

# NuVista Energy Ltd. Announces Third Quarter 2017 Financial and Operating Results and 2018 Outlook

01.11.2017 | [Marketwired](#)

CALGARY, ALBERTA--(Marketwired - Oct 31, 2017) - [NuVista Energy Ltd.](#) ("NuVista" or the "Company") (TSX:NVA) is announce results for the three and nine months ended September 30, 2017 and provide an update on its future business. NuVista delivered another strong quarter with continued development drilling success. Production and funds from operations exhibited significant growth despite planned outages and a reduction in commodity prices compared to the second quarter. Continued improvement in well results, higher than expected condensate yields, and reduced facility downtime versus the second quarter all contributed to another quarter which exceeded expectations.

NuVista is continuing to deliver on our 2017 development program, and has made exciting progress in all four of our core development areas. We possess a material position in the condensate-rich Wapiti Montney play which is delivering strong financial returns to shareholders now and is expected to do so over the long term. With our prudent focus on balance sheet strength and gas market diversification, we maintain the flexibility to adjust capital spending and pace of growth commensurate with the business environment while adhering to our long term growth and profitability objectives.

## Significant Operating Highlights

- Achieved third quarter 2017 production of 29,405 Boe/d versus second quarter production of 25,454 Boe/d and third quarter 2016 production of 24,898 Boe/d. This represents 16% production growth versus the prior quarter and is well above the range of our third quarter guidance range of 26,000 - 29,000 Boe/d. This result is due to strong recent well performance and on-time conclusion of third party midstream plant maintenance outages;
- Achieved funds from operations of \$41.5 million (\$0.24/share, basic) versus \$39.3 million (\$0.23/share, basic) for the second quarter and \$31.2 million (\$0.20/share, basic) for the third quarter of 2016;
- Delivered funds from operations netback of \$15.36/Boe versus \$13.65/Boe for the third quarter of 2016;
- Successfully executed a very active third quarter capital program of \$98.0 million, drilling 3 (3.0 net) wells and completing 16.0 net wells;
- Achieved first production on 18 new wells in Bilbo and Elmworth during the third quarter, for a total of 28 new Montney wells onstream this year;
- Achieved third quarter operating costs of \$10.26/Boe as compared to \$10.66/Boe in the second quarter. G&A expenses continued to fall, reaching \$1.51/Boe in the third quarter as compared to \$1.75/Boe for the second quarter;
- Exited the third quarter of 2017 with net debt of \$232 million, which includes credit facility borrowing of \$149 million. We concluded the quarter with a ratio of net debt to annualized current quarter funds from operations of 1.4x; and
- Subsequent to the third quarter, NuVista has concluded the semi-annual redetermination of our credit facility. Due to our strong well results this has resulted in a significant increase to our credit facility limit from \$235 million to \$310 million.

## Bilbo Block

The Bilbo compression and dehydration facility is now at capacity with production ranging from 17,000 to 19,000 Boe/d on normal operational fluctuations. The new 6-well pad in northeast Bilbo has been started up and wells continue to be brought onto production as facility space permits. The wells continue to exhibit high condensate-gas ratios (CGR's) in excess of expectations, initially averaging 250 Bbls/MMcf as previously reported. We look forward to reporting IP30 flowback information on these wells when available.

## Elmworth Block

The Elmworth block has recently reached a new weekly production record of 16,000 Boe/d, including the Gold Creek pad which is presently flowing through our Elmworth facility. This is the original nameplate design capacity for Elmworth, but indications are that we will be able to optimize production to higher levels in the near term. Completion activities progressed smoothly in the third quarter, with five more wells already on production including the two previously reported IP30 results and three new ones listed below. In addition we have completed four more wells which will be brought on production as facility space permits.

capacity permits. Three additional new high intensity fractured (HiFi) wells have now reached IP30 with an average flow of 2,240 Boe/d comprised of 9.7 MMcf/d of raw gas and 779 Bbl/d of condensate. These results once again eclipse prior results, representing 2.1x the IP30 condensate rate of our historical Elmworth results. The IP30 CGR for the wells was 40 Bbls/MMcf versus the anticipated CGR of 40 Bbls/MMcf.

