483)	(2,285)	(18)	(882)
Economic Factors	(6)	(2,117)	(15)	(374)
Production	(62)	(15,961)	(1,128)	(3,850)
December 31, 2014	19	181,622	12,644	42,934
Probable				
December 31, 2013	287	112,301	6,515	25,520
Extensions and Improved Recovery	-	23,136	2,064	5,920
Technical Revisions	(6)	(2,875)	392	(94)

Discoveries	-	-	-	-
Acquisitions	-	8,683	601	2,048
Dispositions	(281)	(1,255)	(10)	(500)
Economic Factors	5	(8,280)	(85)	(1,460)
Production	-	-	-	-
December 31, 2014	5	131,709	9,478	31,434

	Light and Medium Crude Oil	Associated and Non-Associated Gas	Natural Gas Liquids	Total Oil Equivalent
Proved Plus Probable	(mbbls)	(mmcf)	(mbbls)	(mboe)
December 31, 2013	853	269,451	15,901	61,662
Extensions and Improved Recovery	-	57,096	5,112	14,628
Technical Revisions	(4)	2,349	1,543	1,929
Discoveries	-	-	-	-
Acquisitions	3	14,334	823	3,215
Dispositions	(764)	(3,540)	(29)	(1,382)
Economic Factors	(1)	(10,397)	(100)	(1,834)
Production	(62)	(15,961)	(1,128)	(3,850)
December 31, 2014	24	313,332	22,122	74,368

(1) Delphi's reserves represent the operated and non-operated working interest share of reserves before deduction of royalties and include any royalty interests of the Company.

Finding and Development Costs

Finding and development costs in 2014, 2013 and averages for the three most recent financial years, were as follows:

	2014		2013		2012 - 2014	
	Proved	Proved Plus Probable	Proved	Proved Plus Probable	Proved	Proved Plus Probable
Capital (\$ thousands)						
Exploration and Development ("E&D") Costs ⁽¹⁾	100,851	100,851	71,956	71,956	256,535	256,535
Change in FDC related to E&D	28,747	59,313	96,780	121,472	157,171	246,427
Total E&D Costs	129,598	160,164	168,736	193,428	413,706	502,962
Acquisition Costs ⁽¹⁾	17,659	17,659	13,664	13,664	31,462	31,462
Disposition Proceeds ⁽¹⁾	(16,615)	(16,615)	(3,319)	(3,319)	(54,598)	(54,598)
Change in FDC related to Acquisitions and Dispositions ("A&D")	(1,693)	10,199	-	-	(9,992)	1,900
Total Net A&D Costs	(650)	11,242	10,345	10,345	(33,128)	(21,236)
Total Costs	128,948	171,406	179,081	203,773	380,578	481,726
Reserves (mboe)						
Reserve Additions ⁽²⁾	10,357	14,723	15,359	21,613	29,888	45,470
Acquisitions and Dispositions	285	1,833	(5)	(5)	(2,141)	(1,397)
Total Reserve Additions	10,642	16,556	15,354	21,608	27,746	44,073
Finding and Development Costs (\$/boe)						
E&D, including change in FDC related to E&D (F&D)	12.51	10.88	10.99	8.95	13.84	11.06
E&D and A&D including change in FDC (F,D&A)	12.12	10.35	11.66	9.43	13.72	10.93

Total exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect the total cost of reserve additions in that year.

(1) Unaudited.

(2) Includes extensions and improved recovery, technical revisions, discoveries, and economic factors.

Production per Share

	2014	2013	2012	% Change 2014 over 2013
Average Annual Production, boe/d	10,549	8,241	8,276	28 %
Basic Common Shares at Year-end	155,477,045	153,253,548	153,047,798	1 %
Production per 1,000,000 Shares	68	54	54	26 %

Reserves⁽¹⁾ (boe) per 1,000 Basic Common Shares

	% Change			
	2014	2013	2012	2014 over 2013
Proved Developed Producing	120	98	91	23 %
Total Proved	276	236	155	17 %
Total Proved Plus Probable	478	402	281	19 %

(1) Delphi's reserves represent the operated and non-operated working interest share of reserves before deduction of royalties and include any royalty interests of the Company.

