CALGARY, ALBERTA--(Marketwired - Aug 8, 2017) - NuVista Energy Ltd. ("NuVista" or the "Company") (TSX:NVA) is pleased to announce results for the three and six months ended June 30, 2017 and provide an update on its future business plans. NuVista experienced another strong quarter with continued development drilling success. Funds from operations, production, and netbacks remained strong despite planned and unplanned outages and a reduction in commodity prices compared to the first quarter. This strength was primarily as a result of favorable well results and increased condensate production as lower condensate-ratio wells were shut in during outage periods.

NuVista is continuing to deliver on our accelerated 2017 drilling program, and has made impactful progress in early Gold Creek development and Pipestone delineation during the second quarter. We possess a material position in the condensate-rich Wapiti Montney play which is delivering strong financial returns to shareholders now and is expected to do so over the long term. With our prudent focus on balance sheet strength, we maintain flexibility to adjust capital spending and pace of growth commensurate with the business environment while adhering to our long term growth and profitability objectives.

Significant Operating Highlights

- Achieved second quarter 2017 production of 25,454 Boe/d, well above the top of our revised second quarter guidance range of 22,500 - 25,000 Boe/d. This result is due to strong recent well performance and is despite 7,000 Boe/d of planned and unplanned outages in the quarter. NuVista is pleased to report that current production has again exceeded 33,000 Boe/d in recent weeks following the outages;
- Achieved funds from operations of $39.3 million ($0.23/share, basic) for the second quarter;
- Delivered funds from operations netback of $16.98/Boe for the second quarter of 2017 despite weaker commodity pricing;
- Successfully executed a very active second quarter capital program of $69.3 million, utilizing three to four drilling rigs for much of the quarter to rig-release 11 (11.0 net) wells in our Wapiti Montney condensate rich resource play;
- Achieved first production on five new wells in Bilbo and Gold Creek during the second and early third quarter, for a total of 13 new Montney wells onstream this year as of today. Approximately 15 more wells are expected to be brought on production by the end of 2017;
- Well completion progress has been excellent with the recent dry summer weather, and the 22 drilled uncompleted wells from our winter program are expected to be finished fracture stimulation during August;
- Achieved second quarter operating costs of $10.66/Boe, in line with expectations and first quarter operating costs. G&A costs continued in line with expectations at $1.75/Boe for the second quarter of 2017;
- Exited the second quarter of 2017 with net debt of $182 million, including credit facility borrowings of $93 million versus our facility limit of $235 million. NuVista concluded the second quarter with a ratio of net debt to annualized current quarter funds from operations of 1.2x; and
- Achieved our fourth consecutive quarter with positive earnings. Earnings in the second quarter of 2017 were $25.8 million ($0.15 per share, basic and diluted).

Bilbo Block

The Bilbo compression and dehydration facility is now at capacity with production up to 20,000 Boe/d depending on normal operational fluctuations. Four additional wells reached IP30 in Bilbo during the second quarter. The IP30's for the four wells averaged 1,890 Boe/d including 885 Bbl/day of condensate and a high condensate-gas ratio (CGR) of 129, while flowing on a restricted basis. Two of the wells were regular fracture intensity and two were high fracture intensity (HiFi). We are very pleased with ongoing regular and HiFi well results, as evidenced by the high CGR ratios. The two HiFi wells are outperforming the two regular fracture intensity wells. It is encouraging that our ten-well moving average of Bilbo results continues to increase as the average cost per well has continued to fall.

Capital costs for drilling, completing, and tie-ing in wells are expected to increase approximately 10% for the second half of 2017 as compared to 2016, roundly in line with previous estimates which included modest room for cost inflation commensurate with the commodity price environment. Our aspiration is that evolving HiFi well results will mitigate the effect of cost inflation with higher production volumes.

The drilling of our 6-well pad at northeast Bilbo was concluded as planned, and completion operations have been finished successfully last week. This pad will now be equipped and tied in, then brought online in the fall.

Elmworth Block

The Elmworth block has recently reached a new production record of 15,000 Boe/d, including the Gold Creek production which is presently flowing through the Elmworth facility. Completion activities are progressing well now with summer weather, and a total of five new Elmworth wells have been completed successfully and are being tied in. Completion operations are underway on a further four-well pad. We expect to see continued production increases in Elmworth through the second half of 2017 with the nine new wells being tied in, reaching as high as 16,000 Boe/d.

