Energy XXI Gulf Coast Announces 2018 Capital Budget

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HOUSTON, Feb. 20, 2018 (GLOBE NEWSWIRE) -- Energy XXI Gulf Coast, Inc. (“EGC” or the “Company”) (NASDAQ:EXXI) today announced that its Board of Directors has approved a 2018 capital expenditure budget in the range of $145 million to $175 million, which includes funding of EGC’s most active drilling program since 2014, as well as recompletions, facilities improvements, plugging and abandonment (P&A) expenditures and other capital investments.

Highlights include:

- Anticipates total 2018 capital expenditures between $145 million to $175 million
- Planned investment of $65 million to $75 million in drilling new wells and recompletions, $10 to $15 million in facilities improvements and $50 million to $60 million in P&A expenditures
- Program anticipates drilling six wells focused in EGC’s core areas in West Delta and South Timbalier
- Three of the wells in the program are “proved undeveloped (PUD) reserve” locations; one well will be a water injector well; and two of the wells planned for the second half of 2018 are exploitation locations that could add proved reserves if successful
- Contracted a jack-up rig that is scheduled to begin drilling in late February

Douglas E. Brooks, EGC’s Chief Executive Officer and President commented, “I am pleased that our Board has approved a 2018 capital budget that should better position EGC for success in 2018 and beyond. Improving oil prices and a review of our drilling inventory have increased our ability to initiate our most active drilling program since 2014. We are focused on moving forward with implementing our strategic plan, which includes getting back to drilling. We have contracted a rig that is scheduled to begin drilling our six-well program in late February that will be concentrated in our core central Gulf of Mexico region. The program includes three low-risk development locations; a water injection well to optimize production in the West Delta area; and two exploitation locations that could have a meaningful impact on production and proved reserves if successful. With our operations team striving to drive down costs and enhance production, we expect to efficiently and effectively maintain our focus on operating safely and in an environmentally sensitive manner. We believe that we are well-positioned to participate in future existing Gulf of Mexico operations and potential consolidations due to our very substantial asset base, which includes large legacy fields, an attractive drilling inventory, and extensive facility infrastructure.”

2018 Budget

EGC forecasts 2018 total capital expenditures to be between $145 and $175 million. This includes $55 million to $65 million related to drilling six new wells, $10 million to $15 million for facility upgrades and optimization, and $8 million to $10 million for seven to nine recompletions. The Company has contracted the White Fleet “WFD 350” jackup rig to drill wells in the West Delta and South Timbalier areas. Drilling operations are expected to begin in late February and continue through 2018. In addition to drilling, the Company also plans to spend between $50 million and $60 million on P&A projects and between $18 million and $22 million on capitalized general and administrative costs and the balance on seismic and other.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, including those relating to the intent, beliefs, plans, or expectations of EGC are based upon current expectations and are subject to a number of risks, uncertainties, and assumptions that could cause actual results to differ materially from the projections, anticipated results or other expectations expressed. It is not possible to predict or identify all such factors and the following list of factors should not be considered a complete statement of all potential risks and uncertainties, including, but not limited to: (i) the effects from EGC’s emergence from Chapter 11; (ii) the recent changes in EGC’s senior management team; (ii) our ability to maintain sufficient liquidity and/or obtain adequate additional financing necessary to fund our operations, capital expenditures and to execute our business plan, develop our proved undeveloped reserves within five years and to meet our other obligations; (iii) our ability to comply with covenants under our three-year secured credit facility; (iv) further or sustained volatility and/or declines in the prices we receive for our oil and natural gas production; (v) the uncertainty of estimating oil and gas reserves; (vi) credit and performance risk of our customers, vendors, suppliers and third party operators; (vii) general weather conditions in geographic regions where we are located; and (viii) other risks and uncertainties. These risks and uncertainties could cause actual results, including project plans and related expenditures and resource recoveries, to differ materially from those described in the forward-looking statements. For a more detailed discussion of risk factors, please see Part I, Item 1A, “Risk Factors” of the Transition Report on Form 10-K for the transition period ended December 31, 2016 filed by EGC for more information. While EGC makes these statements and projections in good faith, EGC assumes no obligation and expressly disclaims any duty to update the information contained herein except as required by law.

About the Company

Energy XXI Gulf Coast, Inc. is an independent oil and natural gas development and production company whose assets are primarily located in the U.S. Gulf of Mexico waters offshore Louisiana and Texas. The Company's near-term strategy emphasizes exploitation of key assets, enhanced by its focus on financial discipline and operational excellence. To learn more, visit EGC's website at www.energyxxi.com.

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