

Canadian Oil Sands' 2014 Budget: Major Capital Projects Nearing Completion

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Unless otherwise noted: All figures are based on Canadian Oil Sands' 36.74 per cent working interest in the Syncrude joint venture; all financial figures are in Canadian dollars and have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

CALGARY, ALBERTA--(Marketwired - Dec 9, 2013) - [Canadian Oil Sands Ltd.](#) (COS) (TSX:COS)(OTCQX:COSWF) today announced 2014 capital expenditures of \$1.1 billion, with the majority of expenditures directed to the previously disclosed major projects.

COS is estimating a production range for Syncrude of 95 million to 110 million barrels in 2014; equivalent to 34.9 million barrels to 40.4 million barrels net to COS' 36.74 per cent interest in the project.

2014 Capital Program

Since 2011, COS has been investing in several major projects directed at maintaining a strong base of crude oil production over the next one to two decades and improving operational efficiency and environmental performance.

The Aurora North Mine Train Relocation and the Aurora North Tailings Management projects have been completed ahead of schedule and under budget in 2013. The Mildred Lake Mine Train Replacement project has reached an estimated 80 per cent completion and is targeted to be in-service in Q4 2014. COS estimates expenditures of \$355 million on this project in 2014.

The Centrifuge Tailings Management project has reached an estimated 70 per cent completion and is targeted to be in-service in the first half of 2015. COS estimates it will spend \$298 million on this project in 2014.

COS also estimates spending about \$0.4 billion, or \$9.35 per barrel, on regular maintenance capital in 2014 to maintain the Syncrude facility and support continued operations.

"I am very pleased with Syncrude's progress on our major projects. With two projects complete, and the remaining two tracking on budget and schedule, the risk in this program has significantly declined. Through our investment in new mining infrastructure and proven equipment to reduce the associated environmental impact of tailings, we are positioned very competitively to generate long-term free cash flow," said Marcel Coutu, President and Chief Executive Officer.

2014 Capital Expenditures

<i>(millions of Canadian dollars)</i>		
	Syncrude COS Share	
Major Projects		
Mildred Lake Mine Train Replacement	965	355
Centrifuge Tailings Management	812	298
Total Major Projects	\$1,777	653
Regular Maintenance	983	361
Capitalized Interest	n.a.	83
Total Capital Expenditures	\$2,760	\$1,097

Major Projects Estimated Spending Profile*			
<i>(billions of Canadian dollars)</i>			
	Spend to Dec. 31, 2013	Remaining Spend	
		2014	2015
Syncrude	\$3.5	\$2.0	\$0.6
COS share	\$1.3	\$0.8	\$0.2

* Total project costs include both capital costs and certain development costs. Costs exclude capitalized interest.

2014 Budget Highlights

- COS' 2014 production outlook for Syncrude is 95 million to 110 million barrels (34.9 million to 40.4 million barrels net to COS). The single point production estimate of 105 million barrels (38.6 million barrels net to COS) reflects a planned turnaround of Coker 8-2 and the successful start-up of the new Mildred Lake mine trains.
- Sales, net of crude oil purchases and transportation expense, are anticipated to total about \$3.4 billion, based on a WTI crude oil price assumption of U.S.\$90 per barrel, a foreign exchange rate of \$0.97 U.S./Cdn, and a discount for Synthetic Crude Oil (SCO) to Cdn dollar WTI of \$5 per barrel.
- Operating expenses are estimated to total \$1.6 billion to produce Syncrude's blend of fully upgraded SCO. On a per barrel basis, operating expenses are estimated to be \$41.48, which includes purchased energy costs of \$4.59.
- Based on the budget assumptions, COS estimates 2014 cash flow from operations of \$1.2 billion, or \$2.39 per share.
- Combined with cash balances and \$1.5 billion of undrawn credit facilities, COS is positioned to fund its 2014 capital program and support our dividend, while maintaining net debt within our \$1 to \$2 billion target range.

