

NuVista Energy Ltd. Announces 48% Increase to Year End 2013 Reserves and Provides Operational Update

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CALGARY, ALBERTA--(Marketwired - Feb 6, 2014) - [NuVista Energy Ltd.](#) (TSX:NVA) ("NuVista" or the "Company") is pleased to announce a significant increase in our reserves as a result of the 2013 year end independent reserves evaluation by GLJ Petroleum Consultants Ltd ("GLJ") (the "GLJ Report"). We are also very pleased to provide an operational update with several new 30-day production results on wells recently drilled into our Wapiti Montney condensate-rich play. This play continues to meet and exceed expectations as our flagship play with line-of-sight to exceptional organic production, reserves, and value growth for shareholders of the Company.

Reserves Highlights

- Increased proved plus probable reserves ("2P") by 48% to 139 MMBoe and total proved reserves ("1P") by 36% to 80 MMBoe, despite divestitures of non-core assets through the year. Excluding the effect of these divestitures, the 2P and 1P reserve increases were 64% and 53% respectively;
- Increased condensate reserves by 2.7 times on a 2P basis to 24.8 MMBoe. Condensate volumes now represent 18% of total 2P reserves, up from 10% in 2012;
- Achieved Company finding and development ("F&D") costs of \$12.31/Boe on a 2P basis, including changes in future development costs ("FDC");
- Increased Montney 2P operating recycle ratio to 2.3x with full year Montney operating netbacks of \$27.88/Boe and Montney 2P F&D of \$12.05/Boe;
- Increased the before tax net present value discounted at 10% of 2P reserves by 70% to \$1.3 billion including the effect of divestitures;
- Organic 2P reserve additions replaced 950% of production in the year (almost 10 times 2013 annual production), while proved developed producing reserve additions alone replaced 147% of annual production; and
- Increased our reserve life index⁽¹⁾ ("RLI") for 2P reserves from 14.6 years to 22.2 years and the 1P RLI from 9.2 years to 12.8 years.

(1) Production for the RLI was calculated using the mid-point of 2013 Q4 guidance (annualized) and 2012 actuals.

Operations Highlights

- Achieved four new well 30-day initial production rates ("IP30"). These results continue to build momentum in the play, including a new record IP30 from NuVista's latest Elmworth (North) Block Development well at 2,115 Boe/d.

New Well IP30 Results⁽¹⁾

Well	Raw Gas (MMcfd)	Condensate (Bbls/d)	Total Sales (Boe/d)	CGR C5+/Raw (Bbls/MMcf)	Notes
South Block Typecurve	5.8	435	1,361	75	
Well 13 (South Block)	5.1	545	1,413	107	Post-intervention IP30
Well 14 (South Block)	5.2	532	1,400	103	Post-intervention IP30
Well 15 (South Block)	4.2	595	1,241	142	
North Block Typecurve	5.8	261	1,222	45	
Well 16 (North Block)	10.4	395	2,115	38	

(1) Well numbering refers to the numbered wells in our corporate presentation available on our website. They

are effectively in chronological order since our inception in the play. All numbers are based on field estimate data.

Well 13 has been included in the table despite having a previously reported IP30. NuVista subsequently performed an intervention on the well to clear an obstruction, which increased the number of producing stages. The post-intervention IP30 shown is greatly improved by 30%. Well 14 is new and had not been previously reported. It also had a similar intervention performed and the post-intervention IP30 is presented in the table. NuVista has engineered changes to our completions design to alleviate these production issues. Wells being tested and brought onto production now have the benefit of these design changes. We now have even stronger confidence in our typecurve, and the possibility of proving a sustained increase to it sometime in 2014, through continued fracture and completion optimization.

Strategic, Infrastructure, and Operational Update

We are very pleased to announce that NuVista has exercised its right to nominate an incremental 15 MMcf/d of raw Montney sour gas and associated raw liquids for firm transportation and processing service under its existing agreement with Keyera. This brings the total firm contracted amount up from 65 MMcf/d to 80 MMcf/d of raw gas and the associated raw condensate liquids up to 8,000 Bbl/d. These incremental nominations were part of the planning process for the Keyera Wapiti Gathering System and Keyera Simonette Gas Plant expansions previously announced. The contract terms are essentially the same as those announced by NuVista in April 2013. This contract volume increase commences in the third quarter of 2015 and matches the augmented sizing of the new NuVista South Block Compressor Station which is currently under construction. The compressor station being built by NuVista, and the raw gas and liquid pipelines to the Simonette gas plant which are being built by Keyera are currently in project execution and they remain on plan for cost and for the expected startup date in the late second quarter of 2014.

