

NuVista Energy Ltd. Announces Third Quarter 2014 Results and Growth Plans for 2015 and Beyond

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CALGARY, ALBERTA--(Marketwired - Oct 30, 2014) - [NuVista Energy Ltd.](#) ("NuVista") (TSX:NVA) is pleased to announce our results for the three and nine months ended September 30, 2014 and provide an update on our future business plans. During the third quarter of 2014 NuVista significantly advanced on our long-term goals with the start-up of the Keyera raw gas pipeline, achieved strong IP30 results on eight condensate rich gas wells, and continued our successful Wapiti Montney drilling program. We also announced an additional long-term processing contract for 30 MMcf/d commencing in mid 2016, and made strong progress in non-core divestitures. Although the new Keyera pipeline just recently started up, NuVista delivered production near the top of our original third quarter guidance range of 17,300 to 18,300 Boe/d.

We have continued to participate in an active commodity hedge program to ensure a strong baseline price underpinning our capital plans and economic threshold. For 2015, NuVista has currently hedged approximately 54% of 2015 forecasted gas production and 40% of forecasted oil and condensate production at approximate floor prices of \$3.67/GJ AECO and C\$97.91/Bbl WTI, respectively. We have positioned NuVista to provide strong long-term profitable growth in a low AECO natural gas price environment due to our growing condensate production and the continuous improvement of our capital and operating efficiencies. In this scenario, NuVista continues to be in an excellent position to deliver growth and profitability.

Significant Highlights for the Third Quarter of 2014

- Achieved an average production rate of 18,030 Boe/d;
- Achieved funds from operations of \$27.3 million in the third quarter of 2014 compared to \$15.1 million in the second quarter and \$23.2 million in the same period last year;
- With the start-up of the Keyera raw gas pipeline from our Wapiti Montney Bilbo block to the Keyera Simonette gas plant on September 26, we currently have 23 Montney wells on production, up from 16 wells at the beginning of the year and current production levels of approximately 23,000 Boe/d (21,500 Boe/d net of fourth quarter dispositions). We have six previous wells which were shut-in and are ready for production once additional facility capacity becomes available;
- Achieved IP30 production rates on eight new Montney wells in Wapiti with strong results as follows - presented versus typecurve expectation. As shown in the table, the IP30s range from 916 to 1,770 Boe/d, or about 70% to 140% of typecurve. The associated Bilbo well average condensate gas ratio is 87 Bbl/MMcf. We are strongly encouraged by these results particularly for the following two reasons:
 - The strongest wells were well above typecurve despite being choked due to facilities constraints for most or all of the IP30 period. Flowing pressures on several of these wells ranged from 3,000 to 4,000 psig; and
 - Recent mechanical interventions to relieve temporary plugging in wells which tested below typecurve have demonstrated significant post-intervention improvement results above typecurve. Similar interventions are planned on the few sub-typecurve wells in the table below. An example of such improvements will be included in the updated corporate presentation on our website.

All of these recent results continue to provide us with confidence that strong incremental improvements are underway. With continuous production, we are hopeful that in due course we will be revising our Montney Bilbo typecurve upward.

New Well IP30 Results

Location	Raw Gas (MMcf/d)	Condensate (Bbls/d)	Total Sales (Boe/d)	CGR Condensate/ Raw Gas (Bbls/MMcf)
<i>Bilbo Development Typecurve</i>	5.8	435	1,356	75
Well 22 - Bilbo Dev. 100/07-06-066-05W6/00	4.3	405	1,077	93
Well 23 - Bilbo Dev. 100/08-06-066-05W6/00	4.6	712	1,379	156
Well 24 - Bilbo Dev. 100/04-27-065-05W6/02	7.8	611	1,760	78
Well 25 - Bilbo Dev. 100/14-34-065-06W6/00	4.9	331	1,087	67
Well 26 - Bilbo Dev. 100/16-33-065-06W6/00	4.2	268	916	64
Well 27 - Bilbo Dev. 100/04-02-066-06W6/00	8.3	512	1,740	61
Well 28 - Bilbo Dev. 100/05-02-066-06W6/00	7.9	578	1,770	74
<i>Montney Delineation Typecurve</i>	5.8	261	1,222	45
Well 29 - North Montney Delineation 100/05-24-068-09W6/00	9.0	236	1,694	26

* Well numbering for the Montney 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 shown are based on field estimate data.

