

Traverse Energy Announces 2018 Third Quarter Results

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CALGARY, Nov. 15, 2018 - [Traverse Energy Ltd.](#) (“Traverse” or “the Company”) (TSX Venture: TVL) presents financial and operating results for the three and nine months ended September 30, 2018.

Highlights (<i>unaudited</i>)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2018	2017	2018	2017
Financial (<i>\$ thousands, except per share amounts</i>)				
Petroleum and natural gas revenue	1,769	2,173	5,526	7,814
Cash from operating activities	638	1,081	2,262	3,573
Adjusted funds flow ⁽¹⁾	567	769	1,600	3,357
Per share – basic and diluted	0.01	0.01	0.02	0.04
Net loss	(458)	(538)	(8,761)	(2,039)
Per share – basic and diluted	(0.00)	(0.01)	(0.08)	(0.02)
Capital expenditures	556	2,024	2,545	7,116
Total assets	37,238	40,516	37,238	40,516
Working capital deficiency	(6,041)	(286)	(6,041)	(286)
Common shares				
Outstanding (<i>millions</i>)	103.5	91.7	103.5	91.7
Weighted average (<i>millions</i>)	103.5	91.7	103.5	89.1
Operations (<i>Units as noted</i>)				
Average production				
Natural gas (<i>Mcf/day</i>)	1,264	2,289	1,685	2,338
Oil and NGL (<i>bbls/day</i>)	242	347	267	399
Total (<i>BOE/day</i>)	452	729	548	789
Average sales price				
Natural gas (<i>\$/Mcf</i>)	1.62	2.25	1.80	2.79
Oil and NGL (<i>\$/bbl</i>)	71.08	53.27	64.49	55.40
Netback (<i>\$/BOE</i>)				
Petroleum and natural gas revenue	42.50	32.42	36.95	36.29
Royalties	(2.81)	(0.82)	(1.85)	(1.32)
Operating and transportation expenses	(18.18)	(16.52)	(17.92)	(15.76)
Operating netback ⁽²⁾	21.51	15.08	17.18	19.21
General and administrative	(5.93)	(3.44)	(5.16)	(3.46)
Finance income and expense ⁽³⁾	(1.95)	(0.17)	(1.32)	(0.16)
Corporate netback ⁽⁴⁾	13.63	11.47	10.70	15.59

(1) Adjusted funds flow represents cash from operating activities prior to changes in non-cash working capital and settlement of decommissioning obligations.

(2) Operating netback represents revenue, less royalties, operating and transportation expenses. Operating netback per BOE is the operating netback divided by barrels of oil equivalent production volumes for the applicable period.

(3) Excludes non-cash accretion.

(4) Corporate netback represents the operating netback less general and administrative costs and finance income and expense before accretion. Corporate netback per BOE is the corporate netback divided by barrels of oil equivalent production volume for the applicable period.

Operations Review

Traverse's production averaged 452 BOE per day (54% oil and NGL) during the third quarter of 2018, a decrease of 13% from the second quarter of 2018. Production declined as no new production has been added in 2018 and low natural gas pricing resulted in the shut-in of natural gas wells throughout the quarter. Adjusted funds flow increased 35% from the second quarter of 2018 due mainly to an increase in realized oil and NGL prices. Capital expenditures in the third quarter related mainly to land acquisition and production testing and equipment at Chigwell.

At September 30, 2018 Traverse holds approximately 98,000 net acres in the Duvernay shale basin. Traverse's Duvernay oil well at Chigwell, placed on production in December 2017, has recovered 104,500 barrels of water to October 31, 2018, which is 40% of the fluids utilized during completion of the well. Water cuts remain unchanged and Traverse will continue to produce the well and evaluate results.

Early in the fourth quarter, as part of the strategy to optimize existing assets, Traverse performed several minor well operations to return previously suspended and shut-in wells to production. This included natural gas wells previously shut-in due to low natural gas pricing, which has improved for the winter heating season. The price environment for light oil has deteriorated substantially due to historically high differentials caused by lack of take away capacity and pipeline constraints. In this current oil price environment, industry activity and financing opportunities have been reduced. Traverse will continue to evaluate alternatives for Duvernay development and optimization of its asset base.

Undeveloped land holdings in Alberta at September 30, 2018 were 202,700 gross (202,100 net) acres. At September 30, 2018 the Company had a working capital deficiency of approximately \$6.0 million and credit facilities of \$9.0 million. The Company's 2018 capital budget has been reduced to \$3.0 million while the assessment of assets and evaluation of the Chigwell Duvernay well continues.

Forward-looking information

This news release contains forward-looking information which is not comprised of historical fact. Forward-looking information involves risks, uncertainties and other factors that could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward-looking information in this news release includes the Company's statements with respect to evaluating alternatives for Duvernay development and optimization of its asset base. This forward looking information is subject to a variety of substantial known and unknown risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward looking information. The Company's Annual Information Form filed on April 5, 2018 with securities regulatory authorities (accessible through the SEDAR website www.sedar.com) describes the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference.

Although the Company believes that the material assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur. The Company disclaims any intention or obligation to update or review any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.

Non-IFRS financial measures

In this release references are made to certain financial measures such as "adjusted funds flow", "adjusted funds flow per share" and "netback" which do not have standardized meanings prescribed by IFRS and therefore may not be comparable to the calculation of similar measures by other entities. Management uses certain industry benchmarks such as netbacks to analyze financial and operating performance. There are no comparable measures in accordance with IFRS for operating or corporate netback. Management believes that in addition to net income (loss), the non-IFRS measures set forth below are useful supplemental measures as they assist in the determination of the Company's performance, leverage and liquidity. Investors should be cautioned however, that these measures should not be construed as an alternative to both net income (loss) and cash from operating activities, which are determined in accordance with IFRS, as indicators of the Company's performance.

Adjusted funds flow represents cash from operating activities prior to changes in non-cash working capital and settlement of decommissioning obligations as detailed below:

(\$)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2018	2017	2018	2017
Cash from operating activities	637,725	1,081,124	2,262,182	3,572,885
Decommissioning expenditures	24,135	49,866	201,733	129,233
Change in non-cash working capital	(95,095)	(361,763)	(863,737)	(345,054)
Adjusted funds flow	566,765	769,227	1,600,178	3,357,064

Adjusted funds flow per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of net income (loss) per share. Operating and corporate netbacks are also presented. Operating netback represents revenue less royalties, operating and transportation costs. Corporate netback represents the operating netback less general and administrative expenses and finance income and expense before accretion. Netback per BOE is the applicable netback divided by barrels of oil production for the applicable period. The calculation of Traverse's operating and corporate netbacks are detailed under the applicable headings within the Company's management's discussion and analysis for the period ended September 30, 2018.

BOE equivalent

The term "BOE" or barrels of oil equivalent may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 bbl) is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalency at the wellhead. Additionally, 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 ratio of 6:1 may be misleading as an indication of value.

For more information, please contact:

Traverse Energy Ltd.

Laurie Smith
 President and CEO
 November 15, 2018
 Tel.: 403-264-9223

Further details on the Company including the 2017 year end audited financial statements, the related management's discussion and analysis and Annual Information Form are available on the Company's website (www.traverseenergy.com) and SEDAR.

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