Drilling, completions, and tie-ins are proceeding such that behind-pipe gas is accumulating as planned in preparation for the capacity increase upon startup of these new facilities. With each new well drilled and each passing quarter, our confidence in the play continues to build. We have recently drilled our first 2-well pad, with another 2-well and our first 3-well pad commencing before spring breakup. We expect that the additional tranche of capacity announced today is only one of several more which will continue to be put in place several years ahead of our drilling results to provide for certainty of future capacity which is commensurate with our growing Field Development Plan. We have forecast to average between 2-3 rigs drilling the Montney through 2014, although we are currently drilling with 4 rigs temporarily ahead of spring breakup.

2013 and 2014 Guidance

We are off to a strong start in 2014 with a busy program prior to spring breakup and major facilities being constructed to pave the way for our significant production volume build in the second half of the year, particularly in the fourth quarter. We will continue our focus and demonstrated results in reducing cost and we will continue to pursue expansion of our typecurve through longer horizontal wells, more fracture stages, and the many other improvements which are strongly driven by ingenuity, engineering, and empirical learning in a repeatable resource play. Our guidance for 2014 remains as previously announced and as our results for 2013 are becoming finalized, we expect to be in the upper portion of our previously announced 2013 fourth quarter production guidance range of 17,000 Boe/d to 18,000 Boe/d. Our production entering January 2014, after the effect of the divestiture announced in December of 2013, is approximately 16,500 Boe/d. 2014 average production guidance is still in the range of 17,500 Boe/d to 18,500 Boe/d, while the 2014 fourth quarter production guidance range remains at 20,000 Boe/d to 21,000 Boe/d.

We look forward to an exciting 2014 while adding excellent value for NuVista's shareholders, and we expect to be able to provide another operational update along with our full 2013 year end results in a press release in early March 2014. We would like to take this opportunity to thank our shareholders and our staff for their continuing support and dedication as we continue to build an ever more valuable future for NuVista.

Summary of Corporate Reserves Data

The following table outlines NuVista's corporate finding and development costs in more detail:

	3 Year-Average ⁽¹⁾		2013 ⁽¹⁾		2012 ⁽¹⁾	
	Proved plus		Proved plus		Proved plus	
	Proved	probable	Proved	probable	Proved	probable
After reserve revisions and including changes in future development capital						
Finding and development costs (\$/Boe)	\$17.48	\$14.43	\$14.51	\$12.31	\$19.17	\$15.53

(1) The aggregate of the exploration and development costs incurred in the most recent financial year and the change during the year in estimated future development costs generally will not reflect total finding and development costs related to reserve additions for the year.

The following table provides summary reserve information based upon the GLJ Report using the published GLJ January 1, 2014 price forecast set forth later in this document:

Reserves category ⁽¹⁾	Natural Gas	Condensate	Other Liquids ⁽²⁾	Oil	Total
	Working Interest	Working Interest	Working Interest	Working Interest	Working Interest
	(MMcf)	(MBbls)	(MBbls)	(MBbls)	(MBoe)
Proved					
Developed producing	115,174	3,590	3,425	1,429	27,640
Developed non-producing	42,210	896	1,439	250	9,620
Undeveloped	173,124	9,253	4,153	937	43,197
Total proved	330,507	13,739	9,017	2,615	80,456
Probable	236,152	11,070	6,102	2,244	58,775
Total proved plus probable	566,659	24,809	15,119	4,860	139,231

(1) Numbers may not add due to rounding.

(2) Propane, Butane, Ethane.

The following table is a summary reconciliation of the 2013 year end working interest reserves with the working interest reserves reported in the 2012 year end reserves report:

	Natural Gas ⁽¹⁾	Liquids ⁽¹⁾	Oil ⁽¹⁾	Total Oil Equivalent ⁽¹⁾
	(Bcf)	(MBbls)	(MBbls)	(MBoe)
Total proved				
Balance, December 31, 2012	254.2	11,320	5,471	59,155
Exploration and development ⁽²⁾	116.6	11,139	59	30,631
Technical revisions	8.0	1,749	2	3,088
Economic revisions	-	-	-	-
Acquisitions	-	-	-	-
Dispositions	(22.2)	(31)	(2,382)	(6,108)
Production	(26.1)	(1,421)	(534)	(6,310)
Balance, December 31, 2013	330.5	22,756	2,616	80,456
Total proved plus probable				
Balance, December 31, 2012	401.4	18,159	9,020	94,072
Exploration and development ⁽²⁾	227.0	20,980	55	58,872
Technical revisions	(3.5)	2,270	(239)	1,448
Economic revisions	-	-	-	-
Acquisitions	-	-	-	-
Dispositions	(32.1)	(61)	(3,442)	(8,850)
Production	(26.1)	(1,421)	(534)	(6,310)
Balance, December 31, 2013	566.7	39,928	4,860	139,231

(1) Numbers may not add due to rounding.

