

# ARC Resources Ltd. Reports Third Quarter 2017 Results and Announces 2018 Budget

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CALGARY, Nov. 9, 2017 /CNW/ - (ARX - TSX) [ARC Resources Ltd.](#) ("ARC") is pleased to report its third quarter 2017 financial and operating results. Third quarter production averaged 129,526 boe per day, net income was \$48.5 million (per share), and funds from operations totaled \$163.8 million (\$0.46 per share). ARC's unaudited condensed interim consolidated financial statements and notes ("financial statements"), as well as ARC's Management's Discussion and Analysis ("MD&A") for the three and nine months ended September 30, 2017, are available on ARC's website at [www.arcresources.com](http://www.arcresources.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

	Three Months Ended		
	June 30, 2017	September 30, 2017	September 30, 2017
	2017		
<b>FINANCIAL</b>			
(Cdn\$ millions, except per share and boe amounts and shares outstanding)			
Net income	124.0	48.5	28.3
Per share <sup>(1)</sup>	0.35	0.14	0.08
Funds from operations <sup>(2)</sup>	169.8	163.8	153.8
Per share <sup>(1)</sup>	0.48	0.46	0.44
Dividends	53.1	53.0	52.9
Per share <sup>(1)</sup>	0.15	0.15	0.15
Capital expenditures, before land and net property acquisitions (dispositions)	151.0	178.4	122.1
Total capital expenditures, including land and net property acquisitions (dispositions)	165.8	255.7	153.8
Net debt outstanding <sup>(3)</sup>	527.4	645.1	1,000.0
Shares outstanding, weighted average diluted	353.8	353.9	352.0
Shares outstanding, end of period	353.4	353.5	352.0
<b>OPERATING</b>			
Production			
Crude oil (bbl/day)	23,813	25,020	29,600
Condensate (bbl/day)	4,253	6,815	3,500
Natural gas (MMcf/day)	483.9	549.6	466.0
NGLs (bbl/day)	4,691	6,091	4,220

Total (boe/day) <sup>(4)</sup>	113,410	129,526	115
Average realized prices, prior to risk management contracts			
Crude oil (\$/bbl)	59.78	54.82	52.4
Condensate (\$/bbl)	60.08	54.28	50.8
Natural gas (\$/Mcf)	2.99	2.01	2.35
NGLs (\$/bbl)	26.27	28.37	12.6
Oil equivalent (\$/boe) <sup>(4)</sup>	28.63	23.29	25.0
Operating netback (\$/boe) <sup>(4)(5)</sup>			
Commodity sales	28.63	23.29	25.0
Royalties	(2.76)	(1.85)	(2.1)
Transportation expenses	(2.78)	(2.47)	(2.0)
Operating expenses	(6.65)	(6.33)	(7.3)
Netback prior to gain on risk management contracts	16.44	12.64	13.4
Realized gain on risk management contracts	3.03	3.81	4.67
Netback including gain on risk management contracts	19.47	16.45	18.0

TRADING STATISTICS <sup>(6)</sup>

High price	19.55	18.31	24.0
Low price	14.29	14.29	20.8
Average price	16.29	15.01	23.7
Average daily volume (thousands)	1,269	1,008	691

(1) Per share amounts (with the exception of dividends) are based on diluted weighted average common shares.

(2) Refer to Note 9 "Capital Management" in ARC's financial statements and to the sections entitled, "Funds from Operations" and "Capitalization, Financial Resources and Liquidity" contained within ARC's MD&A.

(3) Refer to Note 9 "Capital Management" in ARC's financial statements and to the section entitled, "Capitalization, Financial Resources and Liquidity" contained within ARC's MD&A.

(4) ARC has adopted the standard 6 Mcf:1 barrel when converting natural gas to boe. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 barrel 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 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.

(5) Operating netback does not have a standardized meaning under IFRS. See "Non-GAAP Measures" contained within ARC's MD&A.

(6) Trading prices are stated in Canadian dollars and are based on intra-day trading on the Toronto Stock Exchange.

"ARC achieved strong financial and operating results in the third quarter of 2017, highlighted by record quarterly production following the early start-up of our Dawson Phase III facility in June," explained Myron Stadnyk, President and CEO. "We continue to sustain our base businesses while advancing future development opportunities. Our Lower Montney appraisal program is producing excellent liquids yields across our asset base, signaling significant long-term development potential and we are entering into the demonstration stage at Attachie West. The execution of our strategy to produce significant Montney liquids in combination with our natural gas diversification strategy has allowed ARC to realize higher netbacks than the traditional Canadian markets, and our strategy of owning and operating our own infrastructure continues to add value."

Our financial risk management program provides an additional layer of cash flow protection, helping to preserve our strong balance sheet and best underpin capital investment in the Montney so that we can create value over the long term."

## FINANCIAL AND OPERATING HIGHLIGHTS

### Financial Results

ARC delivered solid financial performance in the third quarter of 2017, recording net income of \$48.5 million (\$0.14 per share) and funds from operations of \$163.8 million (\$0.46 per share). Net income and funds from operations for the nine months ended September 30, 2017 were \$315.0 million (\$0.89 per share) and \$510.8 million (\$1.44 per share), respectively. ARC remains focused on the long-term profitability of our business plan.

ARC's natural gas diversification and financial risk management activities have helped reduce our exposure to ongoing weakness in western Canadian natural gas prices. Third-party infrastructure maintenance and pipeline constraints through the third quarter of 2017 caused natural gas prices to experience significant volatility. ARC continued to actively manage its diversification strategy to minimize ARC's exposure to depressed AECO and Station 2 pricing. ARC's financial risk management program provides additional cash flow protection; realized cash gains recognized on ARC's risk management program were \$45.5 million and \$101.2 million for the three and nine months ended September 30, 2017, respectively. The fair value of ARC's risk management contracts at September 30, 2017 was a net asset of \$257.9 million.

ARC continues to create financial flexibility through its strong balance sheet, with \$645.1 million of net debt outstanding at September 30, 2017. ARC had additional cash and credit capacity of approximately \$1.3 billion at quarter-end, taking into account ARC's working capital surplus. The net debt to annualized funds from operations ratio was 0.9 times and net debt to EBITDA was approximately 10 per cent of ARC's total capitalization at the end of the third quarter of 2017. The proceeds from our 2016 divestments allow us to outspend our cash flow over the course of the next two years and return to target debt levels between one and 1.5 times annualized funds from operations.

