

Oasis Petroleum Inc. Announces Quarter and Year Ending December 31, 2017 Earnings and Provides an Operational Update and 2018 Outlook

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HOUSTON, Feb. 27, 2018 /PRNewswire/ -- [Oasis Petroleum Inc.](#) (NYSE: OAS) ("Oasis" or the "Company") today announced its financial and operational results for the quarter and year ended December 31, 2017 and provided its 2018 outlook.

Highlights

- Exceeded average daily production exit target for 2017 with 73,207 barrels of oil equivalent per day ("Boepd") in the fourth quarter of 2017 and produced 66,144 Boepd for the year ended December 31, 2017.
- Decreased lease operating expenses per Boe to \$6.42 per Boe for the quarter ended December 31, 2017.
- Completed and placed on production 88 gross (58.3 net) operated wells while investing \$517.3 million of E&P capital expenditures ("E&P CapEx"), which excludes acquisitions, other capital and midstream capital, during 2017.
- Acquired approximately 22,000 net acres in the over-pressured oil window of the Delaware Basin. The acquisition was announced in late 2017 and subsequently closed on February 14, 2018.
- More than doubled core net inventory from 483 net undeveloped locations at December 31, 2016 to 1,092 net undeveloped locations at December 31, 2017, due to the expansion of the Company's core footprint in the Williston Basin into the Bakken and its entry in the Delaware Basin.
- Oasis Midstream Partners LP ("OMP") completed its initial public offering resulting in net proceeds distributed to Oasis of \$132.1 million.
- Commenced investment in second Wild Basin gas plant with a total capacity of 200 million standard cubic feet per day of gas production from its highly economic inventory. OMP invested \$94.7 million of capital in the second gas plant and Oasis invested \$105.6 million of total capital expenditures in 2017. The Company invested \$235.1 million in capital expenditures in midstream ("Midstream CapEx") in 2017, including the \$105.6 million attributable to OMP.
- Successfully launched operations with second Oasis Well Services fracturing crew.
- Net cash provided by operating activities was \$507.9 million for the year ended December 31, 2017 and \$209.1 million for the fourth quarter of 2017. Adjusted EBITDA, a non-GAAP financial measure, was \$707.7 million for the year ended December 31, 2017 and \$236.2 million for the fourth quarter of 2017. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income (loss) including non-controlling interests and net cash provided by operating activities, see "Financial Measures" below.

"2017 was a tremendous year for Oasis. We successfully grew production 31% while spending within cash flow on the E&P business," said Thomas B. Nusz, Oasis' Chairman and Chief Executive Officer. "Our Williston Basin position continues to drive top-in-class cash margins, which drives strong corporate level returns. We have supplemented our highly economic Williston Basin asset with the Forge acquisition located in the best part of the Delaware Basin. The depth of our core inventory increased in the Bakken and through our accretive Permian acquisition. We now have approximately 18 years of core and extendable inventory at our 2018 completion pace, which is economic at or below a \$45 WTI oil price. In 2018 and 2019, we expect our efficient inventory to drive 15-20% production growth within cash flow on the E&P business."

"Our well services and midstream businesses continue to be critical complements of our E&P operations. We introduced our second fracturing crew midyear 2017 and successfully completed the IPO of OMP in September," added Nusz. "Oasis funded its 2017 E&P CapEx in 2017 through OMP IPO proceeds of \$132.1 million distributed to Oasis and capital spent at OMP of \$105.6 million. The midstream business has numerous highly attractive midstream investment opportunities in 2018, both in the Williston Basin and the Delaware, all of which we expect will generate strong returns and will be built within 4-5x EBITDA multiples. Oasis plans to invest \$235 million to \$275 million in Midstream CapEx in 2018, of which \$72 million to \$90 million will be funded by OMP in 2018. The balance is expected to be funded over time through OMP via drops."

Inventory and Leasehold Update

Oasis' total inventory increased to 2,578 net locations, of which 1,092 net locations are considered core. Core net undeveloped

locations increased by 126%, from 483 net undeveloped locations at December 31, 2016 to 1,092 net undeveloped locations currently. Of the Company's 1,092 core net locations, 585 are in the Williston Basin and 507 are in the Delaware Basin.

Oasis ended the year with a leasehold position of approximately 503,000 net acres in the Williston Basin, and, as of February 2018, with a leasehold position in the Delaware Basin of approximately 22,000 net acres.

2018 Plan

Highlights for 2018 include:

- Total E&P CapEx plan of approximately \$815 million to \$855 million, excluding acquisitions.
 - Williston Basin - \$700 million to \$730 million
 - Delaware Basin - \$115 million to \$125 million
- Completing approximately 100 to 110 gross operated wells with a working interest of approximately 73% in the Williston Basin and approximately six to eight gross operated wells with high working interest in the Delaware Basin in 2018.

| Metric | Range |
|--|------------------|
| Production (Boepd) | |
| Full Year 2018 | 80,000 to 83,000 |
| 1st Quarter 2018 | 75,000 to 77,000 |
| Full Year Financial Metrics | |
| LOE (\$ per Boe) | \$7.00 to \$7.50 |
| Marketing, transportation and gathering ("MT&G") (\$ per Boe) ⁽¹⁾ | \$2.75 to \$3.00 |
| General and administrative ("G&A") (\$ in millions) ⁽²⁾ | \$105 to \$115 |
| Production taxes (% of oil and gas revenue) | 8.1% to 8.4% |
| 2018 CapEx Plan (\$ in millions) | |
| E&P CapEx | \$815 - \$855 |
| Midstream CapEx | 235 - 275 |
| Other ⁽³⁾ | 40 |

(1) Excludes the effect of non-cash valuation charges.

(2) Includes non-cash amortization of restricted stock of approximately \$30 to \$32 million.

