

Carrizo Oil & Gas, Inc Announces Third Quarter Results

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HOUSTON, November 04, 2019 - [Carrizo Oil & Gas, Inc.](#) (Nasdaq: CRZO) today announced the Company's financial results for the third quarter of 2019 and provided an operational update. Highlights include:

- Total production of 69,971 Boe/d, 8% above the third quarter of 2018 and 7% above the prior quarter
- Crude oil production of 45,587 Bbls/d, 12% above the third quarter of 2018 and 3% above the prior quarter
- Net income attributable to common shareholders of \$103.0 million, or \$1.11 per diluted share, and Net cash provided by operating activities of \$176.3 million
- Adjusted net income attributable to common shareholders of \$63.7 million, or \$0.69 per diluted share, and Adjusted EBITDA of \$186.8 million

Carrizo reported third quarter of 2019 net income attributable to common shareholders of \$103.0 million, or \$1.11 per basic and diluted share, compared to net income attributable to common shareholders of \$76.1 million, or \$0.88 and \$0.85 per basic and diluted share, respectively, in the third quarter of 2018. The net income attributable to common shareholders for the third quarter of 2019 and the third quarter of 2018 include certain items typically excluded from published estimates by the investment community. Adjusted net income attributable to common shareholders, which excludes the impact of these items as described in the non-GAAP reconciliation tables below, for the third quarter of 2019 was \$63.7 million, or \$0.69 per diluted share, compared to \$84.1 million, or \$0.94 per diluted share, in the third quarter of 2018.

For the third quarter of 2019, Adjusted EBITDA was \$186.8 million. Adjusted EBITDA and the reconciliation to net income attributable to common shareholders and net cash provided by operating activities are presented in the non-GAAP reconciliation tables below.

Production volumes during the third quarter of 2019 were 6,437 MBoe, or 69,971 Boe/d, 8% higher than the third quarter of 2018 and 7% above the prior quarter. Crude oil production during the third quarter of 2019 averaged 45,587 Bbls/d, 12% higher than the third quarter of 2018 and 3% above the prior quarter; natural gas and NGL production were 76,630 Mcf/d and 11,612 Bbls/d, respectively, during the third quarter of 2019.

Drilling, completion, and infrastructure (DC&I) capital expenditures for the third quarter of 2019 were \$119.0 million. Approximately 59% of the third quarter DC&I spending was in the Eagle Ford Shale, with the balance in the Delaware Basin. Land and seismic capital expenditures during the quarter were approximately \$4.0 million.

In light of the pending merger with Callon Petroleum Company ("Callon"), Carrizo does not, in general, plan to provide or update guidance during the pendency of the merger. In addition, investors are cautioned not to rely on any prior forward-looking statements regarding these items, as they spoke only as of the date provided and were subject to the specific risks and uncertainties that accompanied such statements.

S.P. "Chip" Johnson, IV, Carrizo's President and CEO, commented on the results, "The third quarter was another strong quarter for Carrizo. We increased production by 7% sequentially while reducing our unit operating costs and capital expenditure run rate. Our team continues to deliver efficiency gains, and recently drilled an approximate 10,000-ft. lateral well in the Delaware Basin in under 19 days. These operational results provide us with significant momentum as we approach the potential closing of our merger with Callon.

"We remain excited about our pending merger, which should create a premier, oily mid-cap E&P company, with strong positions in the Permian Basin and Eagle Ford Shale. The combined company should be well positioned to continue to build on the efficiencies that each company has generated on a stand-alone basis, putting it in a strong position to generate free cash flow and create value for shareholders in the current market environment."

Proposed Merger with Callon Petroleum

As previously announced on July 15, 2019, Carrizo and [Callon](#) entered into a definitive merger agreement,

pursuant to which Callon will acquire Carrizo in an all-stock transaction valued at approximately \$3.2 billion inclusive of Carrizo's net debt (based on Callon's stock price at the time of announcement). Shareholders of Carrizo will receive 2.05 shares of Callon common stock in exchange for each share of Carrizo common stock, and will own approximately 46% of the combined company, on a fully-diluted basis, immediately following the close of the merger. The Carrizo Special Meeting of Shareholders to vote on the transaction is scheduled for November 14, 2019 at 9:00 AM Central Standard Time. The Carrizo Board of Directors unanimously recommends that common shareholders vote "FOR" the proposal to approve the merger.