### Operating Results

ARC achieved record production of 129,526 boe per day in the third quarter of 2017, with natural gas production of 550 MMcf per day (71 per cent of total production) and crude oil and liquids production of 37,926 barrels per day (29 per cent of total production). Third quarter 2017 average daily production increased 14 per cent relative to the second quarter of 2017, as production at the Dawson Phase III facility was ramped up through the quarter following its early start-up in June, and new crude oil wells at Tower were brought on production. As a result of proactively securing alternative marketing arrangements, ARC was able to mitigate any potential impact to its production from broad-scale third-party pipeline interruptions in the period. 2017 year-to-date production of 119,408 boe per day was made up of 510 MMcf per day of natural gas and 34,390 barrels per day of crude oil and liquids. Production levels are flat year-over-year primarily due to production at the Dawson Phase III facility offsetting the 8,800 boe per day of production that was divested in 2016. ARC maintains its full-year 2017 annual production guidance to be in the range of 120,000 to 124,000 boe per day and expects 2017 exit rate to be in excess of 130,000 boe per day. Fourth quarter 2017 production levels are expected to be similar to the third quarter of 2017.

Capital investment in the third quarter of 2017 was predominantly directed at drilling and completion activities in the Montney, with a continued focus on the Lower Montney horizon. Third quarter 2017 capital expenditures, before land and net property acquisitions and dispositions, of \$178.4 million included the drilling of 28 operated wells (18 crude oil wells and 10 natural gas and liquids-rich natural gas wells). Third quarter 2017 land spending included a \$77 million strategic investment at Attachie West, with the addition of 21 net Montney sections to our land position. 2017 year-to-date capital expenditures, before land and net property acquisitions and dispositions, totaled \$584.6 million, and included 94 wells drilled (54 crude oil wells, 39 natural gas and liquids-rich natural gas wells, and one disposal well).

### 2018 Budget

ARC's Board of Directors has approved a capital budget of \$690 million for 2018 that focuses on long-term profitability and balance sheet strength through the continued development of ARC's Montney crude oil, liquids-rich natural gas, and natural gas assets. Additional details on ARC's 2018 capital program and 2018 guidance can be found in the November 9, 2017 news release entitled, "[ARC Resources Ltd. Announces \\$690 Million Capital Program for 2018](#)" available on ARC's website at [www.arcresources.com](http://www.arcresources.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

Through execution of the 2018 capital program, ARC will continue to sustain ARC's base businesses, improving capital and operating efficiencies, and advancing ARC's safety and environmental performance. ARC's deliberate pace of asset development allows for learnings to be applied throughout all stages, and enhances ARC's future development optionality, while remaining committed to long-term value creation and shareholder returns. ARC has the flexibility to fund the 2018 sustaining capital requirements and the dividend with cash on-hand and cash flow generated from ARC's existing businesses, and growth capital in the 2018 budget with the redeployment of proceeds from ARC's fourth quarter 2016 divestments, and additional debt if necessary. ARC will continue to manage conservative debt levels as a priority.

The following economic, financial, and operational reviews provide further details to the above highlights. For additional commentary on ARC's third quarter 2017 financial and operating results as well as ARC's 2018 capital budget, please view the following videos: "Myron's Minute" and "ARC Resources Q3 2017 Review" available on ARC's website at [www.arcresources.com](http://www.arcresources.com).

ARC will be hosting an Investor Day in Calgary, Alberta the morning of November 13, 2017 to provide additional information surrounding ARC's strategy of risk-managed value creation. A live webcast of the event will be available on our website.

## ECONOMIC ENVIRONMENT

ARC's financial and operating results for the three and nine months ended September 30, 2017 were impacted by commodity prices and foreign exchange rates which are outlined in the following table.

Selected Benchmark Prices and Exchange Rates <sup>(1)</sup>	Three Months Ended			Nine Months Ended	
	September 30, 2017	June 30, 2017	% Change	September 30, 2017	September 30, 2016
WTI crude oil (US\$/bbl)	48.20	48.15	&mdash;	49.36	41.53
Mixed sweet crude stream price at Edmonton (Cdn\$/bbl)	56.77	61.74	(8)	60.75	50.18
NYMEX Henry Hub Last Day Settlement (US\$/MMBtu)	3.00	3.18	(6)	3.17	2.29
Chicago Citygate Monthly Index (US\$/MMBtu)	2.84	3.01	(6)	3.08	2.32
AECO 7A Monthly Index (Cdn\$/Mcf)	2.04	2.77	(26)	2.58	1.85
Cdn\$/US\$ exchange rate	1.25	1.34	(7)	1.31	1.32

(1) The benchmark prices do not reflect ARC's realized sales prices. For average realized sales prices, refer to the section entitled, "Sales of Crude Oil, Natural Gas, Condensate, NGLs and Other Income" contained within ARC's MD&A. Prices and exchange rates presented above represent averages for the respective periods.

Global crude oil prices remained range-bound in the third quarter of 2017, with the average WTI benchmark price effectively unchanged from the second quarter of 2017. OPEC production levels have stabilized, and US production growth is increasing at a moderated pace compared to prior periods. Temporary disruptions caused by hurricanes in the third quarter of 2017 caused refinery outages, resulting in strong refining margins and a widening of the WTI-Brent differential. This, coupled with strong base demand in the period, helped draw down crude oil inventories and supported the move toward a tighter global supply-demand balance. ARC's crude oil price is primarily referenced to the mixed sweet crude stream price at Edmonton, which decreased eight per cent in the third quarter of 2017 relative to the second quarter of 2017. The differential between WTI and the mixed sweet crude stream price at Edmonton widened to average a discount of US\$2.88 per barrel in the third quarter of 2017, a 29 per cent increase from the second quarter of 2017.