Gold Creek Block

All three wells on our extended reach horizontal ("ERH") pad at Gold Creek have now been completed successfully, with two of the three wells having HiFi completions. This pad contains wells with lateral length ranging from 2,900 m to our record 3,850 m. A total of 164 stages were fractured in the wells, including 71 stages in the longest well. Tied in to our Elmworth compressor and dehydration facility, this three well pad is currently producing approximately 5,100 Boe/d including 15 MMcf/d of raw gas, 2,680 Bbls/d of condensate, and 270 Bbl/d of natural gas liquids.

We are very pleased with the projected IP30 data for these wells which have now been on production for 15 to 23 days respectively. The three well average projected IP30 flowrate is 1,575 Boe/d per well, including 660 Bbls/day of condensate per well. This compares very favorably to the IP30 average of the five original NuVista Gold Creek wells of 1,173 Boe/d and 408 Bbls/day condensate per well. Importantly, the IP30 CGR of these three wells averaged 109 Bbls/MMcf as compared to 81 for the original five wells. In addition, the average of the two HiFi wells outperformed the regular fracture interval well on this pad by a margin of 64% and 82% on the Boe/d rate and condensate rate respectively.

The pad was achieved with a drilling and completion cost of $30.3 million, in line with expectations. We have now commenced drilling an additional well in Gold Creek towards delineation of the north end of the block.

Pipestone Block

We have concluded the drilling of our first NuVista well in this emerging block. The well was drilled to a lateral length of 3,100 m in just 19 days. This well will be completed and flow tested, with results expected to be available for reporting in the fall. The Pipestone stakeholder and development plan is proceeding well to underpin our planned future growth in this area which has continued to see exciting offsetting industry activity.

Lower Montney

NuVista has recently commenced drilling our first Lower Montney horizontal well at Bilbo. We look forward to well results in the fall in this new emerging layer of the Montney formation.

Commodity Price Risk Management Continues to Benefit NuVista

NuVista continues to benefit from the discipline of our strong hedging program during this period of volatile commodity prices. This has been a challenging summer for AECO, with spot natural gas prices under pressure briefly due to temporary restrictions in pipeline and compressor station capacity on the Alberta NGTL system. We are pleased to report that there was virtually no impact to NuVista pricing as a result of these restrictions and price reductions. We currently possess hedges which in aggregate cover 60% of remaining 2017 projected liquids production at a floor WTI price of C$67.31/Bbl, and 64% of remaining 2017 projected gas production at a price of C$3.13/Mcf. Both of these percentage figures relate to production net of royalty volumes. Due to our fixed price hedges, basis hedges, and our export pipeline volumes, NuVista has less than 5% of our natural gas volumes exposed to spot AECO prices in 2017.

2017 Outlook: Annual Guidance Reaffirmed

In accordance with our 2017 plan, NuVista has recently reduced activity to two rigs drilling in the Wapiti Montney area. We have significant flexibility to adjust the capital program quickly if desired, commensurate with our views on commodity pricing and changes in the business environment. At this time we have no plans to alter the program from our original 2017 budget, and re-affirm our projected capital spending in the range of $280-300 million. Commodity prices have continued with weakness and volatility so we will revisit our 2018 spending plans in the fall to determine if spending reductions are appropriate, commensurate with the pricing view at that time. First and foremost, we will continue to preserve our financial flexibility.

As previously stated, production through the third quarter of 2017 is expected to be choppy due to the major 5-year-cycle planned maintenance outage at the non-operated Simonette gas plant. Underlying production outside of outage periods is proceeding at or above planned levels with run rates already exceeding 33,000 Boe/d. As a result, we re-affirm our third and fourth quarter production guidance ranges of 26,000 to 29,000 Boe/d and 35,000 to 38,000 Boe/d respectively. Third quarter funds from operations netbacks are expected to be temporarily reduced since it is the condensate rich Bilbo block which will experience downtime in respect of the Simonette maintenance outage. Despite this, the full year 2017 production guidance range of 28,000 to 31,000 Boe/d remains intact.

