

# Carrizo Oil & Gas Announces Analyst Conference Highlights

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HOUSTON, Jan. 27, 2015 (GLOBE NEWSWIRE) -- **Carrizo Oil & Gas, Inc.'s** (Nasdaq:CRZO) senior management is hosting an analyst conference today to provide an update on the company's current operations and future plans. The presentation includes the following key highlights:

- **Initiating 2015 crude oil production growth target of 17%**
- **Announcing 2015 drilling and completion capital expenditure plan of \$450-\$470 million**
- **Reporting preliminary Q4'14 crude oil production of 22,130 Bbl/d, above the high-end of guidance**
- **Increasing average Eagle Ford Shale per-well EURs to 510 MBoe from 499 MBoe**
- **Decreasing average expected Eagle Ford Shale well costs to \$5.8 million**
- **Confirming 40-acre downspacing in the Niobrara B bench**
- **Reporting initial results from the Brown 1H well in the Utica Shale, which delivered a recent 6-day rate of 502 Bbl/d of condensate and 1.1 MMcf/d of rich gas on a 16/64" choke**

S.P. "Chip" Johnson, IV, Carrizo's President and CEO, commented, "2014 was a record year for Carrizo as we delivered crude oil production growth of approximately 63%. While 2015 looks to be a more challenging year given the sell-off in commodity prices, our combination of high-return assets, operational flexibility, and solid balance sheet have us well positioned to manage the downturn and be able to take advantage of opportunities that may arise. For 2015, we're trimming our drilling and completion capital expenditure plan by ~35%, but still expect to keep oil production roughly flat with the fourth quarter of 2014. This should maintain our strong balance sheet and also allow us to quickly resume rapid oil production growth once prices recover."

"Given the decline in commodity prices, we have been working diligently to reduce our service costs. As an example, we have achieved cost savings of ~12% from late 2014 levels in the Eagle Ford Shale, and expect this to increase to ~20% by year-end. If commodity prices stay at depressed levels, we would expect service costs to decline further."

"We are pleased with the results from our second well in the Utica Shale, the Brown 1H. This was an updip test of our acreage in the play and helps de-risk our western acreage position. We plan to perform an extended flow test on the well to better understand the reservoir performance in this part of the play."

## **Operational Update**

In the Eagle Ford Shale, Carrizo is increasing its type curve EUR for the play to 510 MBoe per well from 499 MBoe due to continued strong performance across its position. Additionally, through the combination of continued improvements in operating efficiency and service cost reductions, Carrizo now expects completed well costs to average \$5.8 million by the fourth quarter of 2015.

In the Utica Shale, Carrizo's second well, the Brown 1H in Guernsey County, was brought online January 15, 2015. From January 16 through January 21, the well averaged 502 Bbl/d of condensate and 1.1 MMcf/d of rich natural gas on a 16/64" choke. Carrizo is encouraged by the early results from the Brown 1H well, which was an updip test of the company's acreage on the western side of its position. Carrizo is the operator of the Brown 1H well, and holds a 50% working interest in it.

In the Niobrara formation, Carrizo has tested 40-acre spacing in the B bench at five separate pilots spread across its acreage position. Based on the analysis of these well results, combined with an analysis of non-operated results, Carrizo has adjusted its development in Area 1 and part of Area 2 to include 40-acre spacing vs. 60-acre spacing previously. This adds approximately 75 net locations to the company's drilling

inventory in the play. Additionally, as the added locations are in the Company's higher-return areas of the play, Carrizo is increasing its type curve EUR for the play to 275 MBoe per well from 253 MBoe; the Company's type curve EUR excludes wells that are not economical below \$80/Bbl.

### **2015 Production and Capital Spending Outlook**

Given the decline in commodity prices, Carrizo is reducing its planned capital spending in 2015 vs. 2014. Carrizo's initial 2015 drilling and completion plan is \$450-\$470 million, a decrease of approximately 35% vs. the 2014 level. This level of spending should allow the Company to run three rigs in the Eagle Ford during the year as well as participate in lease maintenance activity in the Niobrara and Utica. Carrizo expects to be able to easily manage its leasehold obligations during the year with its 2015 plan. The Company's initial 2015 land and seismic capital expenditure plan is \$35 million.

Carrizo is providing initial 2015 oil production guidance of 21,800-22,400 Bbls/d. Using the midpoint of this range, the Company's 2015 oil production growth guidance equates to 17%. For natural gas and NGLs, Carrizo is providing initial 2015 guidance of 65-75 MMcfe/d; this assumes the Company voluntarily curtails a larger amount of volumes in the Marcellus Shale in 2015 vs. 2014 due to depressed local market prices. For the first quarter of 2015, Carrizo expects oil production to be 20,300-20,700 Bbls/d and natural gas and NGL production to be 63-73 MMcfe/d. A summary of Carrizo's production and cost guidance is provided in the attached tables.