US natural gas prices, referenced by the average NYMEX Henry Hub Last Day Settlement price, decreased six per cent relative to the second quarter of 2017. Lower demand, due to a cooler summer, and rising US production offset increases in

US exports, putting slight downward pressure on natural gas prices in the third quarter of 2017. ARC's realized natural price is diversified physically and financially to multiple sales points including AECO, Station 2 and Chicago hubs. West Canadian natural gas prices fluctuated significantly in the third quarter of 2017 with prolonged third-party maintenance causing outages and pipeline restrictions. The AECO hub price decreased 26 per cent in the third quarter of 2017 relative to the second quarter of 2017. Forward AECO differentials widened in the third quarter of 2017 due to increasing concern over oversupply and infrastructure constraints in the Western Canadian Sedimentary Basin. The NYMEX Henry Hub Last Day Settlement price to AECO basis was US\$1.39 per MMBtu in the third quarter of 2017, an increase of 23 per cent relative to the second quarter of 2017.

The Bank of Canada announced two interest rate increases in the third quarter of 2017, resulting in a strengthened Canadian dollar relative to the US dollar, averaging Cdn\$/US\$1.25 (US\$/Cdn\$0.80).

## FINANCIAL REVIEW

### Net Income

ARC recorded net income of \$48.5 million (\$0.14 per share) in the third quarter of 2017 compared to net income of \$120.0 million (\$0.35 per share) in the second quarter of 2017. Increased depletion expenses of \$20.5 million resulting from higher production levels, reduced revenue net of royalties of \$11.4 million caused primarily by lower commodity prices, and realized gains of \$8.5 million on ARC's risk management contracts, served to decrease net income in the third quarter of 2017 relative to the second quarter of 2017. Second quarter 2017 earnings were also higher than the third quarter of 2017 due to a \$75.0 million reversal of a previously-recognized impairment charge. Partially offsetting these decreases to net income were reduced income taxes of \$30.8 million, and increased foreign exchange gains of \$8.0 million.

Net income of \$315.0 million (\$0.89 per share) for the nine months ended September 30, 2017 was \$280.7 million higher than net income for the nine months ended September 30, 2016. Increased realized and unrealized gains of \$173.2 million on ARC's risk management contracts and improved revenue net of royalties of \$139.6 million due to strengthened commodity prices were the most significant drivers in the year-over-year increase to net income. The reversal of a previously-recognized impairment charge of \$75.0 million, reduced DD&A expenses of \$34.2 million, and reduced general and administrative ("G&A") expenses of \$32.2 million driven by decreased expenses recorded on ARC's share-based compensation plans due to a lower share price, also contributed to the increase. These increases to earnings were partially offset by increased income taxes of \$116.9 million resulting primarily from improved commodity prices and reduced taxes associated with the disposition of certain non-core assets in 2016, and the recognition of a \$53.9 million gain on business combinations in the prior year.

### Funds from Operations

ARC's third quarter 2017 funds from operations of \$163.8 million (\$0.46 per share) decreased four per cent from second quarter 2017 funds from operations of \$169.8 million (\$0.48 per share). The most significant drivers in the quarter-over-quarter decrease in funds from operations were lower commodity prices and increased operating expenses. These factors were offset by increased production, higher realized gains on ARC's risk management contracts, and reduced royalty expenses.

Funds from operations of \$510.8 million (\$1.44 per share) for the nine months ended September 30, 2017 were 15 per cent higher than funds from operations for the nine months ended September 30, 2016. Improved commodity prices, reduced G&A expenses driven primarily by lower expenses recorded on ARC's share-based compensation plans, and higher natural gas production increased funds from operations relative to the prior year. These items were partially offset by lower realized gains on ARC's risk management contracts, reduced crude oil production, and higher royalty and transportation expenses. Higher current income taxes and increased realized losses on foreign exchange also served to partially offset the increase in funds from operations year-over-year.

The following table details the change in funds from operations for the third quarter of 2017 relative to the second quarter of 2017 and for the nine months ended September 30, 2017 relative to the nine months ended September 30, 2016.

	Q2 2017 to Q3 2017		2016 YTD to 2017 YTD	
	\$ millions	\$/Share <sup>(2)</sup>	\$ millions	\$/Share <sup>(2)</sup>
Funds from operations for the three months ended June 30, 2017 <sup>(1)</sup>	169.8	0.48		
Funds from operations for the nine months ended September 30, 2016 <sup>(1)</sup>			444.8	1.27
Volume variance				
Crude oil and liquids	26.0	0.07	(79.4)	(0.23)
Natural gas	19.7	0.06	17.0	0.04
Price variance				
Crude oil and liquids	(13.9)	(0.04)	109.3	0.31
Natural gas	(49.6)	(0.14)	103.1	0.29
Other income	&mdash;	&mdash;	3.7	0.01
Realized gain on risk management contracts	14.2	0.04	(82.0)	(0.23)
Royalties	6.4	0.02	(14.1)	(0.04)
Expenses				
Transportation	(0.9)	&mdash;	(12.8)	(0.04)
Operating	(6.8)	(0.02)	1.8	0.01
G&A	1.0	&mdash;	34.0	0.10
Interest	0.7	&mdash;	3.5	0.01
Current tax	(1.9)	(0.01)	(9.4)	(0.03)
Realized loss on foreign exchange	(0.9)	&mdash;	(8.7)	(0.02)
Weighted average shares, diluted	&mdash;	&mdash;	&mdash;	(0.01)
Funds from operations for the three months ended September 30, 2017 <sup>(1)</sup>	163.8	0.46		
Funds from operations for the nine months ended September 30, 2017 <sup>(1)</sup>			510.8	1.44

(1) Refer to Note 9 "Capital Management" in ARC's financial statements and to the sections entitled, "Funds from Operations" and "Capitalization, Financial Resources and Liquidity" contained within ARC's MD&A.

(2) Per share amounts are based on diluted weighted average common shares.

## Operating Netbacks

ARC's third quarter 2017 operating netback, prior to gains on risk management contracts, of \$12.64 per boe decreased 23 per cent relative to the second quarter of 2017, and ARC's third quarter 2017 operating netback, including gains on risk management contracts, of \$16.45 per boe decreased 16 per cent relative to the second quarter of 2017. Lower operating netbacks were predominantly due to weaker natural gas prices.