Operational Update

In the Eagle Ford Shale, where the Company holds approximately 76,000 net acres, Carrizo drilled 11 gross (9 net) operated wells during the third quarter and completed 15 gross (15 net) operated wells. Production from the play was approximately 42,900 Boe/d for the quarter, up 4% versus the prior quarter; crude oil accounted for 81% of the Company's production from the play. At the end of the quarter, Carrizo had 16 gross (13 net) operated Eagle Ford Shale wells in progress or waiting on completion. The Company is currently operating two rigs in the Eagle Ford Shale.

In the Delaware Basin, where it holds approximately 46,000 net acres, Carrizo drilled 7 gross (6 net) operated wells during the third quarter and completed 7 gross (6 net) wells. Production from the play was approximately 27,000 Boe/d for the quarter, up 11% versus the prior quarter; crude oil accounted for 40% of the Company's production from the play. At the end of the quarter, Carrizo had 10 gross (8 net) operated Delaware Basin wells in progress or waiting on completion. The Company is currently operating two rigs in the Delaware Basin.

Carrizo continued to drive operational efficiencies in both plays during the third quarter. In the Delaware Basin, Carrizo set a Company drilling record at its Griffin State Unit 1922 11H well. The well targeted the Wolfcamp A with an approximate 10,000-ft. lateral and was drilled in under 19 days, equating to more than 1,115 ft./day. Total drilling cost for the well was less than \$3.2 million, nearly 20% below the Company's target. Based on the efficiency gains achieved to date, Carrizo currently expects well costs in the Delaware Basin to be \$6.7-\$7.1 million for a 7,000-ft. effective lateral well, down from \$7.8-\$8.2 million previously. In the Eagle Ford Shale, the Company currently expects well costs to be \$3.6-\$3.8 million for a 6,600-ft. effective lateral well, down from \$3.9-\$4.1 million previously.

Hedging Activity

Hedging continues to be an important element of Carrizo's strategy to protect its balance sheet and provide predictable cash flows. As part of this strategy, the Company maintains an active hedging program while retaining the flexibility to benefit from commodity price increases. Carrizo currently has hedges in place covering 32,000 Bbls/d of crude oil production for the fourth quarter of 2019, consisting of swaps covering 5,000 Bbls/d of crude oil at an average fixed price of \$64.80/Bbl and three-way collars covering 27,000 Bbls/d of crude oil with an average floor price of \$50.96/Bbl, ceiling price of \$74.23/Bbl, and sub-floor price of \$41.67/Bbl.

For 2020, the Company currently has swaps covering 3,000 Bbls/d of crude oil at an average fixed price of \$55.06/Bbl and three-way collars covering 22,000 Bbls/d with an average floor price of \$55.34/Bbl, ceiling price of \$65.16/Bbl, and sub-floor price of \$45.34/Bbl.

Please refer to the attached tables for full details of the Company's commodity derivative contracts.

About Carrizo

Carrizo Oil & Gas, Inc. is a Houston-based energy company actively engaged in the exploration, development, and production of oil and gas from resource plays located in the United States. Our current operations are principally focused in proven, producing oil and gas plays primarily in the Eagle Ford Shale in South Texas and the Permian Basin in West Texas.

Additional Information and Where to Find It

This communication is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any proxy, vote or approval with respect to the proposed transaction or otherwise, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such

jurisdiction. No money, securities or other consideration is being solicited, and, if sent in response to the information contained herein, will not be accepted. The information contained herein should not be considered as a recommendation that any person should subscribe for or purchase any securities.

This communication shall not constitute a notice of redemption with respect to or an offer to purchase or sell (or the solicitation of an offer to purchase or sell) any preferred stock of Carrizo.

