

RMP Energy Announces a New Record Level of Quarterly Cash Flow and Earnings and an Expanded Capital Budget with Increased Cash Flow Guidance

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CALGARY, ALBERTA--(Marketwired - Aug 12, 2014) - [RMP Energy Inc.](#) ("**RMP**" or the "**Company**") (TSX:RMP) is pleased to announce exceptional financial and operating results for the three months ended June 30, 2014 including record levels of funds from operations of \$48.4 million (\$0.40 per basic share), net earnings of \$18.3 million and average daily production of 12,437 barrels of oil equivalent (57% light oil and NGLs weighted). Detailed second quarter and six month results are as follows:

Financial Highlights	Three Months Ended June 30,			Six Months Ended June 30,		
(thousands except share and per boe data) (6:1 oil equivalent conversion)	2014	2013	% Change	2014	2013	%
Petroleum and natural gas revenue ⁽¹⁾	77,552	35,617	118	134,057	68,214	
Funds from operations ⁽²⁾	48,368	21,221	128	83,902	41,349	
Per share						
- basic	0.40	0.20	100	0.70	0.39	
- diluted	0.38	0.19	100	0.67	0.37	
Net income	18,339	5,068	262	28,235	6,801	
Per share						
- basic	0.15	0.05	200	0.24	0.06	
- diluted	0.14	0.05	180	0.23	0.06	
Total capital expenditures	14,625	18,814	(22)	70,889	57,942	
Net debt ⁽³⁾ - period end	94,848	72,767	30	94,848	72,767	
Weighted average basic shares	120,827,137	106,996,438	13	119,857,069	105,631,348	
Weighted average diluted shares	126,813,214	112,498,170	13	125,441,115	110,664,767	
Issued and outstanding shares ⁽⁴⁾	122,092,590	109,556,090	11	122,092,590	109,556,090	
Operating Highlights						
Average daily production:						
Natural gas (Mcf/d)	32,023	19,755	62	27,082	19,019	
Crude oil (bbls/d)	6,914	3,301	109	6,116	3,364	
NGLs (bbls/d)	186	259	(28)	212	256	
Oil equivalent (boe/d)	12,437	6,852	82	10,842	6,790	
% Liquids (Oil and NGLs)	57 %	52 %	10	58 %	53 %	
Average sales price ⁽¹⁾ :						
Natural gas (\$/Mcf)	5.04	3.90	29	5.30	3.71	
Crude oil (\$/bbl)	98.14	90.40	9	95.30	86.43	
NGLs (\$/bbl)	66.07	61.88	7	66.96	61.02	
Oil equivalent (\$/boe)	68.53	57.12	20	68.31	55.51	
Operating expenses (\$/boe)	5.26	6.84	(23)	5.89	7.38	
Operating netback ⁽⁵⁾ (\$/boe)	45.36	37.97	19	45.81	37.34	
Wells drilled: gross (net)	4 (4.0)	1 (1.0)	300	10 (10.0)	7 (7.0)	

Notes:

1. Petroleum and natural gas ("P&NG") revenue and average sales pricing includes realized gains or losses from risk management commodity contract settlements.
2. Funds from operations does not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS"). Please refer to the Reader Advisories at the end of the news release.
3. Net debt is not a recognized measure under IFRS. Please refer to the Reader Advisories at the end of the news release.
4. As of August 12, 2014, 122.1 million common shares were outstanding.
5. Operating netback is not a recognized measure under IFRS. Please refer to the Reader Advisories at the end of the news release.