### **Fourth Quarter 2014 Update**

Preliminary estimates of production volumes during the fourth quarter of 2014 were 37,699 Boe/d. Preliminary estimates of oil production during the quarter averaged 22,130 Bbls/d, while preliminary estimates of natural gas and NGL production averaged 93,413 Mcfe/d. Based on these preliminary estimates, production during the fourth quarter exceeded the high end of Company guidance. Carrizo's preliminary estimate of net cash from derivative settlements during the fourth quarter is \$12.0 million. Updated cost guidance for the quarter is provided in the attached tables.

### **Webcast Details**

The Company plans to webcast its analyst conference today. The management presentation is scheduled to begin at 9:00 am Central Time, and the webcast of the presentation as well as the slide book used can be accessed on the Carrizo website at <http://www.carrizo.com> under the "Investor Relations" section. A replay of the event will be available until April 26, 2015.

Carrizo Oil and Gas, Inc.

Fourth Quarter 2014, First Quarter 2015, and Full Year 2015 Guidance Summary

|  | Fourth Quarter 2014 | First Quarter 2015 | Full Year 2015    |
|--|---------------------|--------------------|-------------------|
| <b>Daily Production Volumes</b>                              |                     |                    |                   |
| Crude Oil (Bbl/d)  | 22,130              | 20,300 - 20,700    | 21,800 - 22,400   |
| Natural Gas and NGLs (Mcf/d)                                 | 93,413              | 63,000 - 73,000    | 65,000 - 75,000   |
| Total (Boe/d)  | 37,699              | 30,800 - 32,867    | 32,633 - 34,900   |
| Net Cash from Derivative Settlements (in millions)           | \$12.0              | N/A                | N/A               |
| <b>Costs and Expenses</b>                                    |                     |                    |                   |
| Lease Operating (\$/Boe)                                     | \$6.65 - \$6.75     | \$6.75 - \$7.50    | \$6.75 - \$7.50   |
| Production Taxes (% of oil and gas revenues)                 | 4.15% - 4.30%       | 4.25% - 4.75%      | 4.25% - 4.75%     |
| Ad Valorem Taxes (in millions)                               | \$2.9 - \$3.0       | \$2.8 - \$3.8      | \$11.0 - \$15.0   |
| General and Administrative (in millions)                     | \$13.9 - \$14.2     | \$18.5 - \$19.0    | \$54.0 - \$56.0   |
| DD&A (\$/Boe)  | \$26.50 - \$27.50   | N/A                | N/A               |
| Drilling & Completion Capital Expenditure Plan (in millions) | \$186.2             | N/A                | \$450.0 - \$470.0 |

Carrizo Oil & Gas, Inc. is a Houston-based energy company actively engaged in the exploration,

development, and production of oil and gas from resource plays located in the United States. Our current operations are principally focused in proven, producing oil and gas plays primarily in the Eagle Ford Shale in South Texas, the Utica Shale in Ohio, the Niobrara Formation in Colorado, and the Marcellus Shale in Pennsylvania.

*Statements in this release that are not historical facts, including but not limited to those related to capital requirements, capital expenditure and other spending plans, production, average well returns, effects of transactions, targeted ratios and other metrics, the ability to acquire additional acreage, midstream infrastructure availability and capacity, timing and levels of production, downspacing, crude oil production potential and growth, oil and gas prices, downspacing results, drilling and completion activities, drilling inventory, including timing thereof, production mix, development plans, growth, midstream matters, use of proceeds, hedging activity, the Company's or management's intentions, beliefs, expectations, hopes, projections, assessment of risks, estimations, plans or predictions for the future, results of the Company's strategies, expected income tax rates and other statements that are not historical facts are forward-looking statements that are based on current expectations. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that these expectations will prove correct. Important factors that could cause actual results to differ materially from those in the forward-looking statements include assumptions regarding well costs, estimated recoveries, pricing and other factors affecting average well returns, results of wells and production testing, failure of actual production to meet expectations, performance of rig operators, availability of gathering systems, actions by governmental authorities, joint venture partners, industry partners, lenders and other third parties, actions by purchasers of properties, satisfaction of closing conditions, integration of acquisitions, market and other conditions, availability of well connects, capital needs and uses, commodity price changes, effects of the global economy on exploration activity, results of and dependence on exploratory drilling activities, operating risks, right-of-way and other land issues, availability of capital and equipment, weather, and other risks described in the Company's Form 10-K for the year ended December 31, 2013 and its other filings with the U.S. Securities and Exchange Commission. There can be no assurance any transaction described in this press release will occur on the terms or timing described, or at all.*

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