

Tourmaline Releases Enhanced Five-Year Development Plan Focusing on Significant Free Cash Flow(1) Acceleration

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CALGARY, May 29, 2019 /CNW/ - [Tourmaline Oil Corp.](#) (TSX:TOU) ("Tourmaline" or the "Company") is pleased to provide details of an enhanced five-year development plan.

FREE CASH FLOW ACCELERATION PLAN: SUMMARY OF PLAN CHANGES

- Aggregate free cash flow increases by approximately \$840 million to a total of approximately \$3.05 billion over the next five years. Annual production and cash flow⁽²⁾ are essentially unchanged from the previous plan.
- Growth capital directed primarily to Gundy BC Montney development. Tourmaline will proceed with the Gundy Phase 2 deep cut expansion to 400 mmcfpd with a Q4 2021 projected completion. The incremental gas volumes will be determined based on what the Company believes will be a period of improved natural gas prices.
- Alberta Deep Basin and Peace River High complexes will progress to maintenance capital mode with no incremental facility investments in the plan.
- Capital efficiencies improve overall given reduced facility expenditures; improved operating netbacks⁽³⁾ and annual production decline is reduced in the new plan.
- The Gundy Phase 2 deep cut expansion is expected to increase Tourmaline's total liquid volumes to approximately 100,000 bpd by Q4 2021 (oil, condensate, NGLs).
- An aggregate \$430.0 million of future facility expenditures have been removed from the previous five-year plan.

GUNDY PHASE 2 EXPANSION

- The combination of high-deliverability liquids-rich natural gas (50-100 bbls/mmcf of condensate and NGLs), the continually-reduced drill/complete capital costs, and the very low operating costs related to the sweet natural gas composition (<\$3.00/boe) render Gundy to be one of the most profitable Montney sub-plays in the entire Basin.
- The \$150 million Phase 2 deep cut facility expansion will be spread over 2020/21, with approximately \$40 million expended in 2020.
- Tourmaline has sufficient future gas and liquid egress to transport the incremental volumes associated with the Phase 2 expansion.

ALBERTA DEEP BASIN COMPLEX

- The contiguous Tourmaline interconnected Alberta Deep Basin Cretaceous gas complex is effectively the largest natural gas field in Alberta.
- The Tourmaline Alberta Deep Basin asset achieved a production record of 205,000 boepd in March of 2019. The Company plans to manage complex production in the 180,000-185,000 boepd range in 2H 2019/2020.
- The Company believes it is prudent to defer significant gas volume growth from the Deep Basin until there is a sustained improvement in prevailing natural gas prices.
- Tourmaline will maintain a 15-20 well DUC inventory in the Alberta Deep Basin to allow for rapid response to short-term natural gas price improvements.

PEACE RIVER HIGH

- The Peace River High Alberta Triassic complex will be maintained in the 20,000-25,000 boepd (gross) production range, essentially keeping the existing infrastructure at capacity.
- The complex can generate significant annual free cash flow on estimated annual maintenance capital of approximately \$75 million.
- The Peace River High is currently at maximum facility capacity. The Company has no current plans to fund a large incremental infrastructure build-out at this time.

- (1) "Free cash flow" is defined
- (2) as cash flow from operations before capital expenditures and cash payments for the Company's capital expenditures.
- (3) Non-GAAP financial measures. Total cash flow from operations before capital expenditures and cash payments for the Company's capital expenditures. See Management's Discussion and Analysis for more information. Free cash flow is the Company's primary source of liquidity. Prior to 2019, management's definition of free cash flow was different. See Management's Discussion and Analysis for more information. See "Non-GAAP Financial Measures" in this news release and the Company's Q1 2019 Management's Discussion and Analysis.

READER ADVISORIES

CURRENCY

All amounts in this news release are stated in Canadian dollars unless otherwise specified.

FORWARD-LOOKING INFORMATION

This news release contains forward-looking information and statements (collectively, "forward-looking information") within the meaning of applicable securities laws. The use of any of the words "forecast", "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "on track", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information. More particularly and without limitation, this news release contains forward-looking information concerning Tourmaline's plans and other aspects of its anticipated future operations, management focus, objectives, strategies, financial, operating and production results and business opportunities, including the following: the benefits to be derived from the enhanced five-year development plan including anticipated free cash flow, annual cash flow and production levels; the anticipated timing for completion and expenditures to be made in connection with Gundy Phase 2; strategies to be employed to take advantage of potential improved natural gas prices in the future; anticipated future natural gas prices; the characteristics and quality of the Gundy BC Montney play; maintenance and growth capital expenditure levels; anticipated petroleum and natural gas production and production growth for various periods; the future declaration and payment of dividends and the timing and amount thereof including any future increase; cash flow; cash flow per share; free cash flow; production levels supported by certain of the Company's reserves and drilling inventory; capital spending; cost reduction initiatives; projected operating and drilling costs including anticipated reductions in operating costs per boe; the timing for facility expansions and facility start-up dates; as well as Tourmaline's future drilling prospects and plans, business strategy, future development and growth opportunities, prospects and asset base. The forward-looking information is based on certain key expectations and assumptions made by Tourmaline, including expectations and assumptions concerning the following: prevailing and future commodity prices and currency exchange rates; applicable royalty rates and tax laws; interest rates; future well production rates and reserve volumes; operating costs, the timing of receipt of regulatory approvals; the performance of existing wells; the success obtained in drilling new wells; anticipated timing and results of capital expenditures; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the successful completion of acquisitions and dispositions; the state of the economy and the exploration and production business; the availability and cost of financing, labour and services; and ability to market crude oil, natural gas and NGL successfully.