2014 Budget Assumptions	
Syncrude production (mmbbls)	105.0
Canadian Oil Sands sales (mmbbls)	38.6
West Texas Intermediate (U.S.\$/bbl)	90.00
Premium (Discount) to average Cdn\$ WTI prices (Cdn\$/bbl)	(5.00)
Foreign exchange rate (U.S.\$/Cdn\$)	0.97
AECO natural gas (Cdn\$/GJ)	3.50

2014 Budget Summary	
<i>(millions of Canadian dollars, except per barrel and per share amounts)</i>	
Sales, net of crude oil purchases and transportation	3,386
Operating expenses	1,600
<i>Operating expenses per barrel</i>	41.48
Development expenses	181
Crown royalties	128
Current taxes	200
Other	119
Cash flow from operations	1,158
<i>Cash flow from operations per share</i>	2.39
Capital expenditures	1,097

The 2014 budget may be impacted by a variety of factors. Some of the more significant variables include, without limitation:

- Crude oil prices: Canadian Oil Sands' 2014 production is unhedged. Accordingly, COS' cash flow from operations is highly sensitive to changes in crude oil prices and foreign exchange rates. Every U.S.\$1.00 per barrel change in the annual WTI crude oil price impacts cash flow from operations by about \$25 million, or \$0.05 per share.

- Syncrude production: Timing of turnarounds and maintenance are not always precisely scheduled and unplanned outages may occur. In addition to the impact on production, unplanned maintenance costs can affect operating expenses. The single point production estimate of 105 million barrels (38.6 million barrels net to COS) assumes the Mildred Lake Mine Train Replacement project is completed according to plan with no disruption in production. Every two million barrel change in Syncrude annual production impacts cash flow from operations by about \$40 million, or \$0.08 per share.

2014 Objectives

COS has established the following objectives for 2014:

- Complete the Mildred Lake Mine Train Replacement project on time and budget.
- Improve reliability over 2013, achieving production of 105 million barrels at Syncrude.
- Achieve 95 per cent completion on the Centrifuge Tailings Management project.
- Maintain a strong balance sheet with a net debt level of \$1 to \$2 billion.
- Apply for regulatory approval of the Mildred Lake Mine Extension (MLX) project.

More information on Canadian Oil Sands' 2014 Budget is provided in our 2014 Guidance Document, which is available on COS' website at the following link:

<http://www.cdnoilsands.com/investor-centre/Financial-Reports-and-Filings/GuidanceDocument/default.aspx>.

Canadian Oil Sands intends to continue providing quarterly updates to its guidance.

2014 Budget Conference Call

A conference call and webcast will be held tomorrow, December 10, 2013 at 9:00 a.m. MT (11:00 a.m. ET).

To participate in the live call please dial the following number approximately 10 minutes prior to the conference call:

Toll-free in North America: 1-888-231-8191
Calgary and International calls: 1-403-451-9838

To listen to a recording of the call, available from 12 noon MT on December 10 to end of day December 17, 2013, please dial and enter the following passcode:

Toll-free in North America: 1-855-859-2056
Calgary and International calls: 1-403-451-9481
Passcode: 18277291

An audio webcast of the conference call will be available on Canadian Oil Sands' website at the following link: <http://www.cdnoilsands.com/investor-centre/presentations-and-events/default.aspx>

[Canadian Oil Sands Ltd.](#)

COS is a pure investment opportunity in light, sweet crude oil. Through our 36.74 per cent interest in the Syncrude project, we offer a solid, robust production stream of fully upgraded crude oil, exposure to future crude oil prices, potential growth through high-quality oil sands leases and an attractive dividend.

For more information please visit our web site at: www.cdnoilsands.com

Forward-looking Information Advisory: *In the interest of providing [Canadian Oil Sands Ltd.](#) ("Canadian Oil Sands" or the "Corporation") shareholders and potential investors with information regarding the Corporation, including management's assessment of the Corporation's future production and cost estimates, plans and operations, certain statements throughout this release contain "forward-looking information" under applicable securities law. Forward-looking statements are typically identified by words such as "anticipate", "expect", "believe", "plan", "intend" or similar words suggesting future outcomes. Forward-looking statements in this*