(3) Includes capitalized interest, OWS and administrative capital.

Operational and Financial Update

Select operational and financial statistics are included in the following table for the periods presented:

| | Quarter Ended: | | Year E |
|---|----------------|-----------|------------|
| | 12/31/2017 | 9/30/2017 | 12/31/2016 |
| Production data: | | | |
| Oil (Bopd) | 57,238 | 51,825 | 51,557 |
| Natural gas (MMcfd) | 95,812 | 85,800 | 87,522 |
| Total production (Boepd) | 73,207 | 66,125 | 66,144 |
| Percent Oil | 78.2 | % 78.4 | % 77.9 |
| Average sales prices: | | | |
| Oil, without derivative settlements (\$ per Bbl) | \$ 54.97 | \$ 46.35 | \$ 48.52 |
| Differential to NYMEX West Texas Intermediate crude oil index prices ("WTI") (\$ per Bbl) | 0.50 | 1.82 | 2.60 |
| Oil, with derivative settlements (\$ per Bbl) ⁽¹⁾⁽²⁾ | 53.41 | 47.93 | 48.00 |
| Oil derivative settlements - net cash receipts (payments) (\$ in millions) ⁽²⁾ | (8.2) | 7.5 | (9.8) |
| Natural gas, without derivative settlements (\$ per Mcf) ⁽³⁾ | 4.64 | 3.50 | 3.81 |
| Natural gas, with derivative settlements (\$ per Mcf) ⁽¹⁾⁽²⁾⁽³⁾ | 4.72 | 3.58 | 3.86 |
| Natural gas derivative settlements - net cash receipts (\$ in millions) ⁽²⁾ | 0.7 | 0.6 | 1.5 |
| Selected financial data (\$ in millions): | | | |
| Revenues: | | | |
| Oil | \$ 289.5 | \$ 221.0 | \$ 913.1 |
| Natural gas | 40.9 | 27.6 | 121.8 |
| Purchased oil and gas sales | 31.1 | 21.2 | 88.0 |
| Midstream revenues | 23.8 | 18.8 | 72.8 |
| Well services revenues | 19.2 | 16.1 | 52.8 |
| Total revenues | \$ 404.5 | \$ 304.7 | \$ 1,248.5 |
| Net cash provided by operating activities | \$ 209.1 | \$ 88.9 | \$ 507.9 |
| Adjusted EBITDA | \$ 236.2 | \$ 179.6 | \$ 707.7 |
| Select operating expenses: | | | |
| LOE | \$ 43.3 | \$ 45.3 | \$ 177.1 |
| Midstream operating expenses | 6.7 | 4.3 | 17.6 |
| Well services operating expenses ⁽⁵⁾ | 13.4 | 10.3 | 37.2 |
| MT&G ⁽⁴⁾ | 19.0 | 15.2 | 56.6 |
| Non-cash valuation charges | (1.3) | (0.2) | (0.8) |
| Purchased oil and gas expenses | | | |

| | | | |
|---|----------|----------|----------|
| Production taxes | 27.8 | 21.1 | 88.1 |
| Depreciation, depletion and amortization ("DD&A") | 146.6 | 132.3 | 530.8 |
| Total select operating expenses | \$ 287.1 | \$ 250.0 | \$ 995.9 |
| Select operating expenses data: | | | |
| LOE (\$ per Boe) | \$ 6.42 | \$ 7.45 | \$ 7.34 |
| MT&G (\$ per Boe) ⁽⁴⁾ | 2.83 | 2.50 | 2.34 |
| DD&A (\$ per Boe) | 21.76 | 21.75 | 21.99 |
| E&P G&A (\$ per Boe) | 2.93 | 2.93 | 3.21 |

(1) Realized prices include gains or losses on cash settlements for commodity derivatives, which do not qualify for or were not designated as hedging instruments for accounting purposes.

(2) Cash settlements represent the cumulative gains and losses on the Company's derivative instruments for the periods presented and do not include a recovery of costs that were paid to acquire or modify the derivative instruments that were settled.

(3) Natural gas prices include the value for natural gas and natural gas liquids.

(4) Excludes non-cash valuation charges on pipeline imbalances and purchased oil and gas expenses.

(5) For the year ended December 31, 2017, certain well services direct field labor compensation expenses are included in well services operating expenses on our Consolidated Statements of Operations, which were previously recognized in general and administrative expenses on our Consolidated Statements of Operations. For the years ended December 31, 2016 and 2015, well services operating expenses have been adjusted to include \$2.9 million and \$3.7 million, respectively, which were previously recognized in general G&A expenses for the respective years. For the year ended December 31, 2017, G&A totaled \$91.8 million. G&A expenses for the Company's E&P segment totaled \$19.7 million for the fourth quarter of 2017 and \$77.6 million for the full year of 2017. E&P G&A expenses were \$2.93 per Boe for the fourth quarter of 2017 and \$3.21 per Boe for the full year of 2017. Amortization of equity-based compensation, which is included in G&A expenses, was \$6.1 million, or \$0.90 per Boe, for the fourth quarter of 2017 and \$26.5 million, or \$1.10 per Boe, for the full year of 2017.

Interest expense was \$36.3 million for the fourth quarter of 2017 and \$146.8 million for the full year of 2017. Capitalized interest totaled \$4.0 million for the fourth quarter of 2017 and \$12.8 million for the full year of 2017. Cash interest totaled \$35.9 million for the fourth quarter of 2017 and \$142.6 million for the full year of 2017. For a definition of Cash Interest and a reconciliation of interest expense to Cash Interest, see "Non-GAAP Financial Measures" below.