(2) Reserve additions for Drilling Extensions, Infill Drilling and Improved Recovery.

The following table summarizes the future development capital included in the GLJ Report:

(\$ thousands, undiscounted)	Proved	Proved plus probable
Balance, December 31, 2012	338,974	534,190

Dispositions	(19,044)	(26,809)
Exploration and development, improved recoveries and other	267,139	520,380
Balance, December 31, 2013	587,069	1,027,761

Summary Wapiti Montney Play Reserves Data

The following table provides summary Wapiti Montney play reserve information based upon the GLJ Report using the published GLJ January 1, 2014 price forecast set forth below (with comparatives at January 1, 2013 price forecast):

	December 31, 2013	December 31, 2012
	Working Interest (MBoe)	Working Interest (MBoe)
Proved Producing	9,716	2,569
Total Proved	46,068	15,654
Total Proved plus Probable	86,174	29,167

The following table summarizes the Wapiti Montney play FDC included in the GLJ Report:

(\$ thousands, undiscounted)	Proved	Proved plus probable
Balance, December 31, 2012	174,463	285,984
Exploration and development changes in the year	274,553	515,125
Balance, December 31, 2013	449,016	801,109

The estimates of reserves for the Wapiti Montney play may not reflect the same confidence level as estimates of reserves of all NuVista's properties due to the effect of aggregation.

Summary of Corporate Net Present Value Data

The estimated net present values of future net revenue before income taxes associated with NuVista's reserves effective December 31, 2013 and based on published GLJ future price forecast as at January 1, 2014 as set forth below are summarized in the following table:

The estimated future net revenue contained in the following table does not necessarily represent the fair market value of the reserves. There is no assurance that the forecast price and cost assumptions contained in the GLJ 2013 Report will be attained and variations could be material. The recovery and reserve estimates described herein are estimates only. Actual reserves may be greater or less than those calculated.

Reserves category ⁽¹⁾⁽²⁾ (\$ millions)	Discount factor (%/year)			
	0%	8%	10%	12%
Proved:				
Developed producing	583	411	384	362
Developed non-producing	203	123	112	103
Undeveloped	822	394	336	289
Total proved	1,608	928	833	754
Probable	1,413	581	490	418
Total proved plus probable	3,021	1,509	1,323	1,172

(1) Numbers may not add due to rounding.

(2) Estimate future net reserves do not represent the fair market value of reserves.

The following table is a summary of pricing and inflation rate assumptions based on published GLJ forecast prices and costs as at January 1, 2014:

Year	Natural Gas	Liquids			WTI Cushing O
	AECO Gas Price (\$Cdn/ Mmbtu)	Edmonton Condensate (\$Cdn/Bbl)	Edmonton Propane (\$Cdn/Bbl)	Edmonton Butane (\$Cdn/Bbl)	
Forecast					
2014	4.03	105.20	57.83	73.22	

2015	4.26	107.11	58.42	75.95
2016	4.50	107.00	60.00	78.00
2017	4.74	107.00	60.00	78.00
2018	4.97	107.00	60.00	78.00
2019	5.21	107.00	60.00	78.00
2020	5.33	107.82	60.46	78.60
2021	5.44	109.97	61.67	80.17
2022	5.55	112.17	62.90	81.77
2023	5.66	114.41	64.16	83.40
2024	+2%/yr	+2%/yr	+2%/yr	+2%/yr

(1) Inflation rate for costs.

(2) Exchange rate used to generate the benchmark reference prices in this table.

ADVISORY REGARDING OIL AND GAS INFORMATION

This news release contains the terms 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. The foregoing conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As well, given that the value ratio based on the current price of crude oil to natural gas is significantly different from the 6:1 energy equivalency ratio, using a conversion ratio on a 6:1 basis may be misleading as an indication of value.

Any references in this news release to initial production rates 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 press 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 press release contains forward looking statements, including management's assessment of: NuVista's future strategy, plans, opportunities and operations; forecast production; production mix; drilling, development, completion and tie-in plans and timing and results thereof; expectations of timing of construction of facilities and the benefits thereof; expectations of improvements in recycle ratio; NuVista's assessment of field conditions; typecurves; condensate and natural gas liquid yields; the timing, allocation and efficiency of NuVista's capital program and the results therefrom; the anticipated potential of NuVista's asset base; reserves life indexes; timing for press release announcing full 2013 results; and industry conditions. 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, 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 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.

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