#### Gold Creek Block

All three wells of our extended reach horizontal (ERH) pad at Gold Creek continue to flow to our Elmworth compressor station with strong performance. During the third quarter, NuVista drilled another well in the North part of the block for expiry and development purposes. We look forward to completing this well during the fourth quarter of 2017.

#### Pipestone Block

As previously reported, NuVista completed and tested our first horizontal well in the Pipestone block during the third quarter. The well flowed for approximately 3.5 days with the final 24 hour rate being over 1,400 Boe/d including 6 MMcf/d raw gas and 779 Bbls/d condensate, with rates still increasing at the end of the short test period. Although the well was still cleaning up, initial indications provide a CGR greater than 100 Bbls/MMcf versus initial expectations of 60 Bbls/MMcf. The raw gas result was also favorable. The well will remain shut in until our Pipestone block facilities are in place. The Pipestone stakeholder and development plan is proceeding well to underpin our planned future growth in this area which has continued to see exciting offsetting activity.

#### Lower Montney

NuVista has recently completed the drilling of our first Lower Montney horizontal well on one of our recent Bilbo pads. We have been able to accelerate the completion of this pad into November of 2017 and expect to obtain early test data on the well in 2018 in this newly emerging layer of the Montney formation.

#### Commodity Price Risk Management Continues to Benefit NuVista

NuVista continues to benefit from the discipline of our strong hedging program during this period of volatile commodity prices. We currently possess hedges which in aggregate cover 66% of remaining 2017 projected liquids production at a floor WTI price of C\$65.58/Bbl. This has been a challenging summer for AECO, with spot natural gas prices under pressure periodically due to temporary restrictions in pipeline and compressor station capacity on the Alberta NGTL system. We are pleased to report that there was virtually no impact to NuVista production and pricing as a result of these restrictions and price reductions. We currently have 70% of remaining 2017 projected gas production hedged at a floor price of C\$3.04/Mcf. Both of these liquids and gas hedge percentage figures relate to production net of royalty volumes. NuVista's hedge position for 2018 currently provides floor prices of C\$69.44/Bbl WTI and C\$2.81/Mcf for approximately 50% of 2018 liquids and natural gas production. Due to our fixed price hedges, basis hedges, and our export pipeline transport capacity, NuVista has less than 1% of our natural gas volumes exposed to spot AECO for the remainder of 2017 and 2018.

#### 2017 Outlook: Annual Production Guidance Reaffirmed

NuVista has recently reduced activity to one rig drilling in the Wapiti Montney area. Capital spending levels are expected to remain in at the top of, or marginally above the prior guidance range of \$280 - \$300 million as we were able to accelerate into 2017 completion of our Bilbo pad which includes the Lower Montney test well. In addition, this provides for the commencement of our 2018 winter drilling program late in the fourth quarter of 2017, which reduces spring breakup weather risk.

Due to the conclusion of planned facility outages and strong recent well results, weekly production has now reached a record of 35,000 Boe/d. We re-affirm our fourth quarter production guidance range of 35,000 to 38,000 Boe/d. The full year 2017 production guidance range of 28,000 to 31,000 Boe/d also remains intact.

#### 2018 Outlook - Annual Budget Now Approved

NuVista is pleased to announce that our 2018 budget has been approved by our board of directors. Our previously announced 2018 production guidance is unchanged at 35,000 to 40,000 Boe/d while capex has been lowered by 5% to a range of

\$310MM. Continued improvements in per well capital efficiency particularly at Elsworth, a diversified gas marketing strategy and higher than expected condensate proportion are expected to enable us to maintain our targeted debt to funds from operations ratio of approximately 1.5x throughout 2018 while still delivering production growth of approximately 25% year over year.

Given the uncertainties associated with commodity pricing, NuVista's position within this capital spending range will be based on our ongoing view of the multi-year commodity price environment. The higher end of the spending range includes significant capital for 2019 production growth and includes assumptions for slight service cost increases. As such, the higher end of the spending range will only be executed if the commodity price environment is favorable. The upper end of our production guidance range will be governed by facility limitations until early-mid 2019 when the new SemCams Wapiti gas plant is expected to start up.

