

Trinidad Drilling Ltd. Outlines Recent RigMinder Progress, Lowers G&A Guidance by Nearly 20%

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CALGARY, Alberta, Jan. 08, 2018 (GLOBE NEWSWIRE) -- [Trinidad Drilling Ltd.](#) (TSX:TDG) ("Trinidad" or "the Company") provided an update on progress rolling out its RigMinder technology platform. In addition, the Company is lowering its guidance for 2018 general and administrative (G&A) expenses to \$43 million, following a thorough review of its cost structure. The new guidance represents a reduction of nearly 20% from prior guidance for 2018 and a 25% reduction from expected 2017 G&A expenses.

RigMinder Rollout Progress Update

Since the acquisition of RigMinder Operating LLC in August 2017, exploration and production (E&P) customers have expressed strong interest in RigMinder's four technology platforms, which Trinidad now offers along with its traditional contract drilling service.

The four technology platforms provide E&P customers with an ability to drill wells more quickly and efficiently; they provide cost savings and the convenience of a one-stop drilling service while also delivering new revenue streams for Trinidad. As noted below, three of the technology platforms are now commercially active while the fourth is in the test phase.

- The commercial Criterion[®] directional bit guidance software is being deployed by Trinidad this month for several E&P customers drilling in the Permian in the US and the Cardium in Canada. RigMinder's Criterion[®] directional bit guidance software provides improved, repeatable directional drilling accuracy through continuous monitoring of the downhole tool face placement, providing a smooth well bore that stays within the customer's well plan.
- The commercial Electronic Data Recorder (EDR) is being rolled out for E&P customers as quickly as units can be built. Four new EDR units have been deployed to Trinidad rigs in the last 40 days, bringing the total number of Trinidad's EDR-equipped rigs to 14. A further four units are scheduled for deployment over the next few weeks. In addition, five non-Trinidad rigs use the EDR system under arrangements that preceded Trinidad's acquisition of RigMinder. RigMinder's EDR monitors the functionality of the rig and directional equipment to provide near real-time data on the drilling process.
- Trinidad is now marketing the commercial downhole tool integration platform, having recently signed an agreement with Houston-based MWD Supply for measurement while drilling (MWD) kits. Trinidad is also in discussion with several mud motor suppliers. Under this new business line, Trinidad supplies a complete directional drilling package for its E&P customers. Trinidad provides the downhole tools from third-party suppliers, integrates the tools with Criterion[®] wellbore bit guidance software and RigMinder EDR, and uses Trinidad's drilling crews to operate the equipment. The saving for E&P customers results from eliminating a separate, third-party directional drilling contractor. Trinidad is currently negotiating additional agreements with several other downhole tool suppliers in order to expand its tool selection offering, including rotary steerable technology.
- For the test-phase platform, the frac optimization software GMXSteering[®], testing is scheduled to start later this month on a number of wells to be drilled in the Montney under an agreement between Trinidad and one of its key E&P customers. GMXSteering[®] integrates with RigMinder's Criterion[®] directional bit guidance software and is designed to provide important data points on the rock formations, improving the placement of the wellbore and frac stages for enhanced production. Following a review of these well results, Trinidad has the option to purchase the exclusive right to this software. Trinidad expects to complete its review of GMXSteering[®] within the first half of 2018. If successful, GMXSteering[®] has the potential to add significant additional revenue for Trinidad.

Cost Cutting Initiatives

Trinidad undertook a review of its cost structure to ensure that its practices are in-line or ahead of its competitors and provide long-term value for its shareholders. Following the review, Trinidad has decided to reduce headcount, roll back salaries and tighten expense management. The majority of the headcount reductions will affect the Company's corporate office.

As part of the cost cutting and restructuring efforts, Randy Hawkings, Executive Vice President, US Operations has elected to step down from his operational position. Mr. Hawkings will continue to consult with Trinidad in the Company's performance drilling business group with a focus on growth and maximizing returns. Trinidad looks forward to the continuing relationship with Mr. Hawkings.

Cost-cutting initiatives include a 15% reduction in executive salaries and directors' board fees. Trinidad is currently reviewing its operations for additional opportunities to create efficiencies, including a review of under-utilized facilities for further cost savings or potential asset sales.

Trinidad further notes that it has made several changes to its compensation programs in the past few years to align them with shareholders' interests. These changes include:

- Performance metrics on the Company's Performance Stock Unit (PSU) long-term incentives were moved from the grant date to the vesting date;
- Performance metrics on PSUs were altered to include Total Shareholder Return and Return on Gross Assets¹ over a three-year period; and
- The award pool for short term incentives was capped at 3% of Adjusted EBITDA¹ for 2015, 2016 and 2017 and in future years, depending on industry conditions.