Net Asset Value

The estimated net asset value of the Company at December 31, 2014 has been calculated using the before tax, net present value of reserves discounted at 10 percent as follows:

(\$ thousands except share count and per share value)	Total	Total Proved
	Proved	Plus Probable
Estimated future net revenues of reserves ⁽¹⁾	360,345	592,816
Undeveloped land ⁽²⁾	105,750	105,750
Mark-to-market value of hedging contracts ⁽³⁾	20,076	20,076
In-the-money option proceeds ⁽⁴⁾	7,665	7,665
Total asset value	493,837	726,308
Bank debt plus working capital deficiency (unaudited)	(173,655)	(173,655)
Net asset value	320,182	552,653
Common shares outstanding and in-the-money options	161,843,298	161,843,298
Net asset value per share	1.98	3.41

(1) Discounted at 10 percent and before deducting future income tax expenses and reclamation costs. The Company estimates it has approximately \$388.3 million of tax deductions available to offset future taxable income.

(2) Undeveloped land was determined by an independent land valuation report by Seaton-Jordan & Associates Ltd. as at December 31, 2014. Fair market value was determined in accordance with NI 51-101 5.9(1)(e).

(3) Financial contracts at December 31, 2014.

(4) In-the-money option proceeds are based on the closing December 31, 2014 share price of \$1.50.

Montney Reserves Summary

Through 2014, the Company drilled eight (7.6 net) horizontal Montney wells and acquired eight gross (3.5 net) sections of Montney rights directly offsetting Delphi's current Montney production and recent drilling activity. A realized operating netback of \$28.10 per boe coupled with a proved developed producing finding and development cost of \$12.98 per boe (before the impacts of acquisitions) provided for a proved developed producing recycle ratio of 2.2 for the play, supporting the Company's focus on this asset.

Montney Reserves⁽¹⁾

	Proved Developed Producing		Total Proved		Total Proved Plus Probable	
	Reserves	BTNPV10	Reserves	BTNPV10	Reserves	BTNPV10
	mboe	MM\$	mboe	MM\$	mboe	MM\$
December 31, 2012	1,178	18.1	3,375	23.1	11,006	91.7
December 31, 2013	4,370	62.4	18,706	199.4	33,100	334.4
December 31, 2014	9,781	113.9	27,999	259.1	50,728	448.2
YE2014 to YE2013 change	124 %	82 %	50 %	30 %	53 %	34 %

(1) Reserves represent the operated and non-operated working interest share of reserves before deduction of royalties and include any royalty interests of the Company.

Since 2012, Delphi's development activity and acquisition focus has been concentrated on the Montney play at Bigstone. Over this two year period, the production in the Montney has grown from 840 boe per day (10% of total corporate production) in 2012 to 6,344 boe per day (60% of total corporate production) in 2014. Reserves and values have grown significantly over this time period with total proved plus probable reserves attributed to the Montney growing from 26 percent to 68 percent of total corporate reserves and reserves value (before income taxes, discounted at 10%) of total proved plus probable increasing from 25 percent to 76 percent of total corporate reserves value.

The increasing production volumes, reserves and reserve values are a result of the intensity and commitment the Company is employing in developing the Montney at Bigstone. Because of the superior performance and economics, Delphi will continue to build the Montney at Bigstone into an ever increasing

portion of the Company.

Montney reserves now account for 52 percent of proved developed producing reserves, 65 percent of total proved reserves and 68 percent of total proved plus probable reserves, which is up from 8 percent, 14 percent and 26 percent at December 31, 2012 respectively.

To view the first set of charts associated with this press release, please visit:
<http://media3.marketwire.com/docs/993970c1.pdf>.

The value of the Montney reserves (before income taxes, discounted at 10 percent) account for 63 percent, 72 percent and 76 percent of proved developed producing, total proved and total proved plus probable reserve value respectively, up from 11 percent, 11 percent and 25 percent at December 31, 2012.

To view the second set of charts associated with this press release, please visit:
<http://media3.marketwire.com/docs/993970c2.pdf>.

Operations Update

Since the end of 2014, Delphi has added another Montney well (0.88 net) to its production base with the 16-27-60-23W5M well coming on production in late January. Over the first 30 days of production, the well has averaged 6.8 million cubic feet per day ("mmcf/d") of raw natural gas and 413 barrels per day ("bbls/d") of wellhead condensate. The total estimated sales production rate over the initial 30 days of production is 1,659 boe/d, including an estimated 40 bbls/mmcf of gas plant recovered natural gas liquids. The Company expects to bring on production one (0.88 net) additional well at 13-27-60-23W5M prior to spring break-up. Delphi has also completed the drilling of its second Montney well of 2015 at 16-24-60-23W5M ("16-24"). The 16-24 well (83.3 percent working interest) was drilled to a total depth of 5,749 metres with a horizontal lateral length of 2,802 metres. A 40 stage liner was installed in 16-24 and completion operations are expected to commence after spring break-up.

The following table has been updated to reflect new well production data since it was previously released and continues to illustrate the significant impact the slickwater hybrid fracturing technique has had on well performance at Bigstone in comparison to smaller conventional frac methods.

