

# Saturn Oil & Gas Inc. Provides Operations Update Highlighted by Q4 2024 Production Ahead of Guidance Following Successful Capital Program

19.02.2025 | [Newsfile](#)

- Estimated Q4/24 volumes above 41,000 boe/d<sup>(1)</sup> represents a new corporate record for Saturn
- Efficient capital program, continued type curve outperformance and production optimization drove volumes
- Robust hedges on oil prices, differentials and foreign exchange rates help mitigate current market volatility

Calgary, February 19, 2025 - [Saturn Oil & Gas Inc.](#) (TSX: SOIL) (OTCQX: OILSF) ("Saturn" or the "Company"), a light oil-weighted producer focused on unlocking value through the development of our assets in Saskatchewan and Alberta, is pleased to provide an operations update highlighted by estimated Q4/24 volumes that averaged over 41,000 boe/d<sup>(1)</sup>, above the high end of our previously announced quarterly guidance of 39,000 to 40,000 boe/d, due to the success of our second half 2024 capital program.

"Saturn continues to deliver on our guidance and meet or exceed our goals, clearly demonstrated by Q4 average production estimates of over 41,000 boe/d<sup>(1)</sup>. This production beat is due to outperformance of new wells, the predictable nature of our asset base and our strong technical team who consistently identifies new and innovative ways to optimize production, enhance development and reduce costs," said John Jeffrey, Chief Executive Officer of Saturn. "Applying our Saturn blueprint across the organization showcases how numerous incremental gains throughout our business can create a compounding effect, drive ongoing enhancements in Saturn's overall corporate performance and set the stage for lasting value creation."

## CAPITAL PROGRAM OVERVIEW

Saturn had a strong period of capital efficient execution in Q4/24, drilling 33 gross (26.2 net) wells, highlighted by new wells trending above internal type curve<sup>(2)</sup> estimates and contributing to higher volumes. Our successful drilling programs in the Flat Lake and Battrum fields, which were added to the portfolio in mid-2024, increased our confidence in the expected rates of return from these fields for future drilling plans. Saturn also realized meaningful year-over-year production improvements across all development areas acquired through the Ridgeback Resources transaction in Q1/23, along with further delineation of our open hole multi-lateral ("OHML") Bakken acreage in Viewfield.

Saturn is one of only a few producers having OHML development across multiple plays in our portfolio, owing to the successful drilling of our first ever six-leg horizontal Spearfish well, with plans to further delineate that play in 2025. We elected to accelerate a modest amount of Q1/25 development capital into Q4/24 to take advantage of good weather and operational momentum, which will be reflected in a reduction of our 2025 development capital and an increase of approximately \$5 to 7 million in the previously guided Q4/24 development capital expenditures<sup>(3)</sup> of \$90 to \$95 million.

Southeast Saskatchewan

Conventional / Mississippian - Strong Results with Robust Rates of Return

Area wells have delivered average IP30 rates of approximately 100 boe/d<sup>(1)</sup>, more than 25% above internal type curve<sup>(2)</sup> expectations. This development area offers some of the most capital-efficient drills in our portfolio, has the deepest inventory of locations that Saturn views as "Tier 1" (internally defined as having

rates of return in excess of 100%), and supports deployment of a dedicated rig in the area in 2025. Through the use of seismic, the Company has continued to improve well placement, which has lowered water cuts and improved economics, including the placement of Saturn's 12-28 well in the Carnduff area. The 12-28 well is the best performing Frobisher well Saturn has ever drilled, which came on production at an IP30 rate of 220 boe/d<sup>(1)</sup>. Building on these results, we plan to drill four additional Frobisher wells and one Midale well in the contiguous area in 2025.

#### Viewfield - Bakken Well Results Outperformed

Fracked Bakken wells at Viewfield have exceeded internal type curve<sup>(2)</sup> estimates by an average of 20%, primarily due to our strategy of targeting areas having a lower drill density and the potential for increased recovery by deploying innovative drilling and completion techniques. Further, a third-party engineering firm analyzed production per 100 metres drilled by several area operators, and Saturn's OHML Bakken development earned the highest ranking for overall results and initial production rates. This operational success supported our decision to deploy a full-time drilling rig in the area in 2025, with Saturn planning to drill up to nine Bakken OHML wells.

#### Spearfish - Applying the Saturn Blueprint

We took learnings and success from the Bakken OHML program to the Spearfish, where we drilled the first ever six-leg OHML Spearfish well in October of 2024. The well came on production at twice our internal risked type curve<sup>(2)</sup>, achieving average IP30 rates over 150 boe/d<sup>(1)</sup>. The Company plans to expand development in the area in 2025, with one multi-lateral Spearfish well planned in Q1/25, and another in the second half of 2025, with the potential to expand development into 2026 should results continue to be supportive.

#### Torquay - Exciting Developments at Flat Lake

Saturn drilled three wells in the latter part of 2024, and recognizing the variability in the reservoir, customized our completion technique by increasing the stage count and reducing the tonnage of our fracks. While a modest change, it had dramatic impacts by driving a successful production response with lower-than-expected water cuts. The Company has also identified an opportunity to increase both injection and production in the Oungre and Torquay fields by changing how we manage produced water in the area, which enables us to use it for re-injection rather than disposal, thereby enhancing economics while reducing environmental impact. The first phase of this project was commissioned at the end of Q4/24, resulting in a production response that has exceeded internal expectations. This provides another clear example of Saturn's ability to create value by optimizing mid-life cycle assets which received limited focus from previous operators. We are awaiting results from four 'pre-pressurized' Bakken drills, which are locations in an area undergoing waterflood in the Torquay, and Saturn anticipates this program will have some of the highest capital efficiencies among our Flat Lake development portfolio.

#### West Saskatchewan

##### Viking - High Oil Cuts and Netbacks Among the Highest in Our Portfolio

Some of Saturn's best performing Viking wells are in Plato, Saskatchewan, where we've proven a contiguous trend between our East and West Plato areas. Plato is expected to be the focus for our Viking development through the next five years, and potentially beyond, if results support further development. With rapid drilling times, our Viking play affords Saturn flexibility to quickly adjust capital if needed to optimally respond to broader market changes.

##### Lower Shaunavon - Previously Undercapitalized by Legacy Operators

Through the end of 2024, we brought four Lower Shaunavon wells on production, with material type curve outperformance from the first well as the other three continue to clean up. Saturn has identified a thick trend through the lower Shaunavon that could represent a future resource play offering a sizeable location inventory. In addition, we acquired comprehensive 3D seismic data for the Mannville channels in the Battum

and Cantuar units. After extensive geologic review, we are excited about the planned drilling of our first well in these units during 2025, as the corporate inventory in this area features some of Saturn's highest rate of return opportunities.

## Central Alberta

### Cardium - Improving Capital Efficiencies with Extended Reach Horizontal Wells

At Lochend, Alberta, Saturn drilled Canada's longest Cardium lateral well at 7,570 metres, and our team designed an innovative hybrid completion system by combining two established technologies, the coiled tubing and ball drop systems, to tackle this technically challenging well. Not only did we achieve meaningful cost reductions and improved well completion times on this well, but we can now apply the same successful completion design to other plays in our portfolio. Further innovation is targeted for 2025, as we are currently in the planning stages for the development of our largest pad to date, a 'Cardium Super-Pad', which features seven horizontal wells, four of which are expected to commence drilling in November, with the remaining three wells planned in Q1/26. With higher-than-expected volumes from our Cardium wells through the latter part of 2024, Saturn's natural gas weighting in Q4/24 is expected to align with the slightly elevated levels reported in Q3/24, but is expected to revert to the guidance range of approximately 15% through 2025.

### Montney - Pushing the Montney Oil Trend Further South

In the spring of 2025, Saturn plans to drill a 3-mile lateral at Kaybob, one of the longest-ever Montney wells to be drilled in that area. At this length, we will incorporate our learnings from Lochend and continue to use the rotary steerable system (RSS) to increase the length of our Alberta horizontals.

## CORPORATE UPDATE

### Protection Against Potential Tariff Impacts

The threat of potential U.S. tariffs has driven significant market volatility recently, including for the Canadian - U.S. dollar exchange rate (FX), and Canadian benchmark oil price differentials, which have widened as the West Texas Intermediate (WTI) price has strengthened. With a higher WTI price and lower Canadian dollar, Saturn realizes higher revenue from oil sales due to the conversion of the U.S. dollar-denominated WTI price into Canadian dollars, which benefits our Adjusted Funds Flow and Free Funds Flow.

Our U.S. dollar-denominated debt experiences an offsetting impact since it gets revalued each reporting date at the prevailing exchange rate. As such, a weakening Canadian dollar increases the Canadian dollar value of the liability on our balance sheet. However, Saturn has hedged the FX rate on the principal and interest payments for our senior notes at an attractive rate for the next three years (~\$1.34 vs current ~\$1.42), fixing our Canadian dollar payments, while any unrealized FX gains/losses will be reflected on our balance sheet.