ARC's 2017 year-to-date operating netback, prior to gains on risk management contracts, of \$15.55 per boe

increased 33 per cent from the prior year, and ARC's 2017 year-to-date operating netback, including gains on risk management contracts, of \$18.65 per boe increased eight per cent relative to the prior year. Higher operating netbacks were largely due to strengthened crude oil and natural gas prices.

ARC's third quarter 2017 total corporate royalty rate of 8.0 per cent (\$1.85 per boe) decreased from 9.6 per cent (\$2.76 per boe) in the second quarter of 2017, and reflects the effect of lower commodity prices on royalty rates. ARC's 2017 year-to-date total corporate royalty rate of 8.7 per cent (\$2.34 per boe) increased slightly from 8.5 per cent (\$1.91 per boe) during the first nine months of 2016 and reflects the effect of higher commodity prices on royalty rates. Royalty expenses for the three and nine months ended September 30, 2017 on an absolute basis were \$22.1 million and \$76.4 million, respectively.

Third quarter 2017 transportation expenses of \$2.47 per boe decreased 11 per cent from the second quarter of 2017. During the second quarter of 2017, ARC incurred additional gas transportation charges to mitigate the negative impact of third-party pipeline outages to ARC's production. ARC's 2017 year-to-date transportation expenses of \$2.55 per boe increased 19 per cent relative to the prior year primarily as a result of an aggregate increase in tolls for natural gas on third-party pipelines as well as ARC's ongoing strategy to secure additional transportation to ensure ARC's production moves to market. Transportation expenses for the three and nine months ended September 30, 2017 on an absolute basis were \$29.5 million and \$83.1 million, respectively.

Third quarter 2017 operating expenses of \$6.33 per boe were five per cent lower than second quarter 2017 operating expenses of \$6.65 per boe, largely due to new volumes being brought on production at Dawson with lower relative costs to operate, partially offset by an increase in maintenance expenses to perform a five-day planned turnaround at Sunrise. 2017 year-to-date operating expenses of \$6.56 per boe decreased one per cent relative to the first nine months of 2016 and was the result of reduced labour costs, partially offset by increased maintenance and workover activities, in 2017 compared to the prior year. Operating expenses for the three and nine months ended September 30, 2017 on an absolute basis were \$75.4 million and \$213.9 million, respectively.

## Risk Management

ARC recorded total cash gains of \$45.5 million and \$101.2 million on its risk management contracts for the three and nine months ended September 30, 2017, respectively.

ARC realized cash gains of \$44.2 million and \$100.9 million on natural gas risk management contracts for the three and nine months ended September 30, 2017, respectively. Approximately 30 per cent of natural gas production was hedged at NYMEX Henry Hub with an average floor price of US\$4.00 per MMBtu during the first nine months of 2017, while market prices averaged US\$3.17 per MMBtu. Approximately 10 per cent of natural gas production was hedged at AECO with an average swap price of Cdn\$2.68 per GJ during the first nine months of 2017, while market prices averaged Cdn\$2.45 per GJ. ARC has hedged approximately 253,000 MMBtu per day of natural gas production for the remainder of 2017 and a portion of natural gas production is hedged for the period 2018 through 2022. ARC's natural gas risk management portfolio also includes AECO basis swap contracts which fix the AECO price received relative to the NYMEX Henry Hub price on a portion of its natural gas volumes for 2017 through 2021, and basis swap contracts which fix other regional sales prices received relative to the NYMEX Henry Hub price on a portion of its natural gas volumes for 2019 through 2022. Details pertaining to ARC's natural gas hedged volumes and prices for the period 2017 through 2022 are outlined in the table that follows.

ARC realized cash gains of \$1.0 million and \$1.3 million on crude oil risk management contracts during the three and nine months ended September 30, 2017, respectively. ARC currently has 14,000 barrels per day of crude oil production hedged with collars and swaps for the remainder of 2017 and has additional crude oil production hedged for 2018 and 2019. ARC's crude oil risk management portfolio also includes MSW basis swap contracts for 2017 and 2018, fixing the discount between WTI and the mixed sweet crude stream price at Edmonton, and WTI sold swaption contracts for 2018. Details pertaining to ARC's crude oil hedged volumes and prices for the period 2017 through 2019 are outlined in the table that follows.

ARC has risk management contracts in place, at levels that support ARC's long-term business plans, to protect prices on a portion of natural gas and crude oil volumes. ARC will continue to take positions in natural gas, crude oil, foreign exchange rates, power and interest rates, as appropriate, to provide greater certainty

over future cash flows. For a summary of the average crude oil and natural gas volumes associated with ARC's risk management contracts as at September 30, 2017, see Note 10 "Financial Instruments and Market Risk Management" in ARC's financial statements for the three and nine months ended September 30, 2017.

Risk Management Contracts Positions Summary <sup>(1)</sup>

As at November 9, 2017	Q4 2017		2018		2019		2020
Crude Oil &ndash; WTI <sup>(2)</sup>	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl
Ceiling	56.22	14,000	65.39	4,000	65.63	2,000	&ndash;
Floor	45.71	14,000	50.00	4,000	50.00	2,000	&ndash;
Sold Floor	35.23	11,000	40.00	4,000	40.00	2,000	&ndash;
Sold Swaption <sup>(3)</sup>	&ndash;	&ndash;	54.00	2,000	&ndash;	&ndash;	&ndash;
Crude Oil &ndash; Cdn\$ WTI <sup>(4)</sup>	Cdn\$/bbl	bbl/day	Cdn\$/bbl	bbl/day	Cdn\$/bbl	bbl/day	Cdn\$/bbl
Ceiling	&ndash;	&ndash;	76.25	2,000	&ndash;	&ndash;	&ndash;
Floor	&ndash;	&ndash;	65.00	2,000	&ndash;	&ndash;	&ndash;
Swap	&ndash;	&ndash;	72.52	6,000	&ndash;	&ndash;	&ndash;
Total Crude Oil Volumes (bbl/day)		14,000		12,000		2,000	
Crude Oil &ndash; MSW (Differential to WTI) <sup>(5)</sup>	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl
Swap	(3.22)	10,000	(3.38)	7,000	&ndash;	&ndash;	&ndash;
Natural Gas &ndash; NYMEX Henry Hub <sup>(6)</sup>	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu
Ceiling	3.37	20,000	3.64	80,000	3.35	80,000	3.32
Floor	3.00	20,000	3.00	80,000	2.75	80,000	2.75
Sold Floor	&ndash;	&ndash;	2.50	80,000	2.25	80,000	2.25
Swap	4.00	145,000	4.00	90,000	4.00	40,000	&ndash;
Natural Gas &ndash; AECO <sup>(7)</sup>	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day	Cdn\$/GJ
Ceiling	&ndash;	&ndash;	&ndash;	&ndash;	3.30	10,000	3.60
Floor	&ndash;	&ndash;	&ndash;	&ndash;	3.00	10,000	3.08
Swap	2.81	93,261	2.99	44,932	3.16	20,000	3.35
Total Natural Gas Volumes (MMBtu/day)		253,394		212,587		148,435	