To view the table entitled "Initial Production (IP) Rate Well Performance", please visit:
<http://media3.marketwire.com/docs/993970t2.pdf>.

Outlook

The Bigstone Montney well performance and contribution to the Company's growth profile over the past three years continues to be transformational. In 2014, production from the Bigstone Montney asset grew to 60 percent of the Company's record production of 10,549 boe/d and represented 73 percent of the Company's field cash operating income for the year. The superior cash generating capability of the Montney production, approximately double that of the declining legacy production, results from robust production rates of both natural gas and condensate as well as moderating cash costs.

The confidence in the Bigstone Montney type well performance and economics has increased over the past year as the well data set has grown by eight wells to a total of 19 wells drilled, along with production history on some of the wells approaching three years. Payout has been achieved on five of the wells within six to 18 months.

The Bigstone Montney reserve values increased significantly across all reserve categories in 2014 with 37 of the 138 sections of Montney rights at Bigstone having reserves assigned to them. That leaves significant inventory and running room to successfully execute the long term growth strategies of the Company.

Delphi continues to maintain a strong commodity price risk management program for both its natural gas and

natural gas liquids production. The table below summarizes the Company's current commodity price risk management contracts.

Natural Gas (Cdn)	2015	2016	2017
Volume (mmcf/d)	33.4	10.9	2.4
% Hedged ⁽¹⁾	67	22	5
Fixed Price (Cdn \$/mcf)	3.61	3.68	3.96

Natural Gas (US)	2015	2016	2017	2018
Volume (mmcf/d)	6.0	20.0	15.0	10.0
% Hedged ⁽¹⁾	12	40	30	20
Fixed Price (US \$/mcf)	3.19	3.61	3.66	3.56

⁽¹⁾ Percent hedged is based on average natural gas production of 50 mmcf/d.

For 2015, Delphi has a put option on 1,220 bbls/d of WTI at a floor price of Cdn \$80.00 per barrel (net of premium).

With the drop in commodity prices the Company is taking a conservative approach to its capital spending plans in 2015 to preserve its financial flexibility. Through the first half of 2015, Delphi expects to spend cash flow, keeping production and net debt relatively flat to December 2014 levels. Capital spending for the second half of 2015 will be dependent upon realized commodity prices and level of service cost reductions. Maintenance capital requirements to keep production relatively flat to December 2014 rates for the entire year is forecast to be approximately \$45 to \$50 million, which is within forecasted cash flow generated at current commodity prices.

Delphi anticipates releasing its audited financial statements for the year ended December 31, 2014 on March 18, 2015 and its Annual Information Form by March 31, 2015, which will include all required National Instrument 51-101 reserves disclosure.

Certain financial and operating information included in this press release for the quarter and year ended December 31, 2014, such as, but not limited to, finding and development costs, production information, net asset value calculations, are based on unaudited financial results for the year ended December 31, 2014 and are subject to the same limitations as discussed under forward-looking statements outlined at the end of this release. These estimate amounts may change upon completion of the audited financial statements for the year ended December 31, 2014 and those changes may be material.

Delphi Energy is a Calgary-based company that explores, develops and produces oil and natural gas in Western Canada. The Company is managed by a proven technical team. Delphi trades on the Toronto Stock Exchange under the symbol DEE.

Forward-Looking Statements. *The release contains forward-looking statements and forward-looking information within the meaning of applicable Canadian securities laws. These statements relate to future events or the Company's future performance and are based upon the Company's internal assumptions and expectations. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "should", "believe", "intends", "forecast", "plans", "guidance", "budget" and similar expressions.*

More particularly and without limitation, this release contains forward-looking statements and information relating to petroleum and natural gas production estimates and weighting, projected crude oil and natural gas prices, future exchange rates, expectations as to royalty rates, expectations as to transportation and operating costs, expectations as to general and administrative costs and interest expense, expectations as to capital expenditures and net debt, planned capital spending, future liquidity and Delphi's ability to fund ongoing capital requirements through operating cash flows and its credit facilities, supply and demand fundamentals for oil and gas commodities, timing and success of development and exploitation activities, cash availability for the financing of capital expenditures, access to third-party infrastructure, treatment under governmental regulatory regimes and tax laws and future environmental regulations.

Furthermore, statements relating to "reserves" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitable in the future.

