

# Extraction Oil & Gas, Inc. Announces 2018 Capital Program; Provides Production and Operating Expense Guidance

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DENVER, Dec. 19, 2017 (GLOBE NEWSWIRE) -- Extraction Oil & Gas, Inc. (NASDAQ:XOG) (&ldquo;Extraction&rdquo; or the &ldquo;Company&rdquo;,) today provided its 2018 production, capital and operating expense guidance for the full-year 2018.

## 2018 Program Highlights

- The Company expects its full-year 2018 average net sales volumes to be 87.0-93.0 thousand barrels of oil equivalent per day (MBoe/d) with 42.5-45.5 thousand barrels per day (MBbl/d) of crude oil, which at the midpoint represents 76% total equivalent growth and 83% crude oil growth over the midpoint of the 2017 guidance ranges provided in December 2016;
- Drilling and completion capital expenditures for 2018 are expected to range from \$770 to \$840 million and land and other capital expenditures are expected to range from \$120 to \$150 million; and
- Extraction expects to drill 170-175 gross wells (77% working interest), complete 185-190 gross wells (82% working interest) and turn to sales 170-175 gross wells (76% working interest) during 2018.

## 2018 Capital Program, Production and Operating Expense Guidance

For the full-year 2018, Extraction&rsquo;s drilling and completion capital expenditures are expected to range from \$770 to \$840 million to drill between 170 and 175 gross wells with an average lateral length of 1.8 miles and an average working interest of 77%, complete between 185 and 190 gross wells with an average lateral length of 1.6 miles and an average working interest of 82%, and turn to sales between 170 and 175 gross wells with an average lateral length of 1.7 miles and an average working interest of 76%. Additionally, the Company expects its land and other non-drilling and completion capital expenditures to range between \$120 and \$150 million and, if successful, expects to fund these amounts, in whole or in part, with the proceeds from its ongoing non-strategic asset sale process. Extraction is also currently negotiating third party financing for infrastructure related to its Broomfield and Hawkeye areas and has not included capital expenditures associated with these projects in the above guidance. This may include joint ventures or preferred equity financings at a subsidiary level that will be non-recourse to Extraction.

Extraction estimates its full-year 2018 average net sales volumes to be 87.0-93.0 MBoe/d with 42.5-45.5 MBbl/d of crude oil. At the midpoint, this represents 76% total equivalent volume and 83% crude oil growth over the midpoint of the Company&rsquo;s 2017 guidance issued in December 2016.

Commenting on the Company&rsquo;s full-year 2018 capital program, Extraction&rsquo;s Chairman and CEO Mark Erickson said, &ldquo;We are looking forward to a robust 2018 as we expect to realize additional capital efficiencies driven by the development of our high-quality acreage in the city of Greeley along with drilling a higher mix of long laterals across our development program. With a drilling and completion capital program that is modestly smaller than our current 2017 program, we expect to grow our production over 75% year-over-year compared to the 2017 guidance we released in December 2016. As our production and cash flow continues to grow, assuming \$50.00 WTI crude oil and \$3.00 Henry Hub natural gas prices, we expect our capital program to be funded within our cash flow from operations sometime in the second half of 2018. We also have some exciting spacing and optimization tests planned for our Broomfield and Hawkeye areas along with results forthcoming for our Grover area and a host of other high-potential projects.&rdquo;

To navigate the high line pressures impacting northern portions of the Wattenberg Field, Extraction&rsquo;s turn-inline efforts will be focused primarily on its Southwest Wattenberg acreage which the Company believes has ample gas gathering and processing capacity until the DCP expansion project is complete sometime near the end of the summer next year. At that point, Extraction will begin turning inline its

high-quality wells in the city of Greeley.

Commenting on Extraction's flexibility surrounding the elevated line pressures in the northern portion of the Wattenberg Field, Erickson said, "I think Extraction is uniquely positioned to execute efficiently and effectively despite the line pressure issues most operators have been facing in the northern portion of the Wattenberg. Specifically, over 75% of our Core DJ Basin acreage is in areas outside of DCP's gathering system and has ample capacity and multiple options to service our growth needs while we await the completion of DCP's expansion projects. We have taken the line pressures into account in both our guidance and our operational plans as we'll be completing and turning-in-line wells on our Southwest Wattenberg acreage while we await the expansion in the northern Wattenberg."

Production, Capital and Operating expenses per unit of production for 2018 are estimated to be:

Production	2018 Guidance
Oil production (MBbl/d)	42.5 - 45.5
Total equivalent production (MBoe/d)	87.0 - 93.0
Capital Expenditures (\$ in MM)	
Drilling & completion	\$770 - \$840
Land & other	\$120 - \$150
Unit Costs (\$/Boe)	
Lease operating expense (LOE)	\$2.45 - \$2.85
Transportation & marketing	\$1.00 - \$1.20
Cash General & Administrative (G&A)	\$1.70 - \$1.90
Production Taxes (% of revenue)	10 %
Realized Prices <sup>(1)</sup>	
Natural Gas (% of Henry Hub)	70% - 80%
NGLs (% of WTI)	30% - 40%

(1) Assumes \$50 WTI crude oil and \$3.00 Henry Hub natural gas

#### Updated Investor Presentation

Extraction has posted an updated investor presentation to its website that contains additional details regarding the Company's 2018 capital program and guidance. The investor presentation may be viewed on the Company's website ([www.extractionog.com](http://www.extractionog.com)) by selecting "Investors," then "News and Events," then "Presentations."

#### About Extraction Oil & Gas, Inc.

Denver-based Extraction Oil & Gas, Inc. is an independent energy exploration and development company focused on exploring, developing and producing crude oil, natural gas and NGLs primarily in the Wattenberg Field in the Denver-Julesburg Basin of Colorado. For further information, please visit [www.extractionog.com](http://www.extractionog.com). The Company's common shares are listed for trading on the NASDAQ exchange under the symbol "XOG."

#### Cautionary Note Regarding Forward-Looking Statements

*Certain statements contained in this press release constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included herein concerning, among other things, planned capital expenditures, increases in oil and gas production, the number of anticipated wells to be drilled or completed after the date hereof, future cash flows and borrowings, pursuit of potential acquisition opportunities, our financial position, business strategy and other plans and objectives for future operations, are forward-looking statements. These forward-looking statements are identified by their use of terms and phrases such as "may," "expect," "estimate," "project,"*

*"plan," "believe," "intend," "achievable," "anticipate," "will," "continue," "potential," "should," "could," and similar terms and phrases. Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve certain assumptions, risks and uncertainties. These forward-looking statements represent our expectations or beliefs concerning future events, and it is possible that the results described in this press release will not be achieved. These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of our control that could cause actual results to differ materially from the results discussed in the forward-looking statements.*

*Any forward-looking statement speaks only as of the date on which it is made, and, except as required by law, we do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. New factors emerge from time to time, and it is not possible for us to predict all such factors. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in the "Risk Factors" section of our most recent Form 10-K and Forms 10-Q filed with the Securities and Exchange Commission and in our other public filings and press releases. These and other factors could cause our actual results to differ materially from those contained in any forward-looking statement.*

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