For the three months ended December 31, 2017, the Company recorded an income tax benefit of \$202.8 million, resulting in an effective tax rate of 271.5% as a percentage of its pre-tax loss for the quarter. The Company's income tax benefit for the year ended December 31, 2017 was recorded at \$203.3 million, or 268.0% of its pre-tax loss. Fourth quarter 2017 results included a benefit of \$171.9 million related to the re-measurement of the Company's net deferred tax liabilities due to the recently enacted Tax Cuts and Jobs Act.

The Company reported net income attributable to Oasis of \$124.6 million in the fourth quarter of 2017. For the full year of 2017, Oasis reported net income attributable to Oasis of \$123.8 million. Excluding certain non-cash items and their tax effect in the fourth quarter of 2017 and the full year of 2017, Adjusted Net Income Attributable to Oasis (non-GAAP) was \$27.1 million, or \$0.12 per diluted share, and \$4.9 million, or \$0.02 per diluted share, respectively. For a definition of Adjusted Net Income (Loss) Attributable to Oasis and a reconciliation of net income (loss) attributable to Oasis to Adjusted Net Income (Loss) Attributable to Oasis, see "Non-GAAP Financial Measures" below.

The Company completed and placed on production 88 gross (58.3 net) operated wells during 2017 and 36 gross (22.4 net) during the fourth quarter of 2017.

Capital Expenditures

The following table depicts the Company's CapEx for the year ended December 31, 2017:

| | 2017 |
|---|---------|
| CapEx (\$ in millions) | |
| E&P (excluding acquisitions) | \$517.3 |
| Well Services | 12.5 |
| Other ⁽¹⁾ | 17.3 |
| Total CapEx before acquisitions and midstream | 547.1 |
| Midstream | 235.1 |
| Total CapEx before acquisitions | 782.2 |
| Acquisitions | 54.0 |
| Total CapEx ⁽²⁾ | \$836.2 |

(1) Other CapEx includes such items as administrative capital and capitalized interest.

(2) CapEx (including acquisitions and midstream) reflected in the table above differs from the amounts shown in the statement of cash flows in the Company's consolidated financial statements because amounts reflected in the table above include changes in accrued liabilities from the previous reporting period for CapEx, while the amounts presented in the statement of cash flows are presented on a cash basis.

Estimated Net Proved Reserves

The Company's estimated net proved reserves and related PV-10 are based on reports prepared by DeGolyer and MacNaughton, independent reserve engineers. The table below summarizes the Company's estimated net proved reserves and related PV-10 at December 31, 2017:

| December 31, 2017 | | |
|-------------------|--------------------------------|------------------------------------|
| | Net Estimated Reserves (MMBoe) | PV-10 ⁽¹⁾ (in millions) |
| Proved Developed | 200.8 | \$ 2,600.4 |
| Undeveloped | 111.4 | 1,083.3 |
| Total Proved | 312.2 | \$ 3,683.7 |

(1) PV-10 is a non-GAAP financial measure and generally differs from Standardized Measure, the most directly comparable GAAP financial measure, because it does not include the effect of income taxes on discounted future net cash flows.

Liquidity and Balance Sheet

As of December 31, 2017, Oasis had cash and cash equivalents of \$16.7 million. In addition, Oasis had \$70.0 million of borrowings and \$10.5 million of outstanding letters of credit issued under the Oasis credit facility and \$78.0 million of borrowings under the OMP credit facility, resulting in an unused borrowing base capacity of \$1,191.5 million for both revolving credit facilities as of December 31, 2017.

On December 13, 2017, the Company completed a public offering resulting in net proceeds of \$302.6 million,

after deducting underwriting discounts and commissions and offering expenses, which was raised to fund a portion of its acquisition in the Delaware Basin, but was initially used to repay borrowings from the Oasis credit facility. On February 14, 2018, the Company borrowed \$502.0 million under the Oasis credit facility to fund cash due at closing of the acquisition.

On February 26, 2018, the Company entered into an amendment to the Oasis credit facility, resulting in the aggregate elected commitment being increased from \$1,150.0 million to \$1,350.0 million. The next redetermination of the borrowing base for the Oasis credit facility is scheduled for April 1, 2018. The OMP credit facility has a current borrowing capacity of \$200.0 million.

Hedging Activity

As of February 27, 2018, the Company had the following outstanding commodity derivative contracts, all of which are priced relative to WTI crude oil index prices and settle monthly:

| Crude oil (Volume in Mbopd) | 1H18 | 2H18 | 1H19 | 2H19 |
|-----------------------------|-----------|-----------|-----------|-----------|
| Swaps | | | | |
| Volume | 43.5 | 37.0 | 13.0 | 13.0 |
| Price | \$52.31 | \$51.45 | \$53.47 | \$53.47 |
| Collars | | | | |
| Volume | 3.0 | 3.0 | — | — |
| Floor | \$48.67 | \$48.67 | \$— | \$— |
| Ceiling | \$53.07 | \$53.07 | \$— | \$— |
| 3-way | | | | |
| Volume | — | — | 3.0 | 3.0 |
| Sub-Floor | \$— | \$— | \$40.00 | \$40.00 |
| Floor | \$— | \$— | \$50.00 | \$50.00 |
| Ceiling | \$— | \$— | \$63.50 | \$63.50 |
| Total Crude Oil Volume | 46.5 | 40.0 | 16.0 | 16.0 |

Natural Gas (Volume in MMBtupd)

| | | | | |
|--------------------------|--------|--------|-----------|-----------|
| Swaps | | | | |
| Volume | 22.7 | 23.0 | — | — |
| Price | \$3.05 | \$3.05 | \$— | \$— |
| Total Natural Gas Volume | 22.7 | 23.0 | — | — |

The December 2017 crude oil derivative contracts settled at \$8.1 million and will be included in the Company's first quarter of 2018 derivative settlements.

Conference Call Information

Investors, analysts and other interested parties are invited to listen to the conference call:

Date: Wednesday, February 28, 2018

Time: 10:00 a.m. Central Time

Live Webcast: <https://www.webcaster4.com/Webcast/Page/1052/24637>

OR:

Dial-in: 888-317-6003

Intl. Dial in: 412-317-6061

Conference ID: 0228614

Website: www.oasispetroleum.com

A recording of the conference call will be available beginning at 12:00 p.m. Central Time on the day of the call and will be available until Wednesday, March 7, 2018 by dialing:

Replay dial-in: 877-344-7529

Intl. replay: 412-317-0088

Replay code: 10117251

The conference call will also be available for replay for approximately 30 days at www.oasispetroleum.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future are forward-looking statements. Without limiting the generality of the foregoing, forward-looking statements contained in this press release specifically include the expectations of plans, strategies, objectives and anticipated financial and operating results of the Company, including the Company's drilling program, production, derivatives activities, capital expenditure levels and other guidance included in this press release. These statements are based on certain assumptions made by the Company based on management's experience and perception of historical trends, current conditions, anticipated future developments and other factors believed to be appropriate. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements. These include changes in oil and natural gas prices, weather and environmental conditions, the timing of planned capital expenditures, availability of acquisitions, uncertainties in estimating proved reserves and forecasting production results, operational factors affecting the commencement or maintenance of producing wells, the condition of the capital markets generally, as well as the Company's ability to access them, the proximity to and capacity of transportation facilities, and uncertainties regarding environmental regulations or litigation and other legal or regulatory developments affecting the Company's business and other important factors that could cause actual results to differ materially from those projected as described in the Company's reports filed with the SEC.

Any forward-looking statement speaks only as of the date on which such statement is made and the Company undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

About Oasis Petroleum Inc.

Oasis is an independent exploration and production company focused on the acquisition and development of onshore unconventional oil and natural gas resources in the United States. For more information, please visit the Company's website at www.oasispetroleum.com.

[Oasis Petroleum Inc.](#) Financial Statements

OASIS PETROLEUM INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

| | December 31, 2017 |
|--|----------------------|
| | (In thousands) |
| ASSETS | |
| Current assets | |
| Cash and cash equivalents | \$ 16,720 |
| Accounts receivable, net | 363,580 |
| Inventory | 19,367 |
| Prepaid expenses | 7,631 |
| Derivative instruments | 344 |
| Other current assets | 193 |
| Total current assets | 407,835 |
| Property, plant and equipment | |
| Oil and gas properties (successful efforts method) | 7,838,955 |
| Other property and equipment | 868,746 |
| Less: accumulated depreciation, depletion, amortization and impairment | (2,534,215) |
| Total property, plant and equipment, net | 6,173,486 |
| Derivative instruments | 9 |
| Long-term inventory | 12,200 |
| Other assets | 21,600 |
| Total assets | \$ 6,615,130 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | |
| Current liabilities | |
| Accounts payable | \$ 13,370 |
| Revenues and production taxes payable | 213,995 |
| Accrued liabilities | 236,480 |
| Accrued interest payable | |

| | |
|--|---------------------|
| Derivative instruments | 115,716 |
| Advances from joint interest partners | 4,916 |
| Other current liabilities | 40 |
| Total current liabilities | 623,480 |
| Long-term debt | 2,097,606 |
| Deferred income taxes | 305,921 |
| Asset retirement obligations | 48,511 |
| Derivative instruments | 19,851 |
| Other liabilities | 6,182 |
| Total liabilities | 3,101,551 |
| Commitments and contingencies | |
| Stockholders' equity | |
| Common stock, \$0.01 par value: 450,000,000 shares authorized; 270,627,014 shares issued and 269,295,466 shares outstanding at December 31, 2017 and 237,201,064 shares issued and 236,344,172 shares outstanding at December 31, 2016 | 2,668 |
| Treasury stock, at cost: 1,331,548 and 856,892 shares at December 31, 2017 and December 31, 2016, respectively | (22,179) |
| Additional paid-in capital | 2,677,217 |
| Retained earnings | 717,985 |
| Oasis share of stockholders' equity | 3,375,691 |
| Assets retirement obligations | 137,888 |
| Total stockholders' equity | 3,513,579 |
| Total liabilities and stockholders' equity | \$ 6,615,130 |

NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands)

Three Months Ended December 31, Year Ended December 31

2017 2016 2017 2016

(In thousands, except per share data)

| | | | | |
|-----------------------------|------------|------------|--------------|------------|
| Revenues | | | | |
| Oil and gas revenues | \$ 330,359 | \$ 192,265 | \$ 1,034,892 | \$ 625,233 |
| Purchased oil and gas sales | 31,072 | 8,405 | 87,989 | 10,272 |
| Midstream revenues | 23,813 | 13,026 | 72,752 | 35,406 |
| Well services revenues | 19,225 | 4,295 | 52,791 | 33,754 |
| Total revenues | 404,469 | 217,991 | 1,248,424 | 704,665 |
| Operating expenses | | | | |

