

NuVista Energy Ltd. Announces Closing of Pipestone Asset Acquisition and Provides Operational Update

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CALGARY, Sept. 06, 2018 - [NuVista Energy Ltd.](#) ("NuVista" or the "Company") (TSX:NVA) is pleased to announce the successful closing of the previously announced acquisition of the Cenovus Pipestone Partnership (the "Acquisition") which holds assets in the Pipestone area of Northwest Alberta ("the Acquired Assets").

The Acquisition was partially funded through an offering of 47,415,801 subscription receipts ("Subscription Receipts") at a price of \$8.10 per Subscription Receipt for gross proceeds of approximately \$384 million. Subscription Receipts totaling 20,990,000 were issued pursuant to a prospectus offering and an additional 26,425,801 Subscription Receipts were issued pursuant to a private placement to certain investors, each led by CIBC Capital Markets., Peters & Co. Limited and RBC Capital Markets which closed on August 30, 2018 (together, the "Financings"). In accordance with their terms, each Subscription Receipt was exchanged for one common share upon the closing of the Acquisition and the proceeds from the sale of the Subscription Receipts were released from escrow to partially fund the purchase price of the Acquisition. The balance of the purchase price was funded through the Company's increased credit facility. Holders of Subscription Receipts are not required to take any action in order to receive common shares.

Operational Update

We are pleased to confirm that the Acquired Assets have continued to perform smoothly during the transition period, with [Cenovus Energy Inc.](#) field estimated average production of 10,300 Boe/d for the month of August. The integration of the Acquired Assets and associated staff is ongoing, and development planning has commenced. NuVista's assets have also continued to perform strongly with several new wells now on production. August field estimated production was 40,500 Boe/d prior to the addition of the Acquired Assets which will be effective September 6th.

We have continued with successful drilling and completion operations, and we are pleased to note that our Bilbo compressor station facility has continued well above the nameplate capacity of 18,000 Boe/d, with several weeks exceeding 20,000 Boe/d. We have recently brought a three-well pad on production at Bilbo, and we are accelerating the completion of a five-well pad this fall to ensure first quarter 2019 facility capacity is maximized.

Our Elsworth compressor station facility has also exceeded nameplate capacity of 18,000 Boe/d, with several weeks surpassing 20,000 Boe/d. We continue to advance our technological progress and we have recently brought a new four-well pad on production at Elsworth including our first well with ultra-high fracture intensity (2.8 Tonnes/metre) with a cemented liner. Fracture operations were completed on plan and within cost expectations, and the well is now on production with a strong start towards the important evaluation of the IP30, IP90, and IP180 results.

At Gold Creek, we are currently drilling a four-well pad to augment Gold Creek volumes available for production commensurate with the planned spring 2019 startup of the SemCAMS Wapiti gas plant. The gas plant project continues on time and on budget.

The compressor station planned for NuVista's pre-existing Pipestone lands is in the process of being accelerated for startup in late 2019 as recently announced.

2018 Guidance

NuVista's production guidance for 2018 excluding the Acquired Assets is re-affirmed in the range of 36,000 to 38,000 Boe/d. This includes the previously announced planned and unplanned outages of 2,350 Boe/d in the third quarter for an expected third quarter production range of 35,000 to 36,250 Boe/d. Production for the fourth quarter is expected in the range of 36,500 to 39,000 Boe/d.

Production from the Acquired Assets has continued slightly above the planned 9,600 Boe/d and so with the effective date of September 6, 2018 now final, third quarter contribution is expected to be 2,650 Boe/d and fourth quarter production approximately 9,500 Boe/d including unplanned downtime allowance.

The 2018 pro-forma post acquisition average annual production guidance range as shown in our press release dated August 9, 2018 showed a production range of 40,000 to 43,000 Boe/d and an adjusted funds flow range of \$270 - \$290 million. This range included production and adjusted funds flow from the Acquired Assets noted from the effective date of the transaction (July 1st). For accounting purposes, production volumes can only be included effective from when the transaction has closed, so our 2018 guidance below has been adjusted for this new date. The adjusted funds flow between July 1st and September 6th are also now excluded from the 2018 guidance below, as those funds will accrue to NuVista through a closing price adjustment and will not be accounted for as adjusted funds flow. Other than this accounting date adjustment, the underlying base NuVista and Acquired Assets production and anticipated adjusted funds flow performance is materially the same or slightly improved.

As a result of the above, NuVista total guidance including the Acquired Assets contribution from September 6, 2018, is expected to be in the range of 37,500 to 39,000 Boe/d for the third quarter and 46,000 to 48,500 Boe/d for the fourth quarter of 2018. Total combined annual guidance is therefore 38,750 to 40,000 Boe/d.

Capital spending is reaffirmed in the range of \$325 to \$350 million for 2018, and adjusted funds flow is expected in the range of \$260 to \$270 million including adjusted funds flow from the Acquired Assets from September 6, 2018 onwards. The associated pricing assumptions for the remainder of 2018 are as follows: \$US 67.00/Bbl WTI, \$US 2.90/MMBTU Nymex, \$C 1.35/GJ AECO, and CAD:USD 1.29 Fx.

NuVista has top quality assets and every team member is focused upon relentless improvement. We are excited to pursue our growth plan to 110,000 Boe/d. We would like to thank our staff, contractors, and suppliers for their continued dedication and delivery, and we thank our board of directors for their continued guidance and support. We would particularly like to thank the existing and new shareholders who supported this transformational Acquisition. Please note that our corporate presentation is being updated and will be available at www.nuvistaenergy.com on or before September 7, 2018.

Basis of Presentation

Unless otherwise noted, the financial data presented in this press release has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") also known as International Financial Reporting Standards ("IFRS"). The reporting and measurement currency is the Canadian dollar.

Advisory Regarding Oil and Gas Information

The terms Boe (barrels of oil equivalent) is used throughout this press release. Such terms may be misleading, particularly if used in isolation. The conversion ratio of six thousand cubic feet per barrel (6 Mcf:1 Bbl) of natural gas to one barrel of oil equivalent 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 from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Advisory Regarding Forward-Looking Information and Statements

This press release contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. The use of any of the words

"will", "may", "expects", "believe", "plans", "potential", "continue", "guidance", and similar expressions are intended to identify forward-looking statements. More particularly and without limitation, this press release contains forward looking statements, with respect to: management's assessment of: NuVista's future focus, strategy, plans, opportunities and operations; NuVista's 110,000 Boe/d growth plan; timing for completion of a five-well pad at Bilbo and expectations that production from the same will ensure first quarter 2019 Bilbo facility capacity is maximized; expectations regarding production from recently drilled wells at Elmworth; expectations regarding timing for production from a four-well pad in Gold Creek and that such production volumes will be available with the planned startup of the SemCAMS Wapiti gas plant; expectations with respect to the timing of the start-up of the SemCAMS Wapiti gas plant; timing for the startup of the compressor station plan for the Pipestone lands; anticipated production for the month of August, the third quarter of 2018, the fourth quarter and the 2018 calendar year for each of the Acquired Assets and NuVista; adjusted funds flow of NuVista following the Acquisition; drilling plans and 2018 capital spending.

By their nature, forward-looking statements are based upon certain assumptions and are subject to numerous risks and uncertainties, some of which are beyond NuVista's control, including the impact of general economic conditions, industry conditions, current and future commodity prices, currency and interest rates, anticipated production rates, borrowing, operating and other costs and adjusted funds flow, the timing, allocation and amount of capital expenditures and the results therefrom, anticipated reserves and resources and the imprecision of reserve and resource estimates, the performance of existing wells, the success obtained in drilling new wells, the sufficiency of budgeted capital expenditures in carrying out planned activities, access to infrastructure and markets, competition from other industry participants, availability of qualified personnel or services and drilling and related equipment, stock market volatility, effects of regulation by governmental agencies including changes in environmental regulations, tax laws and royalties; the ability to access sufficient capital from internal sources and bank and equity markets; and including, without limitation, those risks considered under "Risk Factors" in NuVista's Annual Information Form.

In addition, the operating and adjusted funds flow (\$/Boe) assumptions used in this press release to calculate estimated future adjusted funds flow are as follows:

	2018
Petroleum and natural gas sales (excluding impact of physical derivative contracts)	\$37.00
Realized commodity derivative losses (gains) (including impact of physical derivative contracts)	\$0.90
Royalties	\$1.45
Operating expenses	\$9.80
Transportation expenses	\$3.10
General and administrative expenses	\$1.20
Interest and financing expenses	\$1.90
 Adjusted funds flow	 \$18.65

Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. NuVista's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements, or if any of them do so, what benefits NuVista will derive therefrom. NuVista has included the forward-looking statements in this press release in order to provide readers with a more complete perspective on NuVista's future operations and such information may not be appropriate for other purposes. NuVista disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Future Oriented Financial Information

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about NuVista's prospective results of operations including, without limitation, adjusted funds flow which is subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on FOFI. NuVista's actual results, performance or achievement could differ materially from those expressed in, or implied by, these FOFI, or if any of them do so, what benefits NuVista will derive

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Non-GAAP Financial Measures

This press release includes "adjusted funds flow" which is a non-GAAP measure. This non-GAAP measure does not have a standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other companies. "Adjusted funds flow" represents cash flow from operating activities adjusted for changes in non-cash working capital and asset retirement expenditures. Adjusted funds flow as presented is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, per the statement of cash flows, net earnings (loss) or other measures of financial performance calculated in accordance with GAAP. NuVista considers adjusted funds flow a key measure of performance as it demonstrates our ability to generate the cash flow necessary to fund capital investments, debt repayment, and our asset retirement obligations. We eliminate changes in non-cash working capital, and asset retirement expenditures from cash flow from operating activities as these amounts can be discretionary and may vary from period to period depending on our capital programs. The settlement of asset retirement obligations are managed with our capital budgeting process which considers available adjusted funds flow.

A reconciliation of our adjusted funds flow for our actual results for the six months ended June 30, 2018 and our anticipated results for the year ended December 31, 2018 is presented in the following table:

(\$ thousands)	Six Months Ended June 30, 2018 Actual Results	Year Ended December 31, 2018 Anticipated Results
Cash provided by operating activities	128,870	254,000 – 264,000
Add back:		
Asset retirement expenditures	7,943	16,000
Change in non-cash working capital	(8,610)	(10,000)
Adjusted funds flow	128,203	260,000 - 270,000

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