The forward-looking statements and information contained in this release are based on certain key

expectations and assumptions made by Delphi. The following are certain material assumptions on which the forward-looking statements and information contained in this release are based: the stability of the global and national economic environment, the stability of and commercial acceptability of tax, royalty and regulatory regimes applicable to Delphi, exploitation and development activities being consistent with management's expectations, production levels of Delphi being consistent with management's expectations, the absence of significant project delays, the stability of oil and gas prices, the absence of significant fluctuations in foreign exchange rates and interest rates, the stability of costs of oil and gas development and production in Western Canada, including operating costs, the timing and size of development plans and capital expenditures, availability of third party infrastructure for transportation, processing or marketing of oil and natural gas volumes, prices and availability of oilfield services and equipment being consistent with management's expectations, the availability of, and competition for, among other things, pipeline capacity, skilled personnel and drilling and related services and equipment, results of development and exploitation activities that are consistent with management's expectations, weather affecting Delphi's ability to develop and produce as expected, contracted parties providing goods and services on the agreed timeframes, Delphi's ability to manage environmental risks and hazards and the cost of complying with environmental regulations, the accuracy of operating cost estimates, the accurate estimation of oil and gas reserves, future exploitation, development and production results and Delphi's ability to market oil and natural gas successfully to current and new customers. Additionally, estimates as to expected average annual production rates assume that no unexpected outages occur in the infrastructure that the Company relies on to produce its wells, that existing wells continue to meet production expectations and any future wells scheduled to come on in the coming year meet timing and production expectations.

Commodity prices used in the determination of forecast revenues are based upon general economic conditions, commodity supply and demand forecasts and publicly available price forecasts. The Company continually monitors its forecast assumptions to ensure the stakeholders are informed of material variances from previously communicated expectations.

Financial outlook information contained in this release about prospective results of operations, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this release should not be used for purposes other than for which it is disclosed.

Although the Company believes that the expectations reflected in such forward-looking statements and information are reasonable, it can give no assurance that such expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent known and unknown risks and uncertainties. Delphi's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Delphi will derive therefrom. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production, delays or changes in plans with respect to exploration or development projects or capital expenditures, the uncertainty of estimates and projections relating to production rates, costs and expenses, commodity price and exchange rate fluctuations, marketing and transportation, environmental risks, competition from others for scarce resources, the ability to access sufficient capital from internal and external sources, changes in governmental regulation of the oil and gas industry and changes in tax, royalty and environmental legislation. Additional information on these and other factors that could affect the Company's operations or financial results are included in the Company's most recent Annual Information Form and other reports on file with the applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

Readers are cautioned that the foregoing list of factors is not exhaustive. Furthermore, the forward-looking statements contained in this release are made as of the date of this release for the purpose of providing the readers with the Company's expectations for the coming year. The forward-looking statements and information may not be appropriate for other purposes. Delphi undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements contained in this release are expressly qualified in their entirety by this cautionary statement.

Basis of Presentation. *For the purpose of reporting production information, reserves and calculating unit*

prices and costs, natural gas volumes have been converted to a barrel of oil equivalent (boe) using six thousand cubic feet equal to one barrel. A boe conversion ratio of 6:1 is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. This conversion conforms with the Canadian Securities Administrators' National Instrument 51-101 when boes are disclosed. Boes may be misleading, particularly if used in isolation.

As per CSA Staff Notice 51-327 initial test results and initial production performance should be considered preliminary data and such data is not necessarily indicative of long-term performance or of ultimate recovery.

Non-IFRS Measures. *The release contains the terms "funds from operations", "funds from operations per share", "net debt", "operating netbacks" "cash netbacks" and "netbacks" which are not recognized measures under IFRS. The Company uses these measures to help evaluate its performance. Management considers netbacks an important measure as it demonstrates its profitability relative to current commodity prices and costs of production. Management uses funds from operations to analyze performance and considers it a key measure as it demonstrates the Company's ability to generate the cash necessary to fund future capital investments and to repay debt. Funds from operations is a non-IFRS measure and has been defined by the Company as cash flow from operating activities before accretion on long term and subordinated debt, decommissioning expenditures and changes in non-cash working capital from operating activities. The Company also presents funds from operations per share whereby amounts per share are calculated using weighted average shares outstanding consistent with the calculation of earnings per share. Delphi's determination of funds from operations may not be comparable to that reported by other companies nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS. The Company has defined net debt as the sum of long term debt and subordinated debt plus/minus working capital excluding the current portion of the fair value of financial instruments. Net debt is used by management to monitor remaining availability under its credit facilities. Operating netbacks have been defined as revenue less royalties, transportation and operating costs. Cash netbacks have been defined as operating netbacks less interest and general and administrative costs. Netbacks are generally discussed and presented on a per boe basis.*

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/192949--Delphi-Energy-Releases-Year-End-2014-Reserves.html>

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