

MEG Energy announces 2018 capital investment plan supporting production to 100,000 bpd, sets the stage for continued growth in 2019

01.12.2017 | [CNW](#)

All financial figures in Canadian dollars (\$) or C\$ unless otherwise noted

CALGARY, Dec. 1, 2017 /CNW/ - [MEG Energy Corp.](#) (TSX:MEG) announced today its 2018 capital investment plan and operational guidance. Highlights include:

- A 2018 capital budget of \$510 million, 24% of which is directed towards the completion of the Phase 2B eMSAGP project, 20% towards an expansion of the pilot program involving the company's proprietary eMVAPEX technology positioning the company to grow beyond 100,000 barrels per day (bpd), 43% towards sustaining and turnaround of the remainder towards field infrastructure, corporate and other initiatives;
- Financial resources available to the company to fund its 2018 capital program include expected internally generated cash flow and cash on hand;
- Targeted 2018 average production in the range of 85,000 to 88,000 bpd, 2018 exit production in the range of 95,000 to 100,000 bpd, and non-energy operating costs of \$4.75 to \$5.25 per barrel. The operational guidance takes into account a major turnaround at the company's Christina Lake Phase 2B processing facilities planned for 2018, with an anticipated 6,000 bpd impact on production for the year.

"MEG's 2018 capital investment program paves the way for strong production growth going forward. It completes the acquisition of eMSAGP on Phase 2B and our journey to grow production to 100,000 bpd by early 2019, further advances our eMVAPEX technology, while continuing to invest in the necessary infrastructure to support the future growth of our company," said McCaffrey, President and Chief Executive Officer. "Our strong cash balance and a portion of our expected 2018 funds from operations will fully fund the 2018 capital program."

MEG will invest the remaining \$120 million of the \$350 million total estimated cost to complete the implementation of the growth initiative at Christina Lake Phase 2B in 2018. The majority of the capital will support the drilling of new well pairs to allow the company to increase production by utilizing steam freed up by the application of MEG's proprietary eMSAGP technology. Production is expected to continue to ramp up to reach 95,000 to 100,000 bpd by the end of 2018.

"The previously announced reduction in the estimated cost for the Phase 2B eMSAGP project from \$400 million to \$350 million came about as a result of technology-driven efficiency improvements in our reservoir performance, enhancements to our facility designs and a focused approach to cost management," said McCaffrey. "At current strip prices, the project is anticipated to deliver approximately 50% IRR and increase production to 100,000 bpd, while driving down our cash costs by \$4 to \$5 per barrel."

Sustaining and maintenance capital of \$220 million, or approximately \$7 per barrel, will support the drilling of new sustaining well pairs and major turnaround activities at the company's Christina Lake Phase 2B processing facilities during 2018. In compliance with regulatory requirements, MEG conducts thorough vessel inspections on its major facilities every five years. The 2018 planned turnaround at Phase 2B is anticipated to cost \$38 million and last approximately 35 days during the second quarter of 2018.

Further, MEG has allocated \$100 million in 2018 to support additional testing of the company's proprietary eMVAPEX technology and to position itself for growth beyond 100,000 bpd commencing in 2019. To date, the company has implemented the technology on three well pairs and their associated infill wells with encouraging results. The 2018 capital allows for the conversion of eMVAPEX of up to seven additional well pairs and associated infills, and the construction of a solvent recycling facility to demonstrate the commerciality and scalability of the technology.

"eMVAPEX has the potential to dramatically decrease MEG's steam-oil ratio, reduce future capital costs by lessening the need for steam and to position the company for growth beyond 100,000 bpd commencing in 2019."

requirement for steam and water handling capacity at the central plant facility, and further decrease operating costs and greenhouse gas emission intensities," said McCaffrey. "If proven successful, eMVAPEX, along with eMSAGP, will form the majority of our highly-economic growth beyond 100,000 bpd to our permitted capacity of 210,000 bpd at Christina Lake. Our 2018 capital program sets the stage for production growth of approximately 8 to 10% in 2019."

The majority of the remaining \$70 million will be allocated towards field infrastructure necessary to support the company's production growth. Other initiatives include marketing, regulatory and reservoir optimization capital.