Given top quality assets and a management team focused upon relentless improvement, NuVista will continue to optimize results, improve margins, and grow our production profitably toward our 2021 goal of 60,000 Boe/d. We would like to thank our staff, contractors, and suppliers for their continued dedication and delivery, and we thank our board of directors and our shareholders for their guidance and support as we build an ever more valuable future for NuVista.

Please note that our corporate presentation is being updated and will be available at [www.nuvistaenergy.com](http://www.nuvistaenergy.com) on or before November 13, 2017. NuVista's third quarter 2017 condensed interim financial statements and notes to the financial statements and management's discussion and analysis will be filed on SEDAR ([www.sedar.com](http://www.sedar.com)) under [NuVista Energy Ltd.](#) on or before November 1, 2017 and can also be accessed on NuVista's website.

### Corporate Highlights

(\$ thousands, except per share and per \$/Boe)	Three months ended September 30			Nine months ended September 30		
	2017	2016	% Change	2017	2016	% Change
<b>FINANCIAL</b>						
Oil and natural gas revenues	\$ 83,100	\$ 65,155	28	\$ 246,737	\$ 182,714	35
Funds from operations <sup>(1)</sup>	41,526	31,237	33	124,098	97,143	28
Per share - basic	0.24	0.20	20	0.72	0.63	14
Per share - diluted	0.24	0.20	20	0.71	0.63	13
Net earnings (loss)	(4,366 )	2,079	(310 )	59,718	(2,788 )	(2,242 )
Per share - basic	(0.03 )	0.01	(400 )	0.35	(0.02 )	(1,850 )
Per share - diluted	(0.03 )	0.01	(400 )	0.34	(0.02 )	(1,800 )
Total assets				1,160,031	932,181	24
Net debt <sup>(1)</sup>				232,452	164,783	41
Capital expenditures	97,981	43,318	126	274,643	133,276	106
Proceeds on property dispositions	1,417	3,956	(64 )	2,241	73,901	(97 )
Weighted average common shares o/s - basic	173,317	157,097	10	173,032	154,633	12
Weighted average common shares o/s - diluted	173,317	157,097	10	173,659	154,633	12
End of period common shares o/s				173,598	157,268	10
<b>OPERATING</b>						
<b>Production</b>						
Natural gas (MMcf/d)	109.3	97.4	12	100.3	97.3	3
Condensate & oil (Bbls/d)	9,273	7,634	21	8,773	6,769	30
NGLs (Bbls/d) <sup>(2)</sup>	1,908	1,035	84	1,723	1,634	5
Total (Boe/d)	29,405	24,898	18	27,206	24,612	11
Condensate, oil & NGLs weighting	38%	35%		38%	34%	
Condensate & oil weighting	32%	31%		32%	28%	
<b>Average selling prices <sup>(3)</sup> <sup>(4)</sup></b>						
Natural gas (\$/Mcf)	3.48	3.37	3	3.64	3.47	5
Condensate & oil (\$/Bbl)	51.94	48.73	7	57.31	46.79	22
NGLs (\$/Bbl)	21.81	7.34	197	20.83	7.85	165
<b>Netbacks (\$/Boe)</b>						
Oil and natural gas revenues	30.72	28.45	8	33.22	27.09	23
Realized gain on financial derivatives	1.22	2.32	(47 )	0.61	3.56	(83 )

Royalties	(0.85 )	(0.28 )	204	(0.99 )	(0.13 )	662
Transportation expenses	(2.51 )	(2.39 )	5	(2.71 )	(2.41 )	12
Operating expenses	(10.26 )	(11.31 )	(9 )	(10.53 )	(10.54 )	-
Operating netback <sup>(1)</sup>	18.32	16.79	9	19.60	17.57	12
Funds from operations netback <sup>(1)</sup>	15.36	13.65	13	16.72	14.41	16
<b>SHARE TRADING STATISTICS</b>						
High	8.02	7.64	5	8.02	7.64	5
Low	5.91	5.66	4	5.33	2.72	96
Close	7.55	6.76	12	7.55	6.76	12
Average daily volume	393,134	538,865	(27 )	458,424	519,539	(12

(1) See "Non-GAAP measurements".

(2) Natural gas liquids ("NGLs") include butane, propane and ethane.