Second Quarter 2014 Highlights

- As a result of favorable field operating conditions during the second quarter, which resulted in minimal oil trucking restrictions at Ante Creek, RMP achieved a new record level of production for the second quarter of 2014, with an average daily production level of 12,437 boe/d, weighted 57% light oil and NGLs. This represents a 35% increase over the first quarter 2014 production of 9,229 boe/d and an 82% increase over the comparable second quarter 2013 production of 6,852 boe/d. In addition to excellent field conditions, the Company's second quarter production also benefitted from the March 1, 2014 commissioning of RMP's expanded Ante Creek battery facility and Waskahigan pipeline inter-connect. Infrastructure commissioning increased the takeaway capacity of light crude oil and associated natural gas and unlocked 'behind-pipe' production from numerous wells previously shut-in at Ante Creek.
- Petroleum and natural gas revenue for the second quarter amounted to \$77.6 million, of which 81% was derived from crude oil and NGLs (net of a realized commodity hedging loss of \$2.8 million). The Company's crude oil discount to the Canadian-dollar converted WTI price averaged \$9.69/bbl during the second quarter (excluding realized commodity hedging loss), as compared to the \$13.74/bbl in the preceding first quarter of 2014 and \$5.78/bbl in the comparable second quarter of 2013.
- Petroleum and natural gas royalties amounted to \$18.1 million (23% of petroleum and natural gas sales excluding realized commodity hedging loss), as compared to \$6.0 million (17% of petroleum and natural gas sales) in the comparative second quarter of 2013. The effective field royalty rate on the Company's Ante Creek production in the second quarter was 26%, as compared to 24% in the first quarter of 2014.
- Corporate operating costs for the second quarter of 2014 of \$5.26/boe decreased by 23% when compared to the operating costs for the second quarter of 2013 of \$6.84/boe. Operating expenses on a unit-of-production basis have decreased primarily as a result of increased production volumes covering the fixed operating cost component and cost savings resulting from the operation of the Company-owned Waskahigan and Ante Creek battery infrastructure. Ownership and control of field infrastructure has enabled the Company to better manage its operating cost profile and eliminate certain non-operated facility-usage charges.
- Record quarterly funds from operations of \$48.4 million (\$0.40 per basic share) for the three months ended June 30, 2014, a 128% increase over the \$21.2 million generated in the second quarter of 2013.
- RMP's operating netback in the second quarter of 2014 was \$45.36/boe, an appreciable increase of 19% over the \$37.97/boe netback realized in the comparative second quarter of 2013. Field operating netbacks during the second quarter of 2014 at Ante Creek and Waskahigan were \$53.24/boe and \$48.27/boe, respectively.
- For the quarter ended June 30, 2014, RMP reported record net income of \$18.3 million, a significant increase as compared to net earnings in the comparable second quarter of 2013 of \$5.1 million.
- During the second quarter of 2014, the Company drilled four, 100% working interest Montney formation horizontal oil wells at Ante Creek in West Central Alberta. Combined with four other (4.0 net) Ante Creek horizontal wells drilled in the first quarter of this year, RMP has now drilled a total of sixteen (16.0 net) Ante Creek Montney oil wells as of June 30, 2014. Thus far in the third quarter, an additional two horizontal wells have been drilled in the area and three (3.0 net) horizontal light oil wells have been drilled (or are drilling) at Waskahigan.
- Net debt at June 30, 2014 was \$94.8 million, as compared to \$116.2 million at December 31, 2013. The Company's borrowing limit under its bank credit facility is currently set at \$175.0 million. As at August 11, 2014, RMP was drawn approximately \$91 million on the bank credit facility.

Ante Creek Infrastructure Update

At Ante Creek, a total of only eleven (11.0 net) of the eighteen (18.0 net) wells drilled by the Company are currently producing. Field production performance continues to be very strong, however gas output has reached the capacity of the solution gas handling capability at the Company's Ante Creek oil battery. Since bringing on-stream the discovery well in August 2012 (4-35-66-24W5), over 2.0 million barrels of light oil has been recovered on primary production from the Ante Creek field, in addition to 4.68 Bcf of associated solution gas. Typically with oil reservoirs on primary production, including Ante Creek, the gas-oil ratio will increase in the short-term and should stabilize to a level consistent with regional gas-oil ratios in the Montney between 30% to 50%. With approximately six months of production history established since the

commissioning of the expanded Ante Creek battery expansion and Waskahigan pipeline inter-connect, the Company has accumulated sufficient reservoir and geologic information and confidence to proceed with the next phase of its infrastructure expansion at Ante Creek.

In order to: i) increase its gas handling and processing capabilities, ii) accommodate the production from all of the Ante Creek wells drilled to-date, and iii) provide capacity for production additions from future drilling in the area, the Company is proceeding with the construction and installation of additional field infrastructure at Ante Creek. The new gas facility and oil battery will be strategically located in the south west of its legacy six section land block, in order to facilitate the tie-in of crude oil and natural gas volumes resulting from the delineation and development of RMP's offsetting acreage position to the south west. This new infrastructure will be designed with associated solution gas handling capacity of 20 MMcf/d and will also provide additional oil handling capability, with direct connection into the Company's existing Ante Creek-to-Waskahigan pipeline inter-connect.

This infrastructure is scheduled to be commissioned and operational on or about March 1, 2015. The estimated capital investment is approximately \$28 million, forecasted as staged capital expenditures to be incurred over the next seven months based on scheduled progress. A total of \$14 million is anticipated to be incurred by December 31, 2014 with the remaining investment to occur in fiscal 2015.