Natural Gas &ndash; AECO Basis (Percentage of NYMEX)	AECO/ NYMEX	MMBtu/day AECO/ NYMEX	MMBtu/day AECO/ NYMEX	MMBtu/day AECO/ NYMEX	MMBtu/day AECO/ NYMEX
Sold Swap	89.7	145,000	84.9	90,000	83.7 40,000 &mdash;
Natural Gas &ndash; AECO Basis (Differential to NYMEX)	US\$/ MMBtu	MMBtu/day US\$/ MMBtu	MMBtu/day US\$/ MMBtu	MMBtu/day US\$/ MMBtu	MMBtu/day US\$/ MMBtu
Sold Swap	(0.81)	70,000	(0.85)	88,384	(0.80) 108,384 (0.76)
Bought Swap	(1.19)	(50,000)	&mdash; &mdash;	&mdash; &mdash;	&mdash; &mdash;
Total AECO Basis Volumes (MMBtu/day)		165,000		178,384	148,384

(1) The prices and volumes in this table represent averages for several contracts representing different periods. The average price for the portfolio of options listed above does not have the same payoff profile as the individual option contracts. Viewing the average price of a group of options is purely for indicative purposes. All positions are financially settled against the benchmark prices.

(2) Crude oil prices referenced to WTI. Sold Swap &mdash; &mdash; 40,000

(3) The sold swaption allows the counterparty, at a specified future date, to enter into a swap with ARC at the above-detailed terms. The volumes are not included in the total crude oil volumes until such time that the option is exercised.

(4) Crude oil prices referenced to WTI, multiplied by the WM/Reuters Intra-day Spot Rate as of Noon EST.

(5) MSW differential refers to the discount between WTI and the mixed sweet crude grade at Edmonton, calculated on a monthly weighted average basis in US\$.

(6) Natural gas prices referenced to NYMEX Henry Hub Last Day Settlement.

(7) Natural gas prices referenced to AECO 7A Monthly Index.

(8) ARC has entered into basis swaps at locations other than AECO.

## OPERATIONAL REVIEW

ARC invested \$178.4 million of capital, before land and net property acquisitions and dispositions, in the third quarter of 2017, including drilling 28 operated wells (18 crude oil wells and 10 natural gas and liquids-rich natural gas wells). Capital expenditures in the period were focused on drilling and completion activities across ARC's Montney asset base, and initial investments for the Sunrise Phase II facility expansion. Capital expenditures, before land and net property acquisitions and dispositions, for the first nine months of 2017 totaled \$584.6 million and included 94 wells drilled (54 crude oil wells, 39 natural gas and liquids-rich natural gas wells, and one disposal well). Nearly 90 per cent of capital investment in the first nine months of 2017 was directed at ARC's low-cost, high-value Montney assets.

## Nine Months Ended September 30, 2017

Area	Wells Drilled	Wells Completed
Dawson	24	25
Sunrise	5	&mdash;
Parkland/Tower	29	27
Attachie	2	2
Pouce Coupe	1	3
Ante Creek	17	13
Pembina	15	17
Other	1	&mdash;
Total	94	87

Third quarter 2017 production totaled 129,526 boe per day, with natural gas production of 550 MMcf per day (71 per cent of total production) and crude oil and liquids production of 37,926 barrels per day (29 per cent of total production). Third quarter 2017 average daily production was 14 per cent higher than the second quarter of 2017, as production at the Dawson Phase III facility ramped up through the third quarter following the early start-up of the facility in June, and as new crude oil wells at Tower were brought on production. As a result of continuing to proactively secure alternative marketing arrangements, ARC did not experience any volume impact as a result of broad-scale third-party infrastructure maintenance and outages in the period.

2017 year-to-date production of 119,408 boe per day was made up of 510 MMcf per day of natural gas and 34,390 barrels per day of crude oil and liquids. Production levels are flat year-over-year primarily due to new production at the Dawson Phase III facility offsetting the 8,800 boe per day of production that was divested in 2016 as part of ARC's ongoing portfolio rationalization efforts.

ARC currently has a land position of approximately 1,200 net Montney sections, and Montney production represented approximately 90 per cent of corporate production in the third quarter of 2017. Excellent operating and capital efficiencies are supported by ARC owning and operating its own facilities, allowing for greater control over costs, safety performance, and pace of development. ARC continues to optimize well designs and maximize well value, pursue new technologies, and partner with service providers to preserve its low and competitive cost structure. ARC actively monitors market conditions and maintains a marketing strategy that proactively secures takeaway capacity for future development projects, diversifies ARC's sales portfolio, mitigates the impact of third-party infrastructure maintenance and outages, and ensures that production gets to market at optimal pricing.

#### Lower Montney

ARC's lands within the Montney fairway have significant development potential in the Lower Montney horizon. This opportunity is currently being appraised across all of ARC's Montney assets as ARC progresses its technical understanding of the zone and works to better understand the economics associated with development.

At Dawson, the Lower Montney horizon has shown high liquids yields that are driving strong economics and indicating significant upside in the area of the field that will be developed to support production at the Dawson Phase III and Dawson Phase IV facilities. During the third quarter of 2017, five wells targeting the Lower Montney horizon were drilled at Dawson, and two wells were completed. One well brought on

production in the third quarter of 2017 has averaged approximately 7 MMcf per day of natural gas and 280 barrels per day of free condensate over the first 50 days of production. The well appears to be stabilizing at a condensate-to-gas ratio of 40 barrels per MMcf, similar to other Lower Montney wells nearby. At Pouce Coupe, three wells brought on production in 2017 have garnered encouraging initial production results.