(3) Product prices exclude realized gains/losses on financial derivatives.

(4) The average NGLs selling price is net of tariffs and fractionation fees.

#### *Basis of presentation*

*Unless otherwise noted, the financial data presented in this news release has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") also known as International Financial Reporting Standards ("IFRS") reporting and measurement currency is the Canadian dollar.*

#### *Advisories regarding oil and gas information*

*This news release contains the term 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. A conversion ratio of one barrel of oil to six thousand cubic feet of natural gas is based on an energy equivalency 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 compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio on a 6:1 basis may be misleading as an indication of value.*

*National Instrument 51-101 - "Standards of Disclosure for Oil and Gas Activities" includes condensate within the production of natural gas liquids. NuVista has disclosed condensate values separate from natural gas liquids herein as NuVista believes this provides a more accurate description of NuVista's operations and results therefrom.*

*Any reference in this news release to initial production ("IP") rates such as IP30 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 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 news 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", "may", "expects", "believes", "plans", "potential", "continue", "guidance", and similar expressions are intended to identify forward-looking statements. In particular and without limitation, this news release contains forward looking statements, including management's assessment of NuVista's future focus, strategy, plans, opportunities and operations; plans to reduce costs; expectations regarding future production and completions costs; future G&A cost reductions; financial and commodity risk management strategy; NuVista's planned capital expenditures; the timing, allocation and efficiency of NuVista's capital program and the results therefrom; expected production and gas ratios, anticipated well economics and typecurves, tie-in and completion plans, the anticipated impact on NuVista's production from scheduled plant maintenance and expected additional plant capacity; the anticipated potential and growth opportunities associated with NuVista's asset base; future drilling results; expectations regarding optimizing production; IP30 rates and production performance; anticipated debt to funds from operations and production guidance.*

*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, operations 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 from new wells, the sufficiency of budgeted capital expenditures in carrying out planned activities, access to infrastructure and competition from other industry participants, availability of qualified personnel or services and drilling and related equipment, market volatility, effects of regulation by governmental agencies including changes in environmental regulations, tax law 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 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 if any of them do so, what benefits NuVista will derive therefrom. NuVista has included the forward-looking statements in this 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.*

#### *Future Oriented Financial Information*

This news release contains future-oriented financial information and financial outlook information (collectively, "FOFI") and NuVista's prospective operational results and annual capital spending, all of which are subject to the same assumptions, 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 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.

#### *Non-GAAP measurements*

*Within the news release, references are made to terms commonly used in the oil and natural gas industry. Management uses the terms "funds from operations", "funds from operations per share", "annualized current quarter funds from operations", "funds from operations netback", "net debt", "net debt to annualized current quarter funds from operations" and "operating netback". These terms do not have any standardized meaning prescribed by GAAP and therefore may not be comparable with the calculation of similar measures for other entities. These terms are used by management to analyze operating performance on a comparative basis with prior periods and to analyze the liquidity of NuVista.*

*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, asset retirement expenditures, note receivable allowance (recovery) and environmental remediation expenses (recovery). Funds from operations as presented is not intended to represent operating cash flow or operating earnings for the period nor should it be viewed as an alternative to cash flow from operating activities, per the statement of cash flows or other measures of financial performance calculated in accordance with GAAP.*

*Funds from operations per share is calculated based on the weighted average number of common shares outstanding divided by the number of shares of net earnings per share. Total revenue equals oil and natural gas revenues including realized financial derivative gains/losses. Operating netback equals the total of revenues including realized financial derivative gains/losses, royalties, transportation and operating expenses calculated on a Boe basis. Funds from operations netback is operating netback less general and administrative, deferred share units, and interest expenses calculated on a Boe basis. Net debt is calculated as total debt plus senior unsecured notes plus adjusted working capital. Adjusted working capital is current assets less current liabilities and excludes the current portions of the financial derivative assets or liabilities, asset retirement obligations and premium on flow through shares. Net debt to annualized current quarter funds from operations is net debt divided by annualized current quarter funds from operations.*

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<https://www.rohstoff-welt.de/news/280878--NuVista-Energy-Ltd.-Announces-Third-Quarter-2017-Financial-and-Operating-Results-and-2018-Outlook.html>

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