- Announced the signing of two non-core asset sales agreements including NuVista's non-core Northeast British Columbia natural gas assets and Wapiti Cardium assets. The expected closing date for these transactions is November 6, 2014. The assets are currently producing approximately 1,400 Boe/d and have been sold for gross cash proceeds of \$49.0 million plus 3.5 net sections of Wapiti Montney undeveloped land rights. These asset sales, together with those completed earlier in 2014 bring NuVista's total year-to-date proceeds from asset dispositions to \$67.2 million cash plus 3.5 net sections of Wapiti Montney land;
- Booked new Montney condensate rich contingent resources in the Pipestone land block which was purchased in August of 2014. The new contingent resource estimates, based on GLJ Petroleum Consultants Ltd. ("GLJ") effective August 1, 2014 and based on July 1, 2014 pricing, covers 2/3 of the new lands purchased in just one of the four Montney layers so far. Due to directly offsetting well results this was achieved without having drilled a new well. The best estimate of contingent resources which has been newly added amounts to 22.3 MMBoe (77% natural gas and 23% natural gas liquids) valued at a net present value of \$195 million before tax, an increase to our total contingent resource value of approximately 7.5%. It is only the beginning for this land block and it further underpins our belief in the low risk and high value nature of this recent land addition;
- Successfully executed a total capital program of \$55.8 million in the quarter, focused mainly on Bilbo (South) block development with 7 wells (4.9 net) drilled for 100% success rate; and
- Achieved an increase to our revolving bank facility limit from \$240 million to \$300 million.

Guidance for 2014, 2015 and Beyond

NuVista's production has increased from 20,000 Boe/d in September to over 23,500 Boe/d currently. This represents 21,500 Boe/d net of the previously announced asset divestitures which are being effected in the fourth quarter. Capital expenditures for 2014 will be approximately \$310 to \$320 million, in line with original guidance. Production for the fourth quarter of 2014 is expected to average 21,000 to 22,500 Boe/d net of announced divestitures. This meets or slightly exceeds the middle of the previously announced guidance range of 20,000 to 23,000 Boe/d despite absorbing the effect of year-to-date divestitures with associated production of 2,200 Boe/d. We also reaffirm our full year production guidance of 17,750 to 18,500 Boe/d for 2014 and continue to expect to have approximately 32 Montney wells online by year end, up from 16 at the start of 2014. For 2014, funds from operations are anticipated to be in the range of \$110 to \$120 million based on current strip commodity prices.

Our 2015 capital expenditure program has now been finalized and meets five strategic goals:

- To continue development drilling in our Bilbo block and ramp up production in the new Bilbo facilities;
- To replace, through Montney development spending, the production of 2,200 Boe/d from assets recently sold;
- To build another large compressor station in our Elsworth (North) block of the same size and design as our successful Bilbo station. This will ultimately underpin significant 2015 to 2017 Elsworth facility capacity growth of another 80 MMcf/d and 4,800 Bbl/d of condensate. This capacity growth represents a tripling of our facility capacity as compared to first quarter 2014. With the addition of the Elsworth compressor station, total NuVista Montney facility capacity will reach over 40,000 Boe/d by mid 2016;
- To continue the successful development drilling program in our Elsworth block; and
- To continue our single-rig Wapiti Montney rolling delineation and land continuation program.

The Board of Directors of NuVista has approved our 2015 capital expenditure program at a range of \$340 to \$380 million, only slightly above 2014 spend levels. This includes up to \$275 million for development and delineation drilling, completions, and tie-ins of approximately 29 wells; \$55 million for the Elsworth block compressor station and trunk pipelines; and up to \$40 million for long-term permanent water supply, treatment, and disposal facilities as well as land, seismic, and overheads. This program allows us to balance short-term growth while continuing to lay the important foundational items for significant long-term growth. We also intend to continue our asset rationalization program with the same annual target of \$25 to \$50 million in 2015 divestiture proceeds to assist in funding our profitable Wapiti Montney growth. NuVista has significant flexibility and opportunity to accelerate the Wapiti program as 2015 progresses, however given the current commodity price uncertainty, we have elected to take a conservative approach while we closely monitor future drilling results in addition to the commodity price environment.