Trinidad will continue to develop its performance metrics and ensure they are aligned with both best practice and the enhancement of shareholder value.

Trinidad believes that its new and prior initiatives improve the efficiency of the Company and position it as a cost-efficient drilling contractor with one of the lowest cost structures in the drilling sector.

(1) See Non-GAAP Measures Definitions section at the end of this document.

About Trinidad

Trinidad is an industry-leading contract driller, providing safe, reliable, expertly-designed equipment operated by well-trained and experienced personnel. Trinidad's drilling fleet is one of the most adaptable, technologically advanced and competitive in the industry. Trinidad provides contract drilling and related services in Canada, the US, Saudi Arabia and Mexico.

Trinidad is headquartered in Calgary, Alberta, Canada. The Company's common shares are listed on the Toronto Stock Exchange under the trading symbol TDG. For more information, please visit www.trinidadrilling.com.

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NON-GAAP MEASURES DEFINITIONS

This document contains references to Adjusted EBITDA and Return on Gross Assets that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Adjusted EBITDA and Return on Gross Assets are computed on a consistent basis for each reporting period and are defined as follows:

Adjusted EBITDA is used by management and investors to analyze the Company's profitability based on the Company's principal business activities prior to how these activities are financed, how assets are depreciated and amortized and how the results are taxed in various jurisdictions. Additionally, in order to focus on the core business alone, amounts are removed related to foreign exchange, share-based payment expense, impairment expenses, the sale of assets, and fair value adjustments on financial assets and liabilities, as the Company does not deem these to relate to the core drilling business. Adjusted EBITDA also takes into account the Company's portion of the principal activities of the joint venture arrangements by removing the loss (gain) from investments in joint ventures and including adjusted EBITDA from investments in joint ventures. Adjusted EBITDA is not intended to represent net (loss) as calculated in accordance with IFRS. Adjusted EBITDA is calculated using 100% of the related amounts from all entities controlled by Trinidad where Trinidad may not hold 100% of the outstanding shares.

Return on Gross Assets is defined as consolidated net earnings (loss) before share-based payments, foreign exchange, after-tax finance costs, deferred income taxes, gain (loss) on sale of property and equipment, depreciation and amortization and impairments of assets divided by the sum of the average value of Accounts Receivable, Property and Equipment and Goodwill for the year.

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements relating to Trinidad's plans, strategies, objectives, expectations and intentions. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "confident", "might" and similar expressions are intended to identify forward-looking information or statements. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this document. The forward-looking information and statements included in this document are not guarantees of future performance and should not be unduly relied upon. Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated and described in the forward-looking statements. In particular, but without limiting the foregoing, this document may contain forward-looking information and statements pertaining to:

- the assumption that Trinidad's customers will honour their long-term contracts, and Trinidad's ability to sign future long-term contracts;
- future liquidity levels;
- fluctuations in the demand for Trinidad's services;
- the ability for Trinidad to attract and retain qualified personnel, in particular field staff to crew the Company's rigs;
- Trinidad's ability to achieve G&A expense savings;
- Trinidad's ability to roll out EDR units and generate Criterion work as expected;
- Trinidad's ability to successfully market its downhole tool integration platform and to sign agreements with additional downhole tool suppliers;
- Trinidad's ability to complete its review of GMXSteering software in the first half of 2018;
- The potential revenue generation of GMXSteering;
- the existence of competitors, technological changes and developments in the oilfield services industry;
- the existence of operating risks inherent in the oilfield services industry;
- assumptions respecting internal capital expenditure programs and expenditures by oil and gas exploration and production companies;
- assumptions regarding commodity prices, in particular oil and natural gas;
- assumptions respecting supply and demand for commodities, in particular oil and natural gas;
- assumptions regarding future expected cash flows and potential distributions from joint venture partners including Trinidad Drilling International (TDI);

- assumptions regarding foreign currency exchange rates and interest rates;
- assumptions around future G&A cost levels;
- the existence of regulatory and legislative uncertainties; and
- the possibility of changes in tax laws; and general economic conditions including the capital and credit markets;

Trinidad cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. Additional information on these and other factors that could affect Trinidad's business, operations or financial results are described in reports filed with securities regulatory authorities, accessible through the SEDAR website (www.sedar.com) including but not limited to Trinidad's annual management discussion and analysis, financial statements, Annual Information Form and Management Information Circular. The forward-looking information and statements contained in this document speak only as of the date of this document and Trinidad assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

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