| | | | | |
|--|------------|-------------|------------|--------------|
| Lease operating expenses | 43,263 | 37,161 | 177,134 | 135,444 |
| Midstream operating expenses | 6,698 | 2,908 | 17,589 | 9,003 |
| Well services operating expenses | 13,370 | 2,569 | 37,228 | 20,675 |
| Marketing, transportation and gathering expenses | 17,722 | 8,062 | 55,740 | 30,108 |
| Purchased oil and gas expenses | 31,637 | 8,405 | 89,320 | 10,258 |
| Production taxes | 27,811 | 16,807 | 88,133 | 56,565 |
| Depreciation, depletion and amortization | 146,556 | 119,446 | 530,802 | 476,331 |
| Exploration expenses | 7,590 | 593 | 11,600 | 1,785 |
| Impairment | 866 | 717 | 6,887 | 4,684 |
| General and administrative expenses | 24,627 | 23,027 | 91,797 | 89,342 |
| Total operating expenses | 320,140 | 219,695 | 1,106,230 | 834,195 |
| Gain (loss) on sale of properties | 1,774 | 2 | 1,774 | (1,303) |
| Operating income (loss) | 86,103 | (1,702) | 143,968 | (130,833) |
| Other income (expense) | | | | |
| Net loss on derivative instruments | (123,954) | (49,693) | (71,657) | (105,317) |
| Interest expense, net of capitalized interest | (36,289) | (34,861) | (146,837) | (140,305) |
| Gain (loss) on extinguishment of debt | — | (124) | — | 4,741 |
| Other income (expense) | (577) | (28) | (1,332) | 160 |
| Total other expense | (160,820) | (84,706) | (219,826) | (240,721) |
| Loss before income taxes | (74,717) | (86,408) | (75,858) | (371,554) |
| Income tax benefit | 202,834 | 31,720 | 203,304 | 128,538 |
| Net income (loss) including non-controlling interests | 128,117 | (54,688) | 127,446 | (243,016) |
| Less: Net income attributable to non-controlling interests | 3,500 | — | 3,650 | — |
| Net income (loss) attributable to Oasis | \$ 124,617 | \$ (54,688) | \$ 123,796 | \$ (243,016) |
| Earnings (loss) per share: | | | | |
| Basic | \$ 0.52 | \$ (0.25) | \$ 0.53 | \$ (1.32) |
| Diluted | 0.52 | (0.25) | 0.52 | (1.32) |
| Weighted average shares outstanding: | | | | |
| Basic | 240,143 | 217,332 | 234,986 | 183,615 |
| Diluted | 241,960 | 217,332 | 237,875 | 183,615 |

OASIS PETROLEUM INC.

SELECTED FINANCIAL AND OPERATIONAL STATS

| | Three Months Ended December 31, Year Ended December 31, | | | |
|--|---|------------|--------------|------------|
| | 2017 | 2016 | 2017 | 2016 |
| Operating results (\$ in thousands): | | | | |
| Revenues | | | | |
| Oil | \$ 289,461 | \$ 175,107 | \$ 913,064 | \$ 586,308 |
| Natural gas | 40,898 | 17,158 | 121,828 | 38,925 |
| Purchased oil and gas sales | 31,072 | 8,405 | 87,989 | 10,272 |
| Midstream revenues | 23,813 | 13,026 | 72,752 | 35,406 |
| Well services revenues | 19,225 | 4,295 | 52,791 | 33,754 |
| Total revenues | \$ 404,469 | \$ 217,991 | \$ 1,248,424 | \$ 704,665 |
| Production data: | | | | |
| Oil (MBbls) | 5,266 | 3,929 | 18,818 | 15,174 |
| Natural gas (MMcf) | 8,815 | 5,764 | 31,946 | 19,573 |
| Oil equivalents (MBoe) | 6,735 | 4,890 | 24,143 | 18,436 |
| Average daily production (Boepd) | 73,207 | 53,150 | 66,144 | 50,372 |
| Average sales prices: | | | | |
| Oil, without derivative settlements (per Bbl) | \$ 54.97 | \$ 44.57 | \$ 48.52 | \$ 38.64 |
| Oil, with derivative settlements (per Bbl) ⁽¹⁾ | 53.41 | 46.20 | 48.00 | 46.68 |
| Natural gas, without derivative settlements (per Mcf) ⁽²⁾ | 4.64 | 2.98 | 3.81 | 1.99 |
| Natural gas, with derivative settlements (per Mcf) ⁽¹⁾⁽²⁾ | 4.72 | 2.98 | 3.86 | 1.99 |
| Costs and expenses (per Boe of production): | | | | |
| Lease operating expenses | \$ 6.42 | \$ 7.60 | \$ 7.34 | \$ 7.35 |
| Marketing, transportation and gathering expenses ⁽³⁾ | 2.83 | 1.66 | 2.34 | 1.60 |
| Production taxes | 4.13 | 3.44 | 3.65 | 3.07 |
| Depreciation, depletion and amortization | 21.76 | 24.43 | 21.99 | 25.84 |
| General and administrative expenses ⁽⁴⁾ | 3.66 | 4.71 | 3.80 | 4.85 |

- (1) Realized prices include gains or losses on cash settlements for commodity derivatives, which do not qualify for or were not designated as hedging instruments for accounting purposes. Cash settlements represent the cumulative gains and losses on derivative instruments for the periods presented and do not include a recovery of costs that were paid to acquire or modify the derivative instruments that were settled.
- (2) Natural gas prices include the value for natural gas and natural gas liquids.
- (3) Excludes non-cash valuation charges on pipeline imbalances and purchased oil and gas expenses.
- (4) For the year ended December 31, 2017, certain well services direct field labor compensation expenses are included in well services operating expenses on our Consolidated Statements of Operations, which were previously recognized in general and administrative expenses on our Consolidated Statements of Operations. For the years ended December 31, 2016 and 2015, well services operating expenses have been adjusted to include \$2.9 million and \$3.7 million, respectively, which were previously recognized in general and administrative expenses on our Consolidated Statements of Operations.