Statements relating to "reserves" are also deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

Although Tourmaline believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Tourmaline can give no assurances that it will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature it involves 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 risks associated with the oil and gas industry in general such as 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 estimates and projections relating to reserves, production, revenues, costs and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; interest rate fluctuations; marketing and transportation; loss of markets; environmental risks; competition; incorrect assessment of the value of acquisitions; failure to complete or realize the anticipated benefits of acquisitions or dispositions; ability to access sufficient capital from internal and external sources; failure to obtain required regulatory and other approvals; and changes in legislation, including but not limited to tax laws, royalties and environmental regulations. Readers are cautioned that the foregoing list of factors is not exhaustive.

Additional information on these and other factors that could affect Tourmaline, or its operations or financial results, are included in the Company's most recently filed Management's Discussion and Analysis (See "Forward-Looking Statements" therein), Annual Information Form (See "Risk Factors" and "Forward-Looking Statements" therein) and other reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) or Tourmaline's website (www.tourmalineoil.com).

The forward-looking information contained in this news release is made as of the date hereof and Tourmaline undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless expressly required by applicable securities laws.

NON-GAAP FINANCIAL MEASURES

This news release includes references to "free cash flow", "cash flow", "operating netback" and "net capital expenditures" which are financial measures commonly used in the oil and gas industry and do not have a standardized meaning prescribed by International Financial Reporting Standards ("GAAP"). Accordingly, the Company's use of these terms may not be comparable to similarly defined financial measures presented by other companies. Management uses the term "free cash flow", "cash flow", "operating netback" and "net capital expenditures" for its own performance measures and to provide shareholders and potential investors with a measurement of the Company's efficiency and its ability to generate the cash necessary to fund a portion of its future growth expenditures, to pay dividends or to repay debt. Investors are cautioned that these non-GAAP financial measures should not be construed as an alternative to net income or cash from operating activities determined in accordance with GAAP as an indication of the Company's performance. Free cash flow is calculated as cash flow less total net capital expenditures and is prior to dividend payments. Cash flow is defined as cash provided by operations before changes in non-cash operating working capital. Net capital expenditures is defined as the sum of E&P capital program and other corporate expenditures, net of non-core dispositions. See "Non-GAAP Financial Measures" in the most recently filed Management's Discussion and Analysis for additional information regarding these non-GAAP financial measures including reconciliations to the most directly comparable GAAP financial measures.

FINANCIAL OUTLOOK

Also included in this news release are estimates of Tourmaline's free cash flow, production levels and capital expenditures over various periods, which are based on, among other things, the various assumptions as to production levels, capital expenditures, annual cash flows and other assumptions disclosed in this news release and including Tourmaline's estimated average production of 300,000 boepd for 2019 and commodity price assumptions for natural gas (NYMEX (US) - \$3.00/mcf for 2019, and \$3.10/mcf for 2020-2023; AECO - \$1.80/mcf for 2019, \$2.00/mcf for 2020, \$2.25/mcf for 2021-2022 and \$2.50/mcf for 2023), and crude oil (WTI (US) - \$60.00/bbl for 2019 and \$55.00/bbl for 2020-2023) and an exchange rate assumption of \$0.77 (US/CAD) for 2019-2023. Further, in the case of years subsequent to 2019, such estimates are provided for illustration only and are based on budgets and forecasts that have not been finalized and are subject to a variety of additional contingencies including prior years' results. To the extent such estimates constitute a financial outlook, they were approved by management and the Board of Directors of Tourmaline on May 29, 2019 and are included to provide readers with an understanding of Tourmaline's anticipated aggregate free cash flow based on the capital expenditure, production and other assumptions described herein and readers are cautioned that the information may not be appropriate for other purposes.

OIL AND GAS METRICS

This news release contains certain oil and gas metrics which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included in this document to provide readers with additional measures to evaluate the Company's performance however, such measures are not reliable indicators of the Company's future performance and future performance may not compare to the Company's performance in previous periods and therefore such metrics should not be unduly relied upon.

BOE EQUIVALENCY

Per barrel of oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil equivalent (6:1). Barrel of oil equivalents (boe) 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. In addition, 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.

GENERAL

See also "Forward-Looking Statements", and "Non-GAAP Financial Measures" in the most recently filed

Management's Discussion and Analysis.

Certain Definitions:

bbl	barrel
bbls/day	barrels per day
bbl/mmcf	barrels per million cubic feet
bcf	billion cubic feet
bcfe	billion cubic feet equivalent
bpd or bbl/d	barrels per day
boe	barrel of oil equivalent
boepd or boe/d	barrel of oil equivalent per day
bopd or bbl/d	barrel of oil, condensate or liquids per day
DUC	drilled but uncompleted wells
EUR	estimated ultimate recovery
FCP	final circulating pressure
gj	gigajoule
gjs/d	gigajoules per day
mbls	thousand barrels
mmbbls	million barrels
mboe	thousand barrels of oil equivalent
mcf	thousand cubic feet
mcfpd or mcf/d	thousand cubic feet per day
mcfe	thousand cubic feet equivalent
mmboe	million barrels of oil equivalent
mmbtu	million British thermal units
mmbtu/d	million British thermal units per day
mmcf	million cubic feet
mmcfpd or mmcf/d	million cubic feet per day
MPa	megapascal
mstboe	thousand stock tank barrels of oil equivalent
NGL or NGLs	natural gas liquids

ABOUT TOURMALINE OIL CORP.

Tourmaline is a Canadian senior crude oil and natural gas exploration and production company focused on long-term growth through an aggressive exploration, development, production and acquisition program in the Western Canadian Sedimentary Basin.

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