Saturn also maintains price protection on approximately 50 to 60% of our oil and liquids production, net of royalties, on a rolling forward 12-month basis, and approximately 30 to 40% up to 18 months out, primarily using collars. The Company has also hedged the WTI price differential relative to the Canadian MSW and WCS benchmarks, which have widened in response to tariff threats, while the Canadian dollar weakness is also expected to somewhat mute the impact of wider differentials.

### Continued Share Buybacks and Insider Purchases

Saturn has continued to methodically return capital to shareholders by maximizing our Normal Course Issuer Bid ("NCIB") share buyback program that commenced in August of 2024, consistently purchasing the daily maximum of approximately 46,000 shares. To the end of January, a total of approximately 5.5 million shares have been purchased by Saturn and returned to treasury since the program's launch.

In addition, through December 2024 and January 2025, insiders of Saturn acquired approximately 440,000

shares, investing close to \$1 million as a group. The combination of insider buying and corporate share buybacks highlights management's confidence that Saturn's intrinsic value and future potential are not being accurately reflected in the current market value.

## Year End 2024 Results and Reserves

Saturn intends to issue, and SEDAR+ file, the Company's Q4 and full year 2024 financial results, along with our year end 2024 independent reserves evaluation in accordance with National Instrument 51-101, on Thursday, March 13, 2024 after market close. A conference call and webcast will be hosted by management to discuss the results and reserves the morning of Friday, March 14, 2025 at 8:00 a.m. Mountain Time (10:00 a.m. Eastern Time). Access details for the conference call and webcast will be provided by news release in the coming weeks.

## NOTES

(1) See reader advisory: Supplemental Information Regarding Product Types.

(2) See reader advisory: 'Type Curve'.

(3) See reader advisory: 'Non-GAAP and Other Financial Measures'.

## ABOUT SATURN

Saturn is a returns-driven Canadian energy company focused on the efficient and innovative development of high-quality, light oil weighted assets, supported by an acquisition strategy targeting accretive and complementary opportunities. The Company's portfolio of free-cash flowing, low-decline operated assets in Saskatchewan and Alberta provide a deep inventory of long-term economic drilling opportunities across multiple zones. With an unwavering commitment to building an entrepreneurial and ESG-focused culture, Saturn's goal is to increase per share reserves, production and cash flow at an attractive return on invested capital. The Company's shares are listed for trading on the TSX under ticker 'SOIL', and on the OTCQX under the ticker 'OILSF'. Further information and our corporate presentation are available on Saturn's website at [www.saturnoil.com](http://www.saturnoil.com).

## INVESTOR & MEDIA CONTACTS

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## READER ADVISORIES

### Non-GAAP and Other Financial Measures

Throughout this news release and in other materials disclosed by the Company, Saturn employs certain measures to analyze financial performance, financial position and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures provided by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss), cash flow from operating activities, and cash flow used in investing activities, as indicators of Saturn's performance.

The disclosure under the section "Non-GAAP and Other Financial Measures" including non-GAAP financial measures and ratios, capital management measures and supplementary financial measures in the Company's condensed consolidated interim Financial Statements and MD&A are incorporated by reference

into this news release.

This news release uses the term "capital expenditures" which is a non-GAAP financial measure. This non-GAAP financial measure is not a standardized financial measure under IFRS and might not be comparable to similar financial measures disclosed by other issuers. See the disclosure under the section "Non-GAAP Financial Measures and Ratios" in our MD&A for the nine months ended September 30, 2024, for an explanation of the composition of this measure and how this measure provides useful information to an investor, and the additional purposes, if any, for which management uses this measure.

### Capital Expenditures

Saturn uses development capital expenditures to monitor its capital investments relative to those budgeted by the Company on an annual basis. Saturn's capital budget excludes acquisition and disposition activities as well as the accounting impact of any accrual changes or payments under certain lease arrangements. Development capital expenditures in this press release are calculated as expenditures on exploration and evaluation assets, property plant and equipment and excludes the impact of capitalized administrative costs.

### Supplemental Information Regarding Product Types

References to gas or natural gas and NGLs in this press release refer to conventional natural gas and natural gas liquids product types, respectively, as defined in National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities, except where specifically noted otherwise.