Parkland/Tower has been a focus of ARC's Lower Montney appraisal program, with two Parkland wells completed in the third quarter of 2017. One well was recently brought on production at a restricted rate and has averaged approximately 4.5 MMcf per day of natural gas and approximately 650 barrels per day of free condensate over 80 days. The well is stabilizing at a condensate-to-gas ratio of 100 barrels per MMcf. ARC is encouraged by these results and intends to further delineate the opportunity in 2018. At Sunrise, a five-well development pad was drilled in the second quarter of 2017, piloting dual-layer development in the Lower Montney horizon. Completion operations of this five-well pad are currently underway. Significant Lower Montney development potential has also been identified at Attachie, where ARC will drill an appraisal well on a multi-well pad in the fourth quarter of 2017.

ARC's 2017 capital program includes the drilling of 21 Lower Montney wells across ARC's Montney acreage. Evaluation and monitoring of production results will be ongoing as ARC optimizes well designs. The long-term growth opportunities from the Lower Montney horizon will provide ARC with strategic optionality in the future, and increase the overall depth of ARC's portfolio.

## Dawson

The Dawson Montney play is the foundation of ARC's low-cost natural gas business, where ARC has a land position of 137 net Montney sections. The Dawson play delivers strong economics and cash flow at current natural gas prices, due to excellent capital efficiencies and low operating expenses. Dawson production averaged 234 MMcf per day of natural gas and 3,500 barrels per day of condensate and NGLs during the third quarter of 2017, resulting in a total production increase of 35 per cent from the second quarter of 2017. Production at the Dawson Phase III facility ramped up through the third quarter, as new wells were brought on production following the early start-up of the facility in June. ARC expects production levels to remain stable during the fourth quarter of 2017.

ARC invested \$192 million at Dawson during the first nine months of 2017. Capital investment was directed at completing construction of the Dawson Phase III facility, as well as the drilling of 24 natural gas wells and completion of 25 wells. The majority of these wells targeted the liquids-rich areas outside of the core of Dawson. The two most recent pads in Dawson utilized a new well design. The results from this design have not met expectations. These results have not changed ARC's view of Dawson and we will return to our previous well design in the area. Dawson Phase III was designed to process 90 MMcf per day of natural gas and handle up to 7,500 barrels per day of liquids (approximately 50 per cent condensate-handling), and has dual-connectivity to third-party pipeline infrastructure in order to provide increased takeaway optionality. Since start-up, operational performance of the facility has been excellent. Due to stronger-than-expected liquids yields from new wells, budgeted liquids production targets for the facility have been met and have stabilized at a combined 3,500 barrels per day of condensate and NGLs. ARC will continue to examine opportunities to optimize liquids production at Dawson.

ARC is currently evaluating the Phase IV expansion of the Dawson gas processing and liquids-handling facility. The facility expansion, which has received regulatory approval, has a plant design consistent with the Dawson Phase III facility. By taking advantage of Phase III investments, Dawson Phase IV is one of ARC's most attractive infrastructure investment opportunities and similar to Phase III, has been designed to handle free liquids and richer gas production from the Lower Montney. The facility expansion has the ability to come on-stream in 2020, and long-term takeaway capacity for production associated with the facility has been secured.

## Sunrise

ARC has a land position of 32 net Montney sections at Sunrise, a dry natural gas Montney play in northeast British Columbia with potential for up to six layers of development. With a significant natural gas resource base, high well deliverability, low capital requirements, and low operating expenses, Sunrise continues to create significant value and superior full-cycle economics, making it ARC's most profitable asset. Third quarter 2017 Sunrise production was approximately 127 MMcf per day of natural gas, a decrease of six per

cent from the second quarter of 2017 resulting from a five-day planned turnaround at ARC's owned and operated Sunrise facility.

ARC invested \$27 million on capital activities at Sunrise in the first nine months of 2017, including drilling five natural gas wells targeting the Lower Montney zone. Capital was also directed at front-end engineering and design work and initial earthwork for the second phase of the existing Sunrise gas processing facility. Sunrise Phase II will add incremental natural gas sales of 120 MMcf per day in addition to 60 MMcf per day of repatriated production that is currently flowing through a third-party facility. The Sunrise facility expansion of 180 MMcf per day is expected to come on-stream by mid-year 2019, at which point ARC's total owned and operated processing and sales capacity in the area will be 240 MMcf per day of natural gas. With increased control of ARC's Sunrise production volumes, operating costs in the area will be significantly reduced once the facility comes on-stream. Long-term takeaway capacity for production associated with the facility expansion has been secured.

ARC expects to maintain production at current facility capacity at Sunrise through the remainder of 2017. ARC plans to complete the five Lower Montney wells that were drilled earlier in the year during the fourth quarter of 2017, the learnings from which will be integrated into ARC's broader strategic Lower Montney program. The five-well pad includes a dual-layer pilot in the Lower Montney zone.

#### Parkland/Tower

ARC's Parkland/Tower property, located in the Montney play in northeast British Columbia, consists of 57 net Montney sections at Tower, which produce predominantly light crude oil and condensate with liquids-rich associated gas; and 37 net Montney sections at Parkland, which produce liquids-rich natural gas and dry gas. With contiguous lands, these areas share ARC-operated infrastructure and processing capacity.

Third quarter 2017 production at Parkland/Tower averaged 29,000 boe per day (approximately 45 per cent crude oil and liquids and 55 per cent natural gas), an increase of 23 per cent relative to the second quarter of 2017, and was the result of new wells being brought on production during the quarter. ARC expects production levels to remain at similar levels during the fourth quarter of 2017, as liquids production is maintained at sales of over 10,000 barrels per day of crude oil and liquids. Capital investment at Parkland/Tower was \$161 million during the first nine months of 2017 and included the drilling of 23 crude oil wells, five liquids-rich natural gas wells and one natural gas well, and completion of 27 wells.