2018 Capital Investment Summary	\$ millions
eMSAGP growth capital	120
eMVAPEX and future growth capital	100
Sustaining and maintenance	220
Field infrastructure, corporate and other	70
	510

2018 Operational Guidance

MEG is targeting 2018 average production of 85,000 to 88,000 bpd and 2018 exit production of 95,000 to 100,000 bpd. The 2018 average production guidance represents a 9% annual growth rate from the mid-point of the company's 2017 average production target. Related non-energy operating costs for 2018 are anticipated to be in the range of \$4.75 to \$5.25 per barrel. The operational guidance takes into account a 35-day turnaround at the company's Christina Lake Phase 2B production facility planned for the second quarter of 2018.

	2018 guidance	2017 guidance (revised)
Production - average	85,000 to 88,000 bpd	80,000 to 82,000 bpd
Production - exit	95,000 to 100,000 bpd	86,000 to 89,000 bpd
Non-energy operating costs	\$4.75 to \$5.25 per barrel	\$4.75 to \$5.00 per barrel (Oct 2017)
		\$5.00 to \$5.50 (July 2017)
		\$5.75 to \$6.75 (Dec 2016)

Forward-Looking Information

This document may contain forward-looking information including but not limited to: expectations of future production, revenues, expenses, cash flow, operating costs, steam-oil ratios, pricing differentials, reliability, profitability and capital investment requirements; estimates of reserves and resources; the anticipated reductions in operating costs as a result of optimization and scaling of certain operations; and the anticipated sources of funding for operations and capital investments. Such forward-looking information is based on management's expectations and assumptions regarding future growth, results of operations, production, future capital and other expenditures, plans for and results of drilling activity, environmental matters, business prospects and opportunities.

By its nature, such forward-looking information involves significant known and unknown risks and uncertainties, which may cause actual results to differ materially from those anticipated. These risks include, but are not limited to: risks associated with the oil and gas industry, for example, the securing of adequate supplies and access to markets and transportation infrastructure.

availability of capacity on the electricity transmission grid; the uncertainty of reserve and resource estimates; the uncertainty of estimates and projections relating to production, costs and revenues; health, safety and environmental risks; risks of legal and regulatory changes to, amongst other things, tax, land use, royalty and environmental laws; assumptions regarding volatility of commodity prices, interest rates and foreign exchange rates, and, risks and uncertainties related to commodity interest rate and foreign exchange rate swap contracts and/or derivative financial instruments that MEG may enter into; the time to manage its risk related to such prices and rates; risks and uncertainties associated with securing and maintaining necessary regulatory approvals and financing to proceed with MEG's future phases and the expansion and/or operation of projects; risks and uncertainties related to the timing of completion, commissioning, and start-up, of MEG's future phases and projects; and the operational risks and delays in the development, exploration, production, and the capital performance associated with MEG's projects.

Although MEG believes that the assumptions used in such forward-looking information are reasonable, there can be no assurance that such assumptions will be correct. Accordingly, readers are cautioned that the actual results achieved may differ from the forward-looking information provided herein and that the variations may be material. Readers are also cautioned that the foregoing list of assumptions, risks and factors is not exhaustive.

Further information regarding the assumptions and risks inherent in the making of forward-looking statements can be found in MEG's most recently filed Annual Information Form ("AIF"), along with MEG's other public disclosure documents. Copies of the AIF and MEG's other public disclosure documents are available through the SEDAR website which is available at www.sedar.com.

The forward-looking information included in this document is expressly qualified in its entirety by the foregoing cautionary statements. Unless otherwise stated, the forward-looking information included in this document is made as of the date of this document and MEG assumes no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by law. [MEG Energy Corp.](#) is focused on sustainable in situ oil sands development and production in the southern Athabasca oil sands region of Alberta, Canada. MEG is actively developing enhanced oil recovery projects that utilize SAGD extraction methods. MEG's common shares are listed on the Toronto Stock Exchange under the symbol "MEG".

[MEG Energy Corp.](#) is focused on sustainable in situ oil sands development and production in the southern Athabasca oil sands region of Alberta, Canada. MEG is actively developing enhanced oil recovery projects that utilize SAGD extraction methods. MEG's common shares are listed on the Toronto Stock Exchange under the symbol "MEG".

Investors
Helen Kelly
Director, Investor Relations
403-767-6206
helen.kelly@megenergy.com

Media
Davis Sheremata
Senior Advisor, External Communications
587-233-8311
davis.sheremata@megenergy.com

SOURCE [MEG Energy Corp.](#)

Dieser Artikel stammt von Rohstoff-Welt.de

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/284114--MEG-Energy-announces-2018-capital-investment-plan-supporting-production-to-100000-bpd-sets-the-stage-for-co>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2025. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).