

# Petrus Resources Announces Operations Update and 2019 Outlook

07.01.2019 | [GlobeNewswire](#)

CALGARY, Jan. 07, 2019 - [Petrus Resources Ltd.](#) ("Petrus" or the "Company") (TSX: PRQ) is pleased to provide an operations update and its 2019 outlook. With the recent volatility in the price of both Canadian light oil and natural gas, the Company believes that it is prudent to develop a disciplined capital budget that is flexible from an operational and financial perspective. Petrus' Board of Directors has approved a first quarter 2019 capital budget of \$8 to \$10 million. Petrus will continue to monitor the Canadian commodity price environment and will evaluate subsequent quarter capital spending as the year progresses, in order to maintain financial strength and flexibility. The first quarter capital budget is expected to be funded within estimated first quarter 2019 funds flow and is focused on the highest rates of return, lowest risk, condensate rich drilling opportunities in the Company's inventory at Ferrier, Alberta. Petrus is focused on designing its 2019 capital plan to invest capital systematically each quarter within funds flow, permitting excess funds each quarter to reduce debt. The objectives of the 2019 capital plan will be to increase the Company's liquids weighting, maintain or reduce current debt levels, maintain or grow production and grow cash flow per share through disciplined capital spending.

## OPERATIONS UPDATE

Petrus has built a sustainable asset portfolio focused on condensate rich assets in the Cardium formation of its core area at Ferrier, Alberta. Management believes the low risk Cardium development, combined with the control derived from facility and infrastructure ownership enables Petrus to maintain operational flexibility in order to respond to potential changes in the commodity price environment. The Company demonstrated discipline and reduced its capital spending early in 2018 in order to improve financial flexibility. In the first nine months of 2018, the Company reduced its net debt by \$16.5 million or 11%. The Company's drilling program resumed during the third quarter, focusing exclusively in the Ferrier area targeting condensate rich wells in the Cardium formation. The Company's 2018 operated drilling program was recently completed with 5 gross (2.9 net) Cardium condensate wells being drilled and fracture stimulated with an average of 76 stages per one mile lateral length. The test production, over a 14 day period, attributed to Petrus' 2.9 net wells was approximately 2,000 boe/d, which was comprised of 50% condensate (60% total liquids). The condensate test rates of approximately 1,000 boe/d nearly doubles Petrus' light oil production reported for the third quarter of 2018 of 1,243 boe/d.

## 2019 OUTLOOK AND FIRST QUARTER CAPITAL BUDGET

Petrus' Board of Directors has approved a first quarter 2019 capital budget of \$8 to \$10 million, based on a current forecast for commodity futures pricing, anticipated service costs and current activity levels. Management anticipates that the 2019 capital plan will be fully funded by funds flow, systematically scheduled evenly through the year to maintain flexibility, and permit debt reduction each quarter. In the first quarter of 2019 we expect to generate funds flow between \$10 and \$11 million, with the remaining \$1 to \$2 million to be directed toward debt repayment. The commodity price assumptions used for the first quarter 2019 capital budget were an average price of \$1.31 C\$/GJ for natural gas (AECO) and \$53.03 US\$/bbl for oil (WTI). Our estimated first quarter average differential for Western Canadian light oil is estimated at \$7.55 US\$/bbl.

Petrus estimates the 2019 capital plan will maintain production year over year, increase our oil and total liquids weighting, and will reduce debt throughout the year. Approximately 85% of the first quarter capital budget will be directed to development of Cardium condensate wells in the Ferrier area of Alberta, which we estimate will have paybacks of less than one year and achieve our objective to increase our condensate and light oil production weighting and funds flow. The first quarter capital budget is expected to include the drilling of 5 gross (2.0 net) Cardium wells targeting the most condensate rich areas within the reservoir.

Due to the current volatility in both the national and global oil markets, Petrus is committed to maintaining its

financial flexibility and the company will determine subsequent quarter capital spending as the year progresses. For the coming year we have significant optionality in the number, the commodity composition and the location of drilling opportunities. Given our growing infrastructure system, Petrus expects that it will drill the majority of its anticipated 2019 capital plan from existing surface leases which will not only decrease cost and environmental disturbance, but can greatly increase flexibility through reduction of lead time required to spud any given well. For the coming year we will see no significant expiry issues, so combined with our flexible plan we would be able to either reduce or increase capital spending with limited lead time.

Relative to global oil prices (West Texas Intermediate), Western Canadian light oil has recently traded at historically high differentials mainly due to insufficient take away capacity. Despite the significant pressure on the price of Western Canadian light oil, Canadian Condensate pricing has remained stronger relative to WTI. Approximately 70% of the Company's third quarter light oil production was specifically Canadian Condensate which currently attracts higher pricing than Western Canadian light oil. The Canadian Condensate price differential to WTI (C\$) was \$4.76/bbl whereas the Western Canadian light differential to WTI (C\$) was \$15.15/bbl for the third quarter of 2018. Canadian natural gas prices also continue to experience significant volatility. Petrus utilizes deep cut processing of certain natural gas production in order to increase its natural gas liquids yield, which increases the Company's netback. Petrus' total liquids production increased from 29% in the second quarter of 2018 to 33% in the third quarter of 2018 and is expected to further increase as a result of the new production recently brought on stream. The average price for natural gas in the US market in 2018 was \$3.08 US\$/mmbtu (Henry Hub) whereas the average price for natural gas in the Canadian market in 2018 was \$1.23 US\$/mmbtu (AECO). As take away capacity increases and coal powered energy continues to be phased out in Canada, the price of Canadian natural gas may correlate more closely to US prices.

Petrus utilizes financial derivative contracts to mitigate commodity price risk and provide stability and sustainability to the Company's economic returns, funds flow and capital plans. As a percentage of third quarter 2018 production, Petrus has derivative contracts in place for 43% at an average price of \$2.02/mcf and 55% at an average price of \$68.79/bbl of its natural gas and oil and natural gas liquids production, respectively, for 2019.

On December 2, 2018 the Alberta government announced a production curtailment mandate of 325,000 boe/d of Alberta crude oil production effective January 1, 2019, as well as their intention to transport 120,000 boe/d via the purchase of additional rail cars. These measures are intended to help alleviate current take away capacity constraints impacting Alberta producers and to reduce storage levels. The temporary production reduction came into effect January 1, 2019 and applies to all operators in Alberta producing in excess of 10,000 barrels per day of oil production. Petrus' oil production is within the 10,000 barrels per day and therefore the Company is exempt from reducing production. The Company expects that the measures announced by the Alberta government will have a positive impact on the price differentials of Western Canadian light oil relative to global oil prices.

The Company expects to release its annual reserve information as well as its annual financial results on March 15, 2019.

#### ABOUT PETRUS

Petrus is a public Canadian oil and gas company focused on property exploitation, strategic acquisitions and risk-managed exploration in Alberta.

For further information, please contact:

Neil Korchinski, P.Eng.

President and Chief Executive Officer

T: 403-930-0889

E: [nkorchinski@petrusresources.com](mailto:nkorchinski@petrusresources.com)

#### READER ADVISORIES

*This press release contains forward-looking statements. More particularly, this press release contains statements concerning plans related to: (i) the sources of funds for and focus of Petrus' 2019 capital budget, including its first quarter 2019 capital budget; (ii) the objectives of Petrus' 2019 capital budget, including its first quarter 2019 capital budget; (iii) Petrus' 2019 capital budget, budget, including its first quarter 2019 capital budget, being within estimated funds flow; (iv) the source of and amount of debt repayment; (v) the*

*estimated payout and production mix of Cardium condensate wells; (vi) the number of wells to be included Petrus' 2019 capital budget, including its first quarter 2019 capital budget; (vii) Petrus' ability to reduce of increase capital spending; (viii) Petrus' total liquid production; (ix) the impact of production curtailment on price differential of Western Canadian light oil; (x) the release date of Petrus' annual reserve information as well as its annual financial results; (xi) the results of Petrus' 2019 capital budget, budget, including its first quarter 2019 capital budget; Petrus' estimated first quarter 2019 funds flow; (xii) the payout of Cardium wells and the impact of the development thereof on Petrus' condensate and light oil production weighting and funds flow . The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Petrus, including: (i) with respect to capital expenditures, generally, and at particular locations, the availability of adequate and secure sources of funding for Petrus' proposed capital expenditure program and the availability of appropriate opportunities to deploy capital; (ii) with respect to drilling plans, the availability of drilling rigs, expectations and assumptions concerning the success of future drilling and development activities and prevailing commodity prices; (iii) with respect to Petrus' ability to execute on its exploration and development program, the performance of Petrus' personnel, the availability of capital and prevailing commodity prices; and (iv) with respect to anticipated production, the ability to drill and operate wells on an economic basis, the performance of new and existing wells and accounting risks typically associated with oil and gas exploration and production; (v) oil and gas prices; (vi) currency exchange rates; (vii) royalty rates; (viii) operating costs; (ix) transportation costs; and (x) the availability of opportunities to deploy capital effectively. Although Petrus believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Petrus can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the failure to obtain necessary regulatory approvals, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures). Readers are cautioned that the foregoing list is not exhaustive of all possible risks and uncertainties.*

*The forward-looking statements contained in this document are made as of the date hereof and Petrus undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.*

*The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one boe (6 mcf/bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in this report are derived from converting gas to oil in the ratio of six thousand cubic feet of gas to one barrel of oil. 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. The forward-looking statements contained in this document are made as of the date hereof and Petrus undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

---

Dieser Artikel stammt von [Rohstoff-Welt.de](http://Rohstoff-Welt.de)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/316451--Petrus-Resources-Announces-Operations-Update-and-2019-Outlook.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer](#)!

---

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!  
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).