Given top quality assets and a management team focused upon relentless improvement, NuVista will continue to optimize well results, improve margins, and grow our production profitably toward our 2021 goal of 60,000 Boe/d. We would like to thank our staff, contractors, and suppliers for their continued dedication and delivery, and we thank our board of directors and our shareholders for their guidance and support as we build an ever more valuable future for NuVista.

Please note that our corporate presentation is being updated and will be available at www.nuvistaenergy.com on August 8, 2017. NuVista's second quarter 2017 condensed interim financial statements and notes to the financial statements and management's discussion and analysis will be filed on SEDAR (www.sedar.com) under NuVista Energy Ltd. on or before August 9, 2017 and can also be accessed on NuVista's website.

Corporate Highlights

	Three months ended June 30			Six months ended June 30		
($ thousands, except per share and per $/Boe)	2017	2016	% Change	2017	2016	% C
FINANCIAL						
Oil and natural gas revenues	$ 79,401	$ 57,840	37	$ 163,637	$ 117,559	39
Funds from operations (1)	39,318	35,619	10	82,572	65,907	25
Per share - basic	0.23	0.23	-	0.48	0.43	12
Net earnings (loss)	25,767	(7,320)	(452)	64,084	(4,867)	(1,41
Per share - basic	0.15	(0.05)	(400)	0.37	(0.03)	(1,33
Total assets				1,107,004	921,401	20
Net debt (1)				182,354	157,135	16
Capital expenditures	69,250	28,765	141	176,662	89,957	96
Proceeds on property dispositions	528	69,495	(99)	824	69,945	(99
Weighted average common shares outstanding - basic	173,013	153,455	13	172,887	153,387	13
End of period common shares outstanding				173,242	156,838	10
OPERATING						
Production						
Natural gas (MMcf/d)	91.6	91.8	-	95.6	97.2	(2
Condensate & oil (Bbls/d)	8,682	6,422	35	8,519	6,333	35
NGLs (Bbls/d) (2)	1,501	1,731	(13)	1,629	1,937	(16
Total (Boe/d)	25,454	23,451	9	26,089	24,468	7
Condensate, oil & NGLs weighting	40 %	35 %		39 %	34 %	
Condensate & oil weighting	34 %	27 %		33 %	26 %	
Average selling prices (3) (4)						
Natural gas ($/Mcf)	3.72	3.25	14	3.74	3.52	6
Condensate & oil ($/Bbl)	57.26	49.42	16	60.29	45.60	32
NGLs ($/Bbl)	22.93	11.26	104	20.24	7.99	153
Netbacks ($/Boe)						
Oil and natural gas revenues	34.28	27.10	26	34.65	26.40	31
Realized gain on financial derivatives	0.51	3.39	(85)	0.26	4.20	(94
Royalties	(1.02)	1.31	(178)	(1.07)	(0.06)	1,68
Transportation expenses	(3.13)	(2.07)	51	(2.82)	(2.42)	17
Operating expenses	(10.66)	(9.66)	10	(10.69)	(10.14)	5
Operating netback (1)	19.98	20.07	-	20.33	17.98	13
Funds from operations netback (1)	16.98	16.69	2	17.48	14.81	18
SHARE TRADING STATISTICS						
High	7.73	7.18	8	7.73	7.18	8
Low	5.91	4.45	33	5.52	2.72	103
Close	6.55	6.25	5	6.55	6.25	5
Average daily volume	531,576	496,656	7	505,910	480,409	5

1. See "Non-GAAP measurements".
2. Natural gas liquids ("NGLs") include butane, propane and ethane.
3. Product prices exclude realized gains/losses on financial derivatives.
4. The average NGLs selling price is net of tariffs and fractionation fees.

Basis of presentation

Unless otherwise noted, the financial data presented in this news release has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") also known as International Financial Reporting Standards ("IFRS"). The reporting and measurement currency is the Canadian dollar.

Advisories regarding oil and gas information

This news release contains the term barrels of oil equivalent ("Boe"). Natural gas is converted to a Boe using six thousand cubic feet of gas to one barrel of oil. Boes may be misleading, particularly if used in isolation. A conversion ratio of one barrel to six thousand cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and *does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio on a 6:1 basis may be misleading as an indication of value.*

National Instrument 51-101 - "Standards of Disclosure for Oil and Gas Activities" includes condensate within the product type of natural gas liquids. NuVista has disclosed condensate values separate from natural gas liquids herein as NuVista believes it provides a more accurate description of NuVista's operations and results therefrom.