Expanded 2014 Capital Budget and Increased Cash Flow Guidance

During the second quarter of 2014, favorable spring break-up field conditions enabled the Company to advance its budgeted third quarter drilling program into May and June and drill four (4.0 net) horizontal oil wells at Ante Creek. With an active second quarter drilling program, in conjunction with the aforementioned capital investment in additional Ante Creek infrastructure, the Company's total capital expenditures program for fiscal 2014 is now forecasted to aggregate to approximately \$170 million. RMP now expects to drill an additional four (4.0 net) wells in fiscal 2014 as compared to its original budget, of which two wells are planned to be drilled at Kaybob, wherein the Company will apply current completion techniques consisting of more completion stages with shorter frac intervals. Any production additions resulting from the expanded drilling activities would occur in the latter part of this year, thereby having a negligible impact on the Company's current fiscal 2014 average daily production forecast of approximately 11,500 boe/d. Projected fiscal 2014 funds from operations are estimated to approximate \$165 million (\$1.36 per basic share). This represents 110% growth in funds from operations from fiscal 2013. Key pricing assumptions for the second half of this year include: an AECO gas price of C\$3.85/GJ, a West Texas Intermediate oil price of US\$97.00/bbl, a corporate crude oil discount to the Canadian-dollar converted WTI price of \$11.00/bbl, and an exchange rate of 1C\$ = 0.92US\$

RMP intends to fund its second half 2014 capital investment program with funds from operations and draws on its bank credit facility, which has a borrowing capacity limit of \$175 million. The Company's year-end 2014 net debt is estimated at \$115 million (or approximately 0.7 times forecasted fiscal 2014 funds from operations). RMP has approximately \$91 million presently drawn on its bank credit facility.

The Company's interim condensed consolidated financial statements and associated Management's Discussion and Analysis, for the three and six months ended June 30, 2014 is available on RMP's website at

www.rmpenergyinc.com within "Investors" under "Financials". Additionally, these documents were filed today on the System for Electronic Document Analysis and Retrieval ("**SEDAR**"). These documents can be retrieved electronically from the SEDAR system by accessing RMP's public filings under "Search for Public Company Documents" within the "Search Database" module at www.sedar.com.

Abbreviations

bbl or bbls	barrel or barrels	Mcf/d	thousand cubic feet per day
Mbbl	thousand barrels	MMcf/d	million cubic feet per day
bbbls/d	barrels per day	MMcf	Million cubic feet
boe	barrels of oil equivalent	Bcf	billion cubic feet
Mboe	thousand barrels of oil equivalent	psi	pounds per square inch
boe/d	barrels of oil equivalent per day	kPa	kilopascals
NGLs	natural gas liquids	GJ/d	gigajoules per day

Reader Advisories

The information in this news release contains certain forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "approximate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "would" and similar expressions. More particularly and without limitation, this new release contains forward looking information relating to: the quantity of light oil and associated solution gas recovered and produced from the Company's Ante Creek field, including regional Montney gas-oil ratios and anticipated stabilization of the gas-oil ratios; the estimated capital investment cost of the new Ante Creek infrastructure, including the timing of such expenditures and the anticipated commissioning date; the Company's updated and expanded fiscal 2014 capital expenditures level, including the number and location of additional wells to be drilled in fiscal 2014; the Company's fiscal 2014 average daily production forecast; the key commodity pricing and foreign exchange assumptions for the second half of 2014 utilized within the updated fiscal 2014 funds from operations forecast; anticipated sources of funding for the expanded, second half 2014 capital expenditures program; and, year-end 2014 estimated net debt. These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control, including: the impact of general economic conditions; industry conditions; changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are, interpreted and enforced; fluctuations in commodity prices and foreign exchange and interest rates; stock market volatility and market valuations; volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; and obtaining required approvals of regulatory authorities.

The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits that the Company will derive from them. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement. Except as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements.

In this news release RMP has adopted a standard for converting thousands of cubic feet ("**mcf**") of natural gas to barrels of oil equivalent ("**boe**") of 6 mcf:1 boe. Use of boes may be misleading, particularly if used in isolation. The boe rate is based on an energy equivalent 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 than the energy equivalency of the 6:1 conversion ratio, utilizing the 6:1 conversion ratio may be misleading as an indication of value.

As an indicator of the Company's performance, the term funds from operations contained within this news release should not be considered as an alternative to, or more meaningful than, cash flow from operating, financing or investing activities, as determined in accordance with International Financial Reporting Standards ("**IFRS**"). This term is not a recognized measure, does not have a standardized meaning nor is it a financial measure under IFRS. Funds from operations is widely accepted as a financial indicator of an exploration and production company's ability to generate cash which is used to internally fund exploration and development activities and to service debt. This measure is widely used by shareholders and investors in the valuation, comparison and investment recommendations of companies within the natural gas and crude oil exploration and production industry. Funds from operations, as disclosed within this news release, represents cash flow from operating activities before: expensed corporate acquisition-related costs, decommissioning obligation cash expenditures and changes in non-cash working capital from operating activities. The Company presents funds from operations per share whereby per share amounts are calculated consistent with the calculation of earnings per share.

Net debt refers to outstanding bank debt less deferred charge plus working capital deficiency (or minus working capital surplus), excluding unrealized amounts pertaining to risk management contracts. Net debt is not a recognized measure under IFRS and does not have a standardized meaning.

Field operating netback or operating netback refers to realized wellhead revenue less royalties, operating expenses and transportation costs per barrel of oil equivalent. Field operating netback or operating netback is not a recognized measure under IFRS and does not have a standardized meaning.

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