press release include, but are not limited to, statements with respect to: the expected amount of total major projects spending in 2013-2015; the expected amount of total major project costs, anticipated target in-service dates and estimated completion percentages for the Mildred Lake mine train replacements and the centrifuge plant at the Mildred Lake mine; the expected benefits of the Mildred Lake mine train replacements; the expected amount of spending on the Mildred Lake mine train replacements and the centrifuge plant at the Mildred Lake mine in 2013-2015; the expected amount of regular maintenance capital and capitalized interest in 2014; the expected amount of total capital expenditures in 2014; the belief that the risk in the Syncrude major capital project program has significantly declined; the expected 2014 Syncrude production range of 95 to 110 million barrels (34.9 to 40.4 million barrels net to the Corporation); the expected 2014 single-point Syncrude production estimate of 105 million barrels (38.6 million barrels net to the Corporation); the timing of the turnaround of Coker 8-2; the expected sales in 2014; the expected West Texas Intermediate ("WTI") price in 2014; the expected average discount for synthetic crude oil ("SCO") to WTI in 2014; the expected foreign exchange rate in 2014; the expected natural gas price in 2014; the expected operating expenses in 2014; the expected purchased energy costs in 2014; the belief that the Corporation is positioned to fund its 2014 capital program and support its dividend while maintaining net debt within the targeted range; future dividends and any increase or decrease from current payment amounts; the expected cash flow from operations and cash flow from operations per share in 2014; the expected amount of Crown royalties in 2014; the expected amount of current taxes in 2014; the expected development expenses in 2014; plans regarding crude oil hedges in the future; the expectation that the Mildred Lake mine train replacements will be complete on time and budget in 2014; the expectation that the centrifuge plant at the Mildred Lake mine will be 95 per cent complete after 2014; the expectation that Syncrude will apply for regulatory approval of the Mildred Lake Mine extension project in 2014; the expected improvements in reliability; all expectations regarding net debt and all expectations regarding free cash flow.

You are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Although the Corporation believes that the expectations represented by such forward-looking statements are reasonable and reflect the current views of the Corporation, there can be no assurance that such expectations will prove to be correct.

The factors or assumptions on which the forward-looking information is based include, but are not limited to: the assumptions outlined in the Corporation's 2013 and 2014 guidance document as posted on the Corporation's website at www.cdnoilsands.com as of the date hereof and as subsequently amended or replaced from time to time, including without limitation, the assumptions as to production, operating expenses and oil prices; the successful and timely implementation of capital projects; Syncrude's major project spending plans; the ability to obtain regulatory and Syncrude joint venture owner approval; the Corporation's ability to either generate sufficient cash flow from operations to meet its current and future obligations or obtain external sources of debt and equity capital; the continuation of assumed tax, royalty and regulatory regimes and the accuracy of the estimates of the Corporation's reserves and resources volumes.

Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this press release include, but are not limited to: general operational issues relating to a complex, integrated mining and upgrading facility; operating constraints due to weather, especially as it relates to bitumen production; general economic, business and market conditions; changes in commodity prices; the unanimous joint venture owner approval for major expansions; the impact that pipeline capacity and apportionment and refinery demand have on prices for the Corporation's product; the occurrence of unexpected events such as fires, equipment failures and other similar events; the impacts of legislative or regulatory changes, especially as such relate to royalties, taxation, the environment and tailings; unsuccessful and untimely implementation of planned turnarounds and capital projects; the volatility of crude oil and natural gas prices; the volatility of the SCO to WTI differential; the volatility of foreign exchange rates and such other risks and uncertainties described in the Corporation's Annual Information Form dated February 22, 2013 and in the reports and filings made with the securities regulatory authorities from time to time by the Corporation, which are available on the Corporation's profile on SEDAR at www.sedar.com and on the Corporation's website at www.cdnoilsands.com.

You are cautioned that the foregoing list of important factors is not exhaustive. The 2014 Budget reflects various assumptions, which are outlined in the guidance document dated December 9, 2013. Furthermore, the forward-looking statements contained in this press release are made as of the date of this press release, and unless required by law, the Corporation does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this press release are expressly qualified by this

cautionary statement. The information was approved by management on December 9, 2013 and circumstances after this date may change the outcomes or results achieved.

Additional GAAP and Non- GAAP Financial Measures:

In this press release, we refer to additional GAAP financial measures that do not have any standardized meaning as prescribed by Canadian GAAP, such as cash flow from operations, cash flow from operations per share and net debt. Please refer to the Corporation's Third Quarter 2013 Report, which is available on the Corporation's profile on SEDAR at www.sedar.com and on the Corporation's website at www.cdnolilsands.com for more information regarding additional GAAP financial measures. Free cash flow is not discussed in our Third Quarter 2013 Report, but is discussed in this release. Free cash flow (cash flow from operations less capital expenditures) is a non-GAAP financial measure which we believe provides additional meaningful information about the Corporation's liquidity and its capacity to fund dividends.

Contact

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