ARC continues to evaluate and progress its development strategy for the Parkland/Tower area, with a focus on improving capital efficiencies, and refining well designs for optimized operational efficiency. Application of refined designs to the most recent development activities within the Tower core is delivering strong production results, and operating costs are being reduced through the installation of gas lifts across the Tower field. ARC will continue to manage the overall pace of development at Parkland/Tower by integrating learnings, preserving ARC's strong capital efficiencies, and sustaining production in the area.

#### Attachie

ARC's Attachie property is a highly prospective, Montney crude oil and liquids-rich natural gas exploration play located in northeast British Columbia, where ARC has a land position of 307 net Montney sections (approximately 200,000 acres), having added 21 net sections to its position in the third quarter of 2017. ARC invested \$23 million on pilot activities on the west side of Attachie during the first nine months of 2017, including the drilling and completion of two liquids-rich natural gas wells, both of which were brought on production in the second quarter of 2017. The two wells have produced a combined 175,000 barrels of condensate in the first 160 days, for cumulative production of 275,000 boe. ARC currently has six pilot wells on production at Attachie West, with the two most recent wells continuing to exceed expectations and demonstrating strong wellhead condensate rates.

Encouraged by the recent production results in the area, ARC is currently drilling a seven-well demonstration pad at Attachie West, with plans to complete and tie-in the wells in 2018. The multi-well pad will focus on capital efficiency improvements, and will appraise the area's multi-layer development potential with one well targeting the Lower Montney horizon. ARC is currently producing through third-party infrastructure while long-term infrastructure requirements are being assessed, and will continue to optimize and monitor production results in the area.

## Ante Creek

ARC has a land position of 373 net sections at Ante Creek, a Montney crude oil play in northern Alberta that provides significant cash flow and has substantial future development potential. Third quarter 2017 Ante Creek production averaged 15,800 boe per day (approximately 45 per cent crude oil and liquids), a three per cent increase from the second quarter of 2017 resulting from new wells being brought on production. ARC invested \$78 million in the first nine months of 2017, including drilling 16 crude oil wells and one vertical disposal well, and completing 13 wells.

Base production at Ante Creek continues to perform well, demonstrating the effectiveness of ARC's ongoing optimization activities and the overall strength of the asset base. Recent optimization of well designs has resulted in improved capital efficiencies in the area, and new wells brought on production over the past year have confirmed our improved type curve expectations and have extended the overall development area at Ante Creek.

## Pembina

ARC's Pembina Cardium assets provide high-quality light oil production and generate strong operating netbacks, with favourable half-cycle economics with major infrastructure already in place. ARC has a land position of 219 net Cardium sections in Pembina, where production averaged approximately 10,300 boe per day (approximately 80 per cent light oil and liquids) in the third quarter of 2017, relatively unchanged from the second quarter of 2017.

ARC invested \$58 million in capital activities in the first nine months of 2017, including drilling 15 crude oil wells and completing 17 wells. The production from these wells will support crude oil volumes in the second half of 2017. ARC continues to focus on capital and operating efficiencies with its drilling and completion designs in Pembina, driving an increase in overall profitability and free cash flow generation. Optimizing production, converting wells to horizontal injection, and overall waterflood management continue to be core components of our operations at Pembina.

## Redwater

ARC's Redwater region in Alberta produces high-quality light crude oil. Third quarter 2017 production averaged approximately 3,000 boe per day, unchanged from the second quarter of 2017. Capital investment at Redwater for the first nine months of 2017 was \$2 million.

## DIVIDENDS

As a dividend-paying corporation, ARC declares monthly dividends to its shareholders. ARC continually assesses dividend levels in light of commodity prices and economic conditions, capital expenditure programs, and production volumes to ensure that dividends are in line with ARC's long-term strategy and objectives.

ARC declared dividends totaling \$53.0 million (\$0.15 per share) for the third quarter of 2017, and \$159.2 million (\$0.45 per share) for the nine months ended September 30, 2017. The Board of Directors previously confirmed a dividend of \$0.05 per share for October 2017, payable on November 15, 2017, and has conditionally declared a monthly dividend of \$0.05 per share for November 2017 through January 2018, payable as follows:

Record Date	Ex-dividend Date	Payment Date	Per Share Amount
October 31, 2017	October 30, 2017	November 15, 2017	\$0.05 <sup>(1)</sup>
November 30, 2017	November 29, 2017	December 15, 2017	\$0.05 <sup>(2)</sup>
December 29, 2017	December 28, 2017	January 15, 2018	\$0.05 <sup>(2)</sup>
January 31, 2018	January 30, 2018	February 15, 2018	\$0.05 <sup>(2)</sup>

(1) Confirmed on October 16, 2017.

(2) Conditionally declared, subject to confirmation by news release and further resolution by the Board of Directors.

The dividends have been designated as eligible dividends under the Income Tax Act (Canada). The declaration of the dividends is conditional upon confirmation by news release and is subject to any further resolution by the Board of Directors. Dividends are subject to change in accordance with ARC's dividend policy depending on a variety of factors and conditions existing from time-to-time, including fluctuations in commodity prices, production levels, capital expenditure requirements, debt service requirements, operating expenses, royalty burdens, foreign exchange rates and the satisfaction of solvency tests imposed by the Business Corporations Act (Alberta) for the declaration and payment of dividends. Shareholders, wherever resident, are encouraged to consult their own tax advisors regarding the tax consequences to them of receiving cash dividends.

## OUTLOOK

The foundation of ARC's business strategy is risk-managed value creation. High-quality assets, health, safety and environmental and operational excellence, financial flexibility and strength, and top talent are the key principles underpinning ARC's business strategy. ARC's goal is to create shareholder value in the form of regular dividends and anticipated capital appreciation relating to profitable future growth.