In connection with the proposed transaction, Callon filed a Registration Statement on Form S-4 on October 4, 2019 (the "Registration Statement") with the U.S. Securities and Exchange Commission (the "SEC"), that included a joint proxy statement of Carrizo and Callon, which also constitutes a prospectus of Callon. The Registration Statement was declared effective by the SEC on October 9, 2019, and Carrizo and Callon commenced mailing the definitive proxy statement/prospectus to their respective shareholders on or about October 11, 2019. This communication is not a substitute for the joint proxy statement/prospectus or the Registration Statement or for any other document that Carrizo or Callon may file with the SEC and/or send to Carrizo's shareholders and/or Callon's shareholders in connection with the proposed transaction. INVESTORS AND SECURITY HOLDERS OF CARRIZO AND CALLON ARE URGED TO READ THE REGISTRATION STATEMENT AND JOINT PROXY STATEMENT/PROSPECTUS, AS EACH MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, AND OTHER RELEVANT DOCUMENTS FILED BY CARRIZO AND CALLON WITH THE SEC CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT CARRIZO, CALLON AND THE PROPOSED TRANSACTION.

Investors can obtain free copies of the Registration Statement and joint proxy statement/prospectus, as each may be amended from time to time, and other relevant documents filed by Carrizo and Callon with the SEC (when they become available) through the website maintained by the SEC at <https://www.sec.gov>. Copies of documents filed with the SEC by Carrizo will be available free of charge from Carrizo's website at <https://www.carrizo.com> or by contacting Carrizo's Investor Relations Department at 713-328-1055. Copies of documents filed with the SEC by Callon will be available free of charge from Callon's website at <https://www.callon.com> or by contacting Callon's Investor Relations Department at 281-589-5200.

Participants in the Proxy Solicitation

Carrizo, Callon and their respective directors and certain of their executive officers and other members of management and employees may be deemed, under SEC rules, to be participants in the solicitation of proxies from Carrizo's and Callon's shareholders in connection with the proposed transaction. Information regarding the executive officers and directors of Carrizo is included in its definitive proxy statement for its 2019 annual meeting filed with the SEC on April 2, 2019. Information regarding the executive officers and directors of Callon is included in its definitive proxy statement for its 2019 annual meeting filed with the SEC on March 27, 2019. Additional information regarding the persons who may be deemed participants and their direct and indirect interests, by security holdings or otherwise, will be set forth in the Registration Statement and joint proxy statement/prospectus and other materials when they are filed with the SEC in connection with the proposed transaction. Free copies of these documents may be obtained as described in the paragraphs above.

Cautionary Statement Regarding Forward-Looking Information

Certain statements in this communication concerning the proposed business combination between Carrizo and Callon, including any statements regarding momentum, the expected timetable for completing the proposed transaction, the results, effects, benefits and synergies of the proposed transaction, future opportunities for the combined company, future financial performance and condition, capital expenditure, production and other guidance, anticipated production and production growth, enhancements to shareholder value, returns on capital, future project development, free cash flow growth and improved free cash flow break-even levels, future supply costs, opportunity to capitalize on technical advances, improved capital efficiency, future capital allocation and capital expenditures, balanced cash conversion cycles, improved well uptime and incremental well reduction costs, reduction in operating cost structure, benefits from a larger production base, monetization of water assets and any other statements regarding Carrizo's or Callon's future expectations, beliefs, plans, objectives, financial conditions, assumptions or future events or performance, and statements related to capital requirements, expectations or projections, cost reductions, drilling, fracking and capital efficiencies, cycle times, growth within cash flow and goal of free cash flow generation, activity among basins, goals, leverage metrics, capital expenditure, infrastructure program, resource potential, guidance, results of tests, rig program, production, average well returns, estimated production results and financial performance, effects of transactions, targeted ratios and other metrics, timing, levels of and potential production, expectations regarding growth, oil and gas prices, drilling and completion activities and optimization, benefits of certain well completion designs, well spacing, landing zone

optimization, drilling techniques, including multi-pad and multi-zone drilling, completion and development techniques, drilling inventory, including timing thereof, well costs, break-even prices, production mix, development plans, hedging activity, Carrizo's or management's intentions, beliefs, expectations, hopes, projections, assessment of risks, estimations, plans or predictions for the future, results of Carrizo's strategies and other statements that are not historical facts are "forward-looking" statements based on assumptions currently believed to be valid. Forward-looking statements are all statements other than statements of historical facts. The words "anticipate," "believe," "ensure," "expect," "if," "intend," "estimate," "probable," "project," "forecasts," "predict," "outlook," "aim," "will," "could," "should," "would," "potential," "may," "might," "anticipate," "likely" "plan," "positioