

NuVista Energy Ltd. Provides Positive First Quarter Operating Results, Affirms Growth Plans Right on Track

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CALGARY, May 07, 2019 - [NuVista Energy Ltd.](#) ("NuVista" or the "Company") (TSX:NVA) is pleased to announce results for the three months ended March 31, 2019 and provide an update on our future business plans.

Financial and Operational Performance Continues to Improve

During the quarter ended March 31, 2019, NuVista:

- Produced 43,840 Boe/d, matching well with the prior guidance range of 43,000 – 46,000 Boe/d and 21% higher than the same period in 2018. The quarter included downtime for a planned maintenance outage at our Elmworth compressor station which was concluded on schedule, and for extreme cold weather freeze-ups, plus planned temporary well shut-ins offsetting fracturing activities;
- Achieved adjusted funds flow of \$71.7 million (\$0.32/share, basic), an increase of 13% per share versus the prior quarter driven primarily by recovering oil and condensate prices partially offset by temporarily reduced production;
- Achieved adjusted funds flow netback of \$18.17/Boe, an increase of 29% over the prior quarter;
- Executed a successful first quarter capital expenditure program of \$96.6 million including the drilling of 15 (15.0 net) wells in our condensate rich Wapiti Montney play. 14 wells were completed during the quarter and 9 were turned in line;
- Realized operating expenses of \$9.31/Boe, a reduction of 7% versus the same period in 2018; and
- Achieved net G&A expenses of \$1.07/Boe, continuing our long term trend of improvement with a reduction of 24% compared to the same period in 2018.

Subsequent to the first quarter, NuVista completed the annual review of our borrowing base and our lenders have approved an increase to the revolving term credit facility from \$450 to \$500 million as a result of increased value in producing reserves.

As previously communicated, NuVista initiated discussions in the first quarter with various parties to fund the cost of the Pipestone compressor station which is currently under construction, in exchange for a reasonable midstream capital fee on future production. An agreement has now been concluded and it entails NuVista building and operating the facility as originally contemplated, but with financing provided by a third party midstream company. We anticipate closing this transaction in May.

Strong and Improving Operational Execution

The steady ramp-up of production continues towards the latter half of the year as we commence startup of the wells from the winter drilling program. Nine new wells were turned in line but only four were early enough in the quarter to contribute meaningfully to first quarter production volumes. A significant number of new wells will be increasingly turned in line throughout the second quarter.

Production at Bilbo is steady with two infill Middle Montney "C" zone wells contributing to the production mix in the first quarter. Most Bilbo wells to date have been drilled in the Middle Montney "B" zone with only a few prior wells in the "C" zone. These most recent "C" wells were drilled in the northeast of the block and have averaged just over 800 Bbls/d of condensate each over their first 60 days which is approximately 25% higher than the historic average of all Bilbo wells at 640 Bbls/d. This result underpins our confidence in continued cube development. Additional Lower Montney and Middle Montney "C" zone results are expected throughout the remainder

of 2019 and into 2020.

Drilling continues on the seven wells planned for Bilbo in 2019. These will contribute to fourth quarter 2019 and 2020 production. We have successfully fractured the four well pad in southwest Bilbo including two wells in the middle Montney B zone and two in the Lower Montney. These wells have been equipped and are presently in the process of being turned in line.

At Elsworth, we have successfully concluded the fracturing of a three and a two-well pad with higher intensity fracture stimulation (“HiFi”). These wells have been equipped and are presently being turned in line to keep the Elsworth infrastructure at or near capacity until 2020.

At Gold Creek, we continue to drill the next four-well pad. As planned, our Gold Creek production has now been switched out of our Elsworth compressor station into the new SemCAMS Wapiti plant. The most recently fractured four-well pad has been turned in line and production volumes at Gold Creek are rising.

Our recently acquired Pipestone North property continues to outperform expectations with production ranging from 9,500 to 10,000 Boe/d with minimal decline being offset by field optimization. We continue to bring back on stream legacy Montney wells which had been shut in temporarily in mid-2018 by the previous operator to make facility space available for the most recent well pad. Surface acquisition and regulatory work is progressing on plan for the Pipestone North Compressor station as well as the first pad sites for the development.

A three-well pad in the North area of Pipestone South has been successfully drilled and is awaiting fracturing operations after spring breakup. Drilling continues on our eight-well pad in the southern area of Pipestone South, with six wells finished to date. This pad is the largest drilled by NuVista to date, with eight wells spanning all four of the Montney zones from the Lower Montney up to the Middle Montney B, C, and D zones. Due to pad drilling efficiencies, costs were budgeted to average less than our prior trend, and due to excellent execution, costs are currently averaging below budget. The Pipestone South compressor facility construction is proceeding on schedule and on budget with startup expected in the fourth quarter of 2019. Both the three and the eight-well pads are slated for startup approximately in the middle of the fourth quarter of 2019.

Maintaining a Strong Balance Sheet

At the end of the first quarter of 2019, net debt (including senior unsecured notes and working capital deficiency), was \$549 million. Net debt to annualized current quarter adjusted funds flow was 1.9 times. Included in net debt are NuVista’s senior unsecured notes that were issued in 2018, with an aggregate principal of \$220 million and a five year term at a 6.5% coupon. These notes provide financial flexibility and certainty with a competitive fixed coupon and 5 year term. The net debt to adjusted funds flow ratio is anticipated to trend lower as production volumes and adjusted funds flow continue to rise through 2019, and as the typically higher spending winter drilling period is now concluded.

Significant Commodity Price Diversification and Risk Management

The fourth quarter of 2018 saw a widening differential for heavy oil, light oil, and condensate. Condensate was not adversely affected to the same degree as oil, but it was temporarily impacted, averaging a discount from the WTI price of US\$13.53/Bbl for the quarter, as opposed to the typical average of +/- \$3 to \$5/Bbl premium or discount to WTI. With the Alberta Government oil production curtailments, there was an immediate improvement in all liquids differentials. The condensate differential averaged a discount from WTI prices of US\$4.40/Bbl during the first quarter of 2019. Since condensate is imported and required by the Alberta oil sands suppliers for diluent purposes, no curtailments to condensate production were mandated. While some volatility may persist, demand continues to be expected to significantly outpace local supply and condensate should continue to be the premium product in western Canada.

North America experienced ample cold weather in the first quarter, which drove favorable natural gas pricing in the key trading hubs at Malin, Dawn, Chicago, and the US Gulf Coast. Winter came late to Western Canada but very cold weather was experienced in the middle of the quarter, which provided support to previously low AECO natural gas prices. Due to our significant market diversification, NuVista had minimal

exposure to AECO spot prices, as evidenced in our average realized selling price of \$3.92/Mcf.

NuVista continues to benefit from the discipline of our strong rolling hedge program during this period of volatile commodity prices. We currently possess hedges which, in aggregate, cover 62% of remaining projected 2019 liquids production at a WTI floor price of C\$ 79.61/Bbl, and 57% of remaining projected 2019 gas production at a price of C\$ 1.94/GJ (hedged and exported volumes converted to an AECO equivalent price). These percentage figures relate to production net of royalty volumes. Due to our fixed price hedges, basis differential hedges, and our pipeline export capacity, NuVista is in the enviable position of having only 15% of our projected natural gas volumes exposed to spot AECO prices in 2019, representing a very small proportion of adjusted funds flow.

2019 Guidance Re-Affirmed & Strong Growth And Spending Within Adjusted Funds Flow

We are pleased to note that our 2019 budget forecasts fourth quarter 2019 production per share growth of almost 25% as compared to the fourth quarter of 2018. Our production guidance for 2019 is unchanged, with a range of 51,000 to 54,000 Boe/d. Production for the second quarter of 2019 is expected to be within the range of 48,000 to 51,000 Boe/d.

Our capital spending budget for 2019 is unchanged with a planned range of \$300 - \$325 million. This spending is anticipated to be approximately equivalent to the expected 2019 adjusted funds flow, given the current strip for commodity prices. As such, debt levels for the year are anticipated to remain approximately flat as production and adjusted funds flow rise.

NuVista has top quality assets and a management team focused upon relentless improvement. We are excited to continue pursuing our Montney growth plan to 110,000 Boe/d and beyond. We will continue to adjust the annual pace of growth as needed to ensure balance sheet strength comes first, and that the profitability of that growth is always maximized. We would like to thank our staff, contractors, and suppliers for their continued dedication and delivery, and we thank our board of directors and our shareholders for their continued guidance and support. Please note that our corporate presentation is being updated and will be available at www.nuvistaenergy.com on or before May 7, 2019. NuVista's financial statements, notes to the financial statements and management's discussion and analysis for the quarter ended March 31, 2019, will be filed on SEDAR (www.sedar.com) under [NuVista Energy Ltd.](#) on May 7, 2019 and can also be accessed on NuVista's website.

Corporate Highlights

(\$ thousands, except per share and \$/Boe)	Three months ended March 31		
	2019	2018	% Change
FINANCIAL			
Petroleum and natural gas revenues	134,064	124,756	7
Adjusted funds flow ^{(1) (2)}	71,654	58,732	22
Per share - basic	0.32	0.34	(6)
Per share - diluted	0.32	0.34	(6)
Net earnings (loss)	(35,927)	22,371	(261)
Per share - basic	(0.16)	0.13	(223)
Per share - diluted	(0.16)	0.13	(223)
Total assets	2,226,848	1,281,475	74
Capital expenditures ⁽²⁾	96,577	115,220	(16)
Net debt ^{(1) (2)}	549,113	258,617	112
End of period basic common shares outstanding	225,333	174,184	29
OPERATING			
Daily Production			
Natural gas (MMcf/d)	159.2	132.7	20
Condensate & oil (Bbls/d)	12,752	11,313	13
NGLs (Bbls/d) ⁽³⁾	4,549	2,667	71
Total (Boe/d)	43,839	36,099	21

Condensate, oil & NGLs weighting	39	% 39	%
Condensate & oil weighting	29	% 31	%
Average selling prices ⁽⁴⁾ ⁽⁵⁾			
Natural gas (\$/Mcf)	3.92	3.50	12
Condensate & oil (\$/Bbl)	60.19	73.69	(18)
NGLs (\$/Bbl)	21.32	33.31	(36)
Netbacks (\$/Boe)			
Petroleum and natural gas revenues	33.98	38.40	(12)
Realized gain (loss) on financial derivatives	0.69	(1.63)	—
Royalties	(1.16)	(0.56)	107
Transportation expenses	(3.16)	(2.91)	9
Operating expenses	(9.31)	(10.02)	(7)
Operating netback ⁽²⁾	21.04	23.28	(10)
Corporate netback ⁽²⁾	18.17	18.09	—
SHARE TRADING STATISTICS			
High	4.90	9.16	(47)
Low	3.67	6.78	(46)
Close	4.30	7.06	(39)
Average daily volume	1,172,140	516,466	127

1. Refer to Note 15 "Capital Management" in NuVista's financial statements and to the sections entitled "Adjusted funds flow" and "Liquidity and capital resources" contained in NuVista's MD&A.
2. Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Reference should be made to the section entitled "Non-GAAP measurements".
3. Natural gas liquids ("NGLs") include butane, propane and ethane.
4. Product prices exclude realized gains/losses on financial derivatives.
5. The average condensate and NGLs selling price is net of pipeline tariffs and fractionation fees.

Basis of presentation

Unless otherwise noted, the financial data presented 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. Natural gas is converted to a barrel of oil equivalent (“Boe”) using six thousand cubic feet of gas to one barrel of oil. In certain circumstances natural gas liquid volumes have been converted to a thousand cubic feet equivalent (“Mcf”) on the basis of one barrel of natural gas liquids to six thousand cubic feet of gas. National Instrument 51-101 - "Standards of Disclosure for Oil and Gas Activities" includes condensate within the product type of natural gas liquids. NuVista has disclosed condensate values separate from natural gas liquids herein as NuVista believes it provides a more accurate description of NuVista's operations and results therefrom.

Advisories Regarding Oil And Gas Information

Boes may be misleading, particularly if used in isolation. A Boe conversion ratio of 6 Mcf: 1 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. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil 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 news 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”, “expects”, “believe”, “plans”, “potential” and similar expressions are intended to identify forward-looking statements. More

particularly and without limitation, this news release contains forward looking statements, including management's assessment of: NuVista's future focus, strategy, plans, opportunities and operations; the effect of our financial, commodity and natural gas risk management strategy; NuVista's planned capital expenditures; drilling plans; expectations with respect to the construction and startup of the Pipestone compressor station; funding plans with respect to the Pipestone compressor station; NuVista's 110,000 Boe/d growth plan; the anticipated potential and growth opportunities associated with NuVista's asset base; NuVista's future exposure to AECO; capital spending, production and adjusted funds flow guidance; future debt levels; future drilling locations and pace of development; and industry conditions including commodity prices, differentials, and market demand. 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 the imprecision of reserve 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, production curtailment 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 our Annual Information Form. 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 news 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.

Non-GAAP measurements

Within the news release, references are made to terms commonly used in the oil and natural gas industry. Management uses "adjusted funds flow", "adjusted funds flow per share", "adjusted funds flow netback", "operating netback", "corporate netback", "capital expenditures", "net debt" and "net debt to annualized current quarter adjusted funds flow" to analyze performance and leverage. These terms do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. For further information refer to the section "Non-GAAP measurements" contained in NuVista's MD&A for the three months ended March 31, 2019.

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