OASIS PETROLEUM INC.
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Unaudited)

| | Year Ended December | |
|--|---------------------|-------------|
| | 2017 | 2016 |
| | (In thousands) | |
| Cash flows from operating activities: | | |
| Net income (loss) including non-controlling interests | \$ 127,446 | \$ (24,387) |
| Adjustments to reconcile net income (loss) including non-controlling interests to net cash provided by operating activities: | | |
| Depreciation, depletion and amortization | 530,802 | 476,802 |
| Gain on extinguishment of debt | — | (4,740) |
| (Gain) loss on sale of properties | (1,774) | 1,300 |
| Impairment | 6,887 | 4,680 |
| Deferred income taxes | (202,884) | (128,800) |
| Derivative instruments | 71,657 | 105,000 |
| Equity-based compensation expenses | 26,534 | 24,100 |
| Deferred financing costs amortization and other | 18,311 | 14,300 |
| Working capital and other changes: | | |
| Change in accounts receivable, net | (158,587) | (11,900) |
| Change in inventory | (2,501) | 254 |
| Change in prepaid expenses | (838) | (295) |
| Change in other current assets | 148 | (305) |
| Change in long-term inventory and other assets | (12,143) | (151) |
| Change in accounts payable, interest payable and accrued liabilities | 115,308 | (13,800) |
| Change in other current liabilities | (10,450) | 4,490 |
| Change in other liabilities | (40) | 10 |
| Net cash provided by operating activities | 507,876 | 228,000 |
| Cash flows from investing activities: | | |
| Capital expenditures | (647,349) | (426,000) |
| Acquisitions | (61,874) | (781) |
| Proceeds from sale of properties | | |

| | | |
|---|-------------|--------|
| Costs related to sale of properties | (366) | (310) |
| Derivative settlements | (8,264) | 121, |
| Advances from joint interest partners | (2,681) | 2,95 |
| Net cash used in investing activities | (714,760) | (1,07) |
| Cash flows from financing activities: | | |
| Proceeds from Revolving Credit Facilities | 1,162,000 | 1,40 |
| Principal payments on Revolving Credit Facilities | (1,377,000) | (1,18 |
| Repurchase of senior unsecured notes | — | (435 |
| Proceeds from issuance of senior unsecured convertible notes | — | 300, |
| Deferred financing costs | (2,714) | (9,12 |
| Proceeds from sale of common stock | 302,191 | 766, |
| Proceeds from sale of Oasis Midstream common units, net of offering costs | 134,185 | &md |
| Purchases of treasury stock | (6,229) | (2,33 |
| Other | (55) | &md |
| Net cash provided by financing activities | 212,378 | 844, |
| Increase in cash and cash equivalents | 5,494 | 1,49 |
| Cash and cash equivalents: | | |
| Beginning of period | 11,226 | 9,73 |
| End of period | \$ 16,720 | \$ 11 |
| Supplemental cash flow information: | | |
| Cash paid for interest, net of capitalized interest | \$ 154,980 | \$ 13 |
| Cash paid for taxes | 12 | &md |
| Cash received for income tax refunds | 281 | 5 |
| Supplemental non-cash transactions: | | |
| Non-GAAP Financial Measures | | |
| Change in accrued capital expenditures | \$ 83,508 | \$ (43 |
| Cash interest reconciliation | (789) | 3,81 |
| Note receivable from divestiture | — | 4,00 |
| Cash Interest is a supplemental non-GAAP financial measure that is used by management and external users of the Company's financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Cash Interest as interest expense plus capitalized interest less amortization and write-offs of deferred financing costs and debt discounts included in interest expense. Cash Interest is not a measure of interest expense as determined by United States generally accepted accounting principles, or GAAP. | 4,875 | &md |

The following table presents a reconciliation of the GAAP financial measure of interest expense to the non-GAAP financial measure of Cash Interest for the periods presented:

| | Three Months Ended December 31, Year Ended December 31, | | | |
|--|---|-----------|------------|------------|
| | 2017 | 2016 | 2017 | 2016 |
| | (In thousands) | | | |
| Interest expense | \$ 36,289 | \$ 34,861 | \$ 146,837 | \$ 140,305 |
| Capitalized interest | 4,024 | 3,165 | 12,797 | 16,848 |
| Amortization of deferred financing costs (1,779) | | (1,715) | (6,907) | (9,757) |
| Amortization of debt discount | (2,654) | (2,409) | (10,080) | (2,709) |
| Cash Interest | \$ 35,880 | \$ 33,902 | \$ 142,647 | \$ 144,687 |

Adjusted EBITDA and Free Cash Flow Reconciliations

Adjusted EBITDA and Free Cash Flow are supplemental non-GAAP financial measures that are used by management and external users of the Company's financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Adjusted EBITDA as earnings before interest expense, income taxes, depreciation, depletion, amortization, exploration expenses and other similar non-cash or non-recurring charges. The Company defines Free Cash Flow as Adjusted EBITDA less Cash Interest and CapEx, excluding capitalized interest. Adjusted EBITDA and Free Cash Flow are not measures of net income (loss) or cash flows as determined by GAAP.

The following table presents reconciliations of the GAAP financial measures of net income (loss) including non-controlling interests and net cash provided by (used in) operating activities to the non-GAAP financial measures of Adjusted EBITDA and Free Cash Flow for the periods presented:

| | Three Months Ended December 31, Year Ended December 31, | | | |
|---|---|-------------|------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| | (In thousands) | | | |
| Net income (loss) including non-controlling interests | \$ 128,117 | \$ (54,688) | \$ 127,446 | \$ (243,016) |
| (Gain) loss on sale of properties | (1,774) | (2) | (1,774) | 1,303 |
| (Gain) loss on extinguishment of debt | — | 124 | — | (4,741) |
| Net loss on derivative instruments | 123,954 | 49,693 | 71,657 | 105,317 |
| Derivative settlements ⁽¹⁾ | (7,460) | 6,401 | (8,264) | 121,977 |
| Interest expense, net of capitalized interest | 36,289 | 34,861 | 146,837 | 140,305 |
| Depreciation, depletion and amortization | 146,556 | 119,446 | 530,802 | 476,331 |
| Impairment | 866 | 717 | 6,887 | 4,684 |
| Exploration expenses | 7,590 | 593 | 11,600 | 1,785 |
| Equity-based compensation expenses | 6,083 | 5,342 | 26,534 | 24,103 |
| Income tax benefit | (202,834) | (31,720) | (203,304) | (128,538) |
| Other non-cash adjustments | (1,236) | 93 | (745) | 790 |
| Adjusted EBITDA | | | | |

236,151

130,860

707,676

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Adjusted EBITDA attributable to non-controlling interests | 3,714 | — | 3,904 | — |
| Adjusted EBITDA attributable to Oasis | 232,437 | 130,860 | 703,772 | 500,300 |
| Cash Interest | (35,880) | (33,902) | (142,647) | (144,687) |
| Capital expenditures ⁽²⁾ | (313,060) | (883,831) | (836,204) | (1,181,527) |
| Capitalized interest | 4,024 | 3,165 | 12,797 | 16,848 |
| Free Cash Flow | \$ (112,479) | \$ (783,708) | \$ (262,282) | \$ (809,066) |
| Net cash provided by operating activities | \$ 209,139 | \$ 104,599 | \$ 507,876 | \$ 228,018 |
| Derivative settlements ⁽¹⁾ | (7,460) | 6,401 | (8,264) | 121,977 |
| Interest expense, net of capitalized interest | 36,289 | 34,861 | 146,837 | 140,305 |
| Exploration expenses | 7,590 | 593 | 11,600 | 1,785 |
| Deferred financing costs amortization and other | (5,645) | (4,160) | (18,311) | (14,334) |
| Current tax expense | (421) | — | (421) | — |
| Changes in working capital | (2,105) | (11,527) | 69,104 | 21,759 |
| Other non-cash adjustments | (1,236) | 93 | (745) | 790 |
| Adjusted EBITDA | 236,151 | 130,860 | 707,676 | 500,300 |
| Adjusted EBITDA attributable to non-controlling interests | 3,714 | — | 3,904 | — |
| Adjusted EBITDA attributable to Oasis | 232,437 | 130,860 | 703,772 | 500,300 |
| Cash Interest | (35,880) | (33,902) | (142,647) | (144,687) |
| Capital expenditures ⁽²⁾ | (313,060) | (883,831) | (836,204) | (1,181,527) |
| Capitalized interest | 4,024 | 3,165 | 12,797 | 16,848 |
| Free Cash Flow | \$ (112,479) | \$ (783,708) | \$ (262,282) | \$ (809,066) |

(1) Cash settlements represent the cumulative gains and losses on the Company's derivative instruments for the periods presented and do not include a recovery of costs that were paid to acquire or modify the derivative instruments that were settled.

(2) CapEx (including acquisitions) reflected in the table above differs from the amounts shown in the statement of cash flows in the Company's consolidated financial statements because amounts reflected in the table above include changes in accrued liabilities from the previous reporting period for capital expenditures, while the amounts presented in the statements of cash flows are presented on a cash basis. Acquisitions totaled \$48.2 million and \$54.0 million for the fourth quarter and full year 2017, respectively, and \$768.0 million and \$781.5 million for the fourth quarter and full year 2016, respectively.

The following tables present reconciliations of the GAAP financial measure of income (loss) before income taxes including non-controlling interests to the non-GAAP financial measure of Adjusted EBITDA for the Company's three reportable business segments on a gross basis for the periods presented:

Exploration and Production

| | Three Months Ended December 31, Year Ended December 31 | | | |
|--|--|--------------|--------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| | (In thousands) | | | |
| Loss before income taxes including non-controlling interests | \$ (107,130) | \$ (105,395) | \$ (179,129) | \$ (436,400) |
| (Gain) loss on sale of properties | (1,774) | (2) | (1,774) | 1,661 |
| (Gain) loss on extinguishment of debt | — | 124 | — | (4,741) |
| Net loss on derivative instruments | 123,954 | 49,693 | 71,657 | 105,317 |
| Derivative settlements ⁽¹⁾ | (7,460) | 6,401 | (8,264) | 121,977 |
| Interest expense, net of capitalized interest | 36,289 | 34,861 | 146,818 | 140,305 |
| Depreciation, depletion and amortization | 143,033 | 117,346 | 519,853 | 467,894 |
| Impairment | 866 | 717 | 6,887 | 2,253 |
| Exploration expenses | 7,590 | 593 | 11,600 | 1,785 |
| Equity-based compensation expenses | 5,695 | 5,152 | 25,436 | 23,346 |
| Other non-cash adjustments | (1,303) | 21 | (812) | 718 |
| Adjusted EBITDA | \$ 199,760 | \$ 109,511 | \$ 592,272 | \$ 424,000 |

(1) Cash settlements represent the cumulative gains and losses on the Company's derivative instruments for the periods presented and do not include a recovery of costs that were paid to acquire or modify the derivative instruments that were settled.

Midstream Services

| | Three Months Ended December 31, Year Ended December 31 | | | |
|--|--|-----------|------------|-----------|
| | 2017 | 2016 | 2017 | 2016 |
| | (In thousands) | | | |
| Income before income taxes including non-controlling interests | \$ 33,294 | \$ 19,132 | \$ 102,340 | \$ 68,000 |
| Gain on sale of properties | — | — | — | (358) |
| Interest expense, net of capitalized interest | — | — | 19 | — |
| Depreciation, depletion and amortization | 4,625 | 3,200 | 15,999 | 8,520 |
| Impairment | — | — | — | 2,430 |
| Equity-based compensation expenses | 357 | 249 | 1,461 | 911 |
| Other non-cash adjustments | — | 10 | — | 10 |
| Adjusted EBITDA | \$ 38,276 | \$ 22,591 | \$ 119,819 | \$ 79,000 |

Well Services

| | Three Months Ended December 31, Year Ended Decem | | | |
|---|--|----------|-----------|--------|
| | 2017 | 2016 | 2017 | 2016 |
| | (In thousands) | | | |
| Income before income taxes including non-controlling interests | \$ 5,897 | \$ 10 | \$ 15,091 | \$ 3,4 |
| Depreciation, depletion and amortization | 3,522 | 3,287 | 12,939 | 14,89 |
| Equity-based compensation expenses | 249 | 262 | 1,264 | 1,515 |
| Other non-cash adjustments | 67 | 62 | 67 | 62 |
| Adjusted EBITDA | \$ 9,735 | \$ 3,621 | \$ 29,361 | \$ 19 |
| Adjusted Net Income (Loss) Attributable to Oasis and Adjusted Diluted Earnings (Loss) Attributable to Oasis Per Share | | | | |

Adjusted Net Income (Loss) Attributable to Oasis and Adjusted Diluted Earnings (Loss) Attributable to Oasis Per Share are supplemental non-GAAP financial measures that are used by management and external users of the Company's financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Adjusted Net Income (Loss) Attributable to Oasis as net income (loss) after adjusting for (1) the impact of certain non-cash and non-recurring items, including non-cash changes in the fair value of derivative instruments, impairment, and other similar non-cash and non-recurring charges, (2) the impact of net income attributable to non-controlling interests and (3) the non-cash and non-recurring items' impact on taxes based on the Company's effective tax rate applicable to those adjusting items, excluding net income attributable to non-controlling interests, in the same period. Adjusted Net Income (Loss) Attributable to Oasis is not a measure of net income (loss) as determined by GAAP. The Company defines Adjusted Diluted Earnings (Loss) Attributable to Oasis Per Share as Adjusted Net Income (Loss) Attributable to Oasis divided by diluted weighted average shares outstanding.

The following table presents reconciliations of the GAAP financial measure of net income (loss) attributable to Oasis to the non-GAAP financial measure of Adjusted Net Income (Loss) Attributable to Oasis and the GAAP financial measure of diluted earnings (loss) attributable to Oasis per share to the non-GAAP financial measure of Adjusted Diluted Earnings (Loss) Attributable to Oasis Per Share for the periods presented:

| | Three Months Ended December 31, Year Ended Dec | | | |
|--|--|-------------|------------|-------------|
| | 2017 | 2016 | 2017 | 2016 |
| | (In thousands, except per share data) | | | |
| Net income (loss) attributable to Oasis | \$ 124,617 | \$ (54,688) | \$ 123,796 | \$ (23,796) |
| Tax reform rate change adjustments | (171,900) | — | (171,900) | — |
| (Gain) loss on sale of properties | (1,774) | (2) | (1,774) | 1,300 |
| (Gain) loss on extinguishment of debt | — | 124 | — | (4,700) |
| Net loss on derivative instruments | 123,954 | 49,693 | 71,657 | 105,000 |
| Derivative settlements ⁽¹⁾ | (7,460) | 6,401 | (8,264) | 121,000 |
| Impairment | 866 | 717 | 6,887 | 4,600 |
| Amortization of deferred financing costs ⁽²⁾ | 1,779 | 1,715 | 6,907 | 9,700 |
| Amortization of debt discount | 2,654 | 2,409 | 10,080 | 2,700 |
| Other non-cash adjustments | (1,236) | 93 | (745) | 790 |
| Tax impact ⁽³⁾ | (44,425) | (22,882) | (31,696) | (90,000) |
| Adjusted Net Income (Loss) Attributable to Oasis | \$ 27,075 | \$ (16,420) | \$ 4,948 | \$ (9,000) |
| Diluted earnings (loss) attributable to Oasis per share | \$ 0.52 | \$ (0.25) | \$ 0.52 | \$ (1.00) |
| Tax reform rate change adjustments | (0.71) | — | (0.72) | — |
| (Gain) loss on sale of properties | (0.01) | — | (0.01) | 0.01 |
| (Gain) loss on extinguishment of debt | — | — | — | (0.01) |
| Net loss on derivative instruments | 0.51 | 0.23 | 0.30 | 0.57 |
| Derivative settlements ⁽¹⁾ | (0.03) | 0.03 | (0.03) | 0.66 |
| Impairment | — | — | 0.03 | 0.03 |
| Amortization of deferred financing costs ⁽²⁾ | 0.01 | 0.01 | 0.03 | 0.05 |
| Amortization of debt discount | 0.01 | 0.01 | 0.04 | 0.01 |
| Other non-cash adjustments | (0.01) | — | — | — |
| Tax impact ⁽³⁾ | (0.17) | (0.11) | (0.14) | (0.40) |
| Adjusted Diluted Earnings (Loss) Attributable to Oasis Per Share | \$ 0.12 | \$ (0.08) | \$ 0.02 | \$ (0.00) |
| Diluted weighted average shares outstanding | 241,960 | 217,332 | 237,875 | 183,000 |
| Effective tax rate applicable to adjustment items | 37.4 | % 37.4 | % 37.4 | % 37.4 |

- (1) Cash settlements represent the cumulative gains and losses on the Company's derivative instruments for the periods presented and do not include a recovery of costs that were paid to acquire or modify the derivative instruments that were settled.
- (2) As of December 31, 2016, Adjusted Net Income (Loss) Attributable to Oasis includes the non-cash adjustment for amortization of deferred financing costs. Comparative periods have been conformed. The amortization of deferred financing costs is included in interest expense on the Company's Consolidated Statements of Operations.
- (3) The tax impact is computed utilizing the Company's effective tax rate applicable to the adjustments for certain non-cash and non-recurring items. The tax impact was not computed for the tax reform rate change adjustments.

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