- Estimated Q4 2024 average production is anticipated to be comprised of approximately 74% crude oil, 8% NGLs and 18% natural gas.
- IP30 rates cited herein are comprised of over 97% light crude oil and just under 3% natural gas.

### Type Curve

Certain type curve disclosure presented herein represents estimates of the production decline and ultimate volumes expected to be recovered over time. "Results Projected" are based on a forward estimate of ultimate volumes to be recovered over time based on the initial 30 days average production data. "Guidance Well Type Curves" are the forecasted well performance used in setting the Company's guidance for expected results of the drilling program. Projected Results and Type Curves are useful in confirming and assessing the potential for the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter, are not necessarily indicative of long-term performance or of long-term economics of the relevant well or fields, including future wells to be drilled, or of ultimate recovery of hydrocarbons.

### Boe Presentation

Boe means barrel of oil equivalent. All boe conversions in this news release are derived by converting gas to oil at the ratio of six thousand cubic feet ("Mcf") of natural gas to one barrel ("Bbl") of oil. Boe may be misleading, particularly if used in isolation. A Boe conversion rate of 1 Bbl : 6 Mcf 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 of oil compared to natural gas based on currently prevailing prices is significantly different than the energy equivalency ratio of 1 Bbl: 6 Mcf, utilizing a conversion ratio of 1 Bbl : 6 Mcf may be misleading as an indication of value.

### Forward-Looking Information and Statements

Certain information included in this press release constitutes forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project", "scheduled", "will" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this press release may include, but is not limited to: guidance relating to fiscal year 2025 including the amount of capital expenditures, and the timing of capital expenditures; the Company's drilling and development plans;

type-curve performance; expectations regarding netbacks, capital allocations, hedging strategy terms and timing, capital return strategy and plans; the business plan; completion strategies, drilling and completion technologies; commodity and foreign exchange pricing; value creation strategy and cost model of the Company.

The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Saturn, including expectations and assumptions concerning: the timing of and success of future drilling, the ability to successfully replicate certain strategies across the Company's other areas; development and completion activities, the performance of existing wells, the performance of new wells including initial production rates, the availability and performance of facilities and pipelines, the ability to allocate capital to pay down debt and grow or maintain production, the impact of our hedging strategy, the geological characteristics of Saturn's properties, licensing and regulatory expectations, the availability of capital, labour and services, the creditworthiness of industry partners and the ability to integrate acquisitions.

Although Saturn believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Saturn can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual plans and results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the potential impact of the tariffs that have been publicly announced (but are not yet in effect) by the U.S. and Canadian governments, and that other than the tariffs that have been announced, neither the U.S. nor Canada (i) increases the rate or scope of announced tariffs or imposes new tariffs on the import of goods from one country to the other, including on oil and natural gas, and/or (ii) imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on oil and natural gas; risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks); constraints in the availability of services; commodity price and exchange rate fluctuations; actions of OPEC and OPEC+ members; changes in legislation impacting the oil and gas industry; initial well results not being indicative of future performance; and adverse weather or break-up conditions and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. These and other risks are set out in more detail in Saturn's interim Management Discussion and Analysis for the three and nine months ended September 30, 2024 and Annual Information Form for the year ended December 31, 2023, available on SEDAR+ at [sedarplus.ca](https://sedarplus.ca).

Forward-looking information is based on a number of factors and assumptions which have been used to develop such information, but which may prove to be incorrect. Although Saturn believes that the expectations reflected in its forward-looking information are reasonable, undue reliance should not be placed on forward-looking information because Saturn can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this press release, assumptions have been made regarding and are implicit in, among other things, our capital expenditure and drilling programs, drilling inventory and booked locations, production and revenue guidance, debt repayment plans and future production and growth plans. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

The forward-looking information contained in this press release is made as of the date hereof and Saturn undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward-looking information contained in this press release is expressly qualified by this cautionary statement.

This news release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Saturn's prospective results of operations including, without limitation, the Corporation's capital expenditures and estimated production, 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. Saturn's actual results, performance or achievement could differ materially from those expressed in, or implied by, these FOFI, or if any of them do so, what benefits Saturn will derive therefrom. Saturn has included the FOFI in order to provide readers with a more complete perspective on Saturn's future operations and such information may not be appropriate for other purposes. Saturn disclaims any intention or obligation to update

or revise any FOFI statements, whether as a result of new information, future events or otherwise, except as required by law.

All dollar figures included herein are presented in Canadian dollars, unless otherwise noted.

To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/241537>

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