Any reference in this news release to initial production rates such as IP30 are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for NuVista.

Advisory regarding forward-looking information and statements

This news release contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. The use of any of the words "will", "expects", "believe", "plans", "potential" and similar expressions are intended to identify forward-looking statements. More particularly and without limitation, this news release contains forward looking statements, including management's assessment of: NuVista's future focus, strategy, plans, opportunities and operations; plans to reduce costs; expectations regarding future drilling and completions costs; future G&A cost reductions; financial and commodity risk management strategy; NuVista's planned capital expenditures; the timing, allocation and efficiency of NuVista's capital program and the results therefrom; the anticipated impact on NuVista's production from scheduled plant maintenance; the anticipated potential and growth opportunities associated with NuVista's asset base; future drilling results; and production guidance.
By their nature, forward-looking statements are based upon certain assumptions and are subject to numerous risks and uncertainties, some of which are beyond NuVista's control, including the impact of general economic conditions, industry conditions, current and future commodity prices, currency and interest rates, anticipated production rates, borrowing, operating and other costs and funds from operations, the timing, allocation and amount of capital expenditures and the results therefrom, anticipated reserves and the imprecision of reserve estimates, the performance of existing wells, the success obtained in drilling new wells, the sufficiency of budgeted capital expenditures in carrying out planned activities, access to infrastructure and markets, competition from other industry participants, availability of qualified personnel or services and drilling and related equipment, stock market volatility, effects of regulation by governmental agencies including changes in environmental regulations, tax laws and royalties; the ability to access sufficient capital from internal sources and bank and equity markets; and including, without limitation, those risks considered under "Risk Factors" in our Annual Information Form. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. NuVista's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements, or if any of them do so, what benefits NuVista will derive therefrom. NuVista has included the forward-looking statements in this news release in order to provide readers with a more complete perspective on NuVista's future operations and such information may not be appropriate for other purposes. NuVista disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Future Oriented Financial Information

This news release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about NuVista's prospective operational results and annual capital spending, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on FOFI and forward-looking statements. NuVista's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and FOFI, or if any of them do so, what benefits NuVista will derive therefrom. NuVista has included the forward-looking statements and FOFI in order to provide readers with a more complete perspective on NuVista's future operations and such information may not be appropriate for other purposes. NuVista disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Non-GAAP measurements

Within the news release, references are made to terms commonly used in the oil and natural gas industry. Management uses "funds from operations", "funds from operations per share", "annualized current quarter funds from operations","funds from operations netback", "net debt", "net debt to annualized current quarter funds from operations" and "operating netback". These terms do not have any standardized meaning prescribed by GAAP and therefore may not be comparable with the calculation of similar measures for other entities. These terms are used by management to analyze operating performance on a comparable basis with prior periods and to analyze the liquidity of NuVista.

Funds from operations are based on cash flow from operating activities as per the statement of cash flows before changes in non-cash working capital, asset retirement expenditures, note receivable allowance (recovery) and environmental remediation expenses (recovery). Funds from operations as presented is not intended to represent operating cash flow or operating profits for *the period nor should it be viewed as an alternative to cash flow from operating activities, per the statement of cash flows, net earnings or other measures of financial performance calculated in accordance with GAAP.*

Funds from operations per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of net earnings per share. Total revenue equals oil and natural gas revenues including realized financial derivative gains/losses. Operating netback equals the total of revenues including realized financial derivative gains/losses less royalties, transportation and operating expenses calculated on a Boe basis. Funds from operations netback is operating netback less general and administrative, deferred share units, and interest expenses calculated on a Boe basis. Net debt is calculated as long-term debt plus senior unsecured notes plus adjusted working capital. Adjusted working capital is current assets less current liabilities and excludes the current portions of the financial derivative assets or liabilities, asset retirement obligations and deferred premium on flow through shares. Net debt to annualized current quarter funds from operations is net debt divided by annualized current quarter funds from operations.

Contact

Jonathan A. Wright
President and CEO
(403) 538-8501
Ross L. Andreachuk
VP, Finance and CFO
(403) 538-8539