ARC's Board of Directors has approved a \$690 million capital program for 2018 that focuses on long-term profitability and balance sheet strength through the continued development of ARC's Montney crude oil, liquids-rich natural gas, and natural gas assets. The 2018 capital program will sustain ARC's base Montney businesses and will fund strategic infrastructure at the Sunrise Phase II gas processing facility, ARC's next major phase of growth, expected to be at full capacity by mid-year 2019. The capital program will allow ARC to continue to appraise the long-term development potential of the Lower Montney and advance the liquids-rich Attachie asset towards commercialization with the completion and tie-in of a multi-well demonstration pad at Attachie West. ARC expects 2018 annual average production to be in the range of 130,000 to 134,000 boe per day. Additional details on ARC's 2018 capital program and 2018 guidance can be found in the November 9, 2017 news release entitled, "[ARC Resources Ltd. Announces \\$690 Million Capital Program for 2018](#)" available on ARC's website at [www.arcresources.com](http://www.arcresources.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

Ongoing commodity price volatility may affect ARC's funds from operations and over the long term, profitability of capital programs. As continued volatility is expected, ARC will continue to take steps to mitigate these risks, including an active risk management program, focusing on capital and operating efficiencies, and protecting its strong financial position, with a targeted net debt to annualized funds from operations ratio of between one and 1.5 times. ARC will screen projects for profitability in a disciplined manner and will adjust investment levels and the pace of development, if required, to ensure balance sheet strength is protected. The 2017 and 2018 capital budgets exclude land purchases and property acquisitions or dispositions. ARC will continue to pursue opportunities to consolidate its land position and grow its presence in key areas through land purchases and property acquisitions. ARC evaluates its asset portfolio on a continuous basis with a view to selling assets that do not meet ARC's investment guidelines. Through the normal course of business, acquisitions and dispositions may occur that could impact the expected production for the year.

ARC's full-year 2017 guidance estimates and a review of 2017 year-to-date actual results are outlined in the

following table.

	2017 Guidance	2017 Actual
<b>Production</b>		
Crude oil (bbl/day)	25,000 - 28,000	25,000
Condensate (bbl/day)	5,000 - 5,500	5,000
Natural gas (MMcf/day)	505 - 515	505
NGLs (bbl/day)	4,000 - 4,500	4,000
Total (boe/day)	118,000 - 124,000	118,000
<b>Expenses (\$/boe)</b>		
Operating	6.30 - 6.70	6.30
Transportation	2.25 - 2.45	2.25
G&A expenses before share-based compensation plans	1.15 - 1.35	1.15
G&A - share-based compensation plans <sup>(2)</sup>	0.65 - 0.75	0.65
Interest	1.00 - 1.20	1.00
Current income tax (per cent of funds from operations) <sup>(3)</sup>	5 - 10	5
Capital expenditures before land purchases and net property acquisitions (dispositions) (\$ millions)	750	850
Land purchases and net property acquisitions (dispositions) (\$ millions)	N/A	N/A
Weighted average shares (millions)	353	353

(1) As originally disclosed at June 30, 2017.

(2) Comprises expenses recognized under the RSU and PSU Plan, Share Option Plan and LTRSA Plan, and excludes compensation charges under the DSU Plan. In periods where substantial share price fluctuation occurs, ARC's G&A expenses are subject to greater volatility.

(3) The current income tax estimates vary depending on the level of commodity prices.

ARC's 2017 guidance is based on full-year 2017 estimates; certain variances exist between 2017 year-to-date actual results and 2017 full-year guidance estimates due to the cyclical and seasonal nature of operations. ARC expects full-year 2017 actual results to closely approximate guidance. 2017 year-to-date crude oil production was below the 2017 guidance range. Fourth quarter 2017 crude oil production levels are expected to be similar to the third quarter of 2017.

#### Forward-looking Information and Statements

This news release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect," "anticipate," "continue," "estimate," "objective," "ongoing," "may," "will," "project," "should," "believe," "plans," "intends," "strategy" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to

the following: guidance as to the capital expenditure plans of ARC in 2017 and beyond and its production in 2017 and beyond, and operating expenses under the heading "Financial and Operating Highlights", as to its views on future commodity prices under the heading "Economic Environment", as to its risk management plans for 2017 and beyond under the heading "Risk Management", as to its production, exploration and development plans, and capital expenditures for 2017 and beyond under the heading "Operational Review", as to its plans in relation to future dividend levels under the heading "Dividends", and all matters in respect of 2017 guidance under the heading "Outlook".

The forward-looking information and statements contained in this news release reflect several material factors, expectations and assumptions of ARC, including, without limitation: the production performance of ARC's crude oil and natural gas assets; the cost and competition for services throughout the oil and gas industry in 2017 and 2018; the results of exploration and development activities during 2017 and 2018; the general continuance of current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes; the accuracy of the estimates of ARC's reserves and resource volumes; certain commodity price and other cost assumptions for 2017 and 2018; the retention of ARC's key properties; and the continued availability of adequate debt and equity financing and funds from operations to fund its planned expenditures. ARC believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable, but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

The forward-looking information and statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; changes in the demand for or supply of ARC's products; changes to government regulations including royalty rates, taxes, and environmental and climate change regulation; market access constraints or transportation interruptions, unanticipated operating results, or production declines; changes in development plans of ARC or by third-party operators of ARC's properties, increased debt levels or debt service requirements; inaccurate estimation of ARC's oil and gas reserve and resource volumes; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time-to-time in ARC's public disclosure documents (including, without limitation, those risks identified in this news release and in ARC's Annual Information Form).

The internal projections, expectations or beliefs are based on the 2017 capital budget which is subject to change in light of ongoing results, prevailing economic circumstances, commodity prices and industry conditions and regulations. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted. The forward-looking information and statements contained in this news release speak only as of the date of this news release, and none of ARC or its subsidiaries assumes any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

ARC has adopted the standard 6 Mcf:1 barrel when converting natural gas to boe. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 barrel 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 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.

[ARC Resources Ltd.](#) is one of Canada's largest conventional oil and gas companies with an enterprise value <sup>(1)</sup> of approximately \$6.9 billion. ARC's common shares trade on the TSX under the symbol ARX.

[ARC Resources Ltd.](#)

Myron M. Stadnyk  
President and Chief Executive Officer

(1) Enterprise value is also referred to as total capitalization. Refer to Note 9 "Capital Management" in ARC's financial statements for the three and nine months ended September 30, 2017 and to the section entitled "Capitalization, Financial Resources and Liquidity" contained within ARC's MD&A.

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#### Contact

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