We expect 2015 NuVista production to be in the range of 23,500 to 25,000 Boe/d, which represents a 35% increase from absolute 2014 reported average production, or a 50% increase after adjusting for announced 2014 asset dispositions with associated production of 2,200 Boe/d. We expect 2015 funds from operations in the range of \$180 to \$200 million at current strip prices, or approximately 65% higher than 2014 funds from operations.

Looking beyond 2015, our plans remain flexible depending on market conditions. At a level of capital spending similar to 2015, sustained annual production growth of 20% to 25% per year is achievable. In the case of accelerated capital spending beyond 2015, NuVista is confident in our capability to deliver annual production growth of 30% to 35% in the 2016 to 2018 period. Both capital pace options are underpinned by firm service agreements already in place through 2017, or into 2018 in the case of flat capital spending levels. We will continue to set annual capital programs which are commensurate with a strong balance sheet while delivering excellent growth in the context of the ever changing external environment.

With corporate netbacks and production rising quickly, and capital and operating efficiencies improving through experience and technological advancements, NuVista is confident that we can continue to accelerate the pace of our activity in the future. We will continue to work to provide incremental facility capacity to underpin long-term profitable growth.

We would like to thank our shareholders for their continued support, our Board of Directors for their ongoing guidance, and our dedicated and talented staff for their significant contributions to the bright future we are delivering together. Please refer to our website www.nuvistaenergy.com for more details which will be provided in our corporate presentation on or before November 3, 2014.

Corporate Highlights

(\$ thousands, except per share)	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2014	2013	2014	2013
Financial				
Oil and natural gas revenue	66,426	60,420	187,057	156,326
Funds from operations ⁽¹⁾	27,326	23,161	73,272	53,773
Per basic and diluted share	0.20	0.20	0.54	0.45
Net earnings (loss)	(208)	(2,295)	(16,403)	(13,739)
Per basic and diluted share	-	(0.02)	(0.12)	(0.12)
Adjusted net earnings (loss) ⁽¹⁾	(1,812)	(2,416)	(4,654)	(15,887)
Per basic and diluted share	(0.01)	(0.02)	(0.03)	(0.13)
Total assets			1,081,244	953,145
Long-term debt, net of adjusted working capital ⁽¹⁾			186,918	117,425

Capital expenditures	55,832	44,626	244,240	144,378
Proceeds on dispositions	3,620	-	12,173	12,392
Weighted average common shares outstanding (thousands):				
Basic	136,643	118,727	135,796	118,670
Diluted	136,643	118,727	135,796	118,670
Operating				
Production				
Natural gas (MMcf/d)	78.3	76.7	69.6	71.0
Condensate (Bbls/d)	3,197	2,210	2,600	1,731
Butane (Bbls/d)	525	475	538	450
Propane (Bbls/d)	443	802	656	709
Ethane (Bbls/d)	288	715	712	820
Oil (Bbls/d)	521	1,550	684	1,545
Total oil equivalent (Boe/d)	18,030	18,532	16,782	17,092
Average product prices ⁽²⁾				
Natural gas (\$/Mcf)	4.31	3.04	4.38	3.23
Condensate (\$/Bbl)	92.74	97.92	96.01	97.08
Butane (\$/Bbl)	51.26	63.94	56.54	58.72
Propane (\$/Bbl)	27.12	27.52	43.25	23.98
Ethane (\$/Bbl)	12.46	11.59	14.23	8.97
Oil (\$/Bbl)	86.72	94.45	90.48	80.44
Operating expenses (\$/Boe)	11.75	11.37	11.36	11.90
Operating netback (\$/Boe)	21.09	17.28	21.58	16.01
Funds from operations netback (\$/Boe) ⁽¹⁾	16.47	13.59	16.00	11.52
Share trading statistics				
High	12.47	7.69	12.47	8.40
Low	9.35	6.12	6.79	5.16
Close	10.43	6.71	10.43	6.71
Average daily volume	526,202	437,683	450,011	335,199

NOTES:

1. Funds from operations, funds from operations per share, funds from operations netback, operating netback, adjusted net earnings, adjusted net earnings per share and adjusted working capital are not defined by GAAP in Canada and are referred to as non-GAAP measures. Funds from operations are based on cash flow from operating activities as per the statement of cash flows before changes in non-cash working capital and asset retirement expenditures. Funds from operations per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of net earnings (loss) per share. Funds from operations netback equals the total of revenues including realized commodity derivative gains/losses less royalties, transportation, operating, general and administrative, restricted stock units, interest expenses and cash taxes calculated on a Boe basis. Adjusted net earnings equals net earnings excluding after tax unrealized gains (losses) on commodity derivatives, impairments, impairment reversals, goodwill impairments and gains (losses) on property divestments. Operating netback equals the total of revenues including realized commodity derivative gains/losses less royalties, transportation and operating expenses calculated on a Boe basis. Adjusted working capital excludes the current portions of the commodity derivative asset or liability. Total Boe is calculated by multiplying the daily production by the number of days in the period. For more details on non-GAAP measures, including reconciliation to GAAP measures refer to NuVista's "Management's Discussion and Analysis".
2. Product prices exclude realized gains/losses on commodity derivatives.

CONSOLIDATED FINANCIAL STATEMENTS AND MD&A

NuVista's third quarter 2014 interim consolidated financial statements and the accompanying Management's Discussion and Analysis filed on SEDAR (www.sedar.com) under [NuVista Energy Ltd.](#) and can also be accessed on NuVista's website at www.nuvistaenergy.com.

RESERVES AND RESOURCE DISCLOSURE

The contingent resources estimates for the Pipestone land block have been evaluated by GLJ, our independent qualified reserves evaluator, in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities and the Canadian Oil and Gas Evaluation Handbook and is effective

August 1, 2014 using GLJ's forecast prices as at July 1, 2014. The estimates of resources are NuVista's gross resources before the deduction of any royalties and without including any royalty interests of NuVista.

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include such factors as economic, legal, environmental, political and regulatory matters or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. There is no certainty that it will be commercially viable to produce any portion of the contingent resources.

The primary contingency that prevents the classification of the contingent resources as reserves is for additional drilling, completion and testing to occur and confirm viable commercial rates. Contingent resources were assigned by GLJ beyond areas that were assigned reserves but within 3 miles of existing wells. As continued delineation drilling occurs, some resources currently classified as contingent resources are expected to be re-classified as reserves. An additional contingency is the lack of infrastructure to facilitate full development in the short-term, including the necessary facilities for gas gathering and processing and for the extraction of natural gas liquids. The re-classification of the contingent resources as reserves is also subject to various non-technical contingencies which must be overcome such as lack of markets, legal, environmental and political concerns surrounding the possible banning of hydraulic fracturing, a technology required to develop the contingent resources, and other operational risks applicable to oil and gas issuers. See the disclosure under the heading "Risk Factors" in NuVista's Annual Information Form which is available on SEDAR at www.sedar.com.

ADVISORY REGARDING OIL AND GAS INFORMATION

This news release contains the terms barrels of oil equivalent ("Boe") and millions of barrels of oil equivalent ("MMBoe"). Natural gas is converted to a Boe using six thousand cubic feet of gas to one barrel of oil. Boes and MMBoes may be misleading, particularly if used in isolation. The foregoing conversion ratios are 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 or test 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. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. 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; plans to provide long-term growth and profitability; the anticipated timing for the completion of various non-core asset dispositions; drilling, development, completion and tie-in plans and results; expectations of future results, including future production levels, product mix, typecurves, well economics and funds from operations; forecast capital expenditures and sources of funding; drilling plans; future disposition plans; the timing, allocation and efficiency of NuVista's capital program and the results therefrom; the anticipated potential and growth opportunities associated with NuVista's asset base; infrastructure development plans; planned throughput capacity; NuVista's risk management strategy and the results therefrom; expectations regarding future commodity prices and netbacks; and industry conditions. Statements relating to "reserves" and "resources" are also deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves or resources described exist in the quantities predicted or estimated and that the reserves and resources can be profitably produced in the future.

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, access to infrastructure and markets, 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.

This press release also contains future-oriented financial information and financial outlook information (collectively, "FOFI") about our prospective results of operations and funds from operations, 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 and forward-looking statements. NuVista's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and FOFI, or if any of them do so, what benefits NuVista will derive therefrom. NuVista has included the forward-looking statements and FOFI in this press release in order to provide readers with a more complete perspective on NuVista's future operations and such information may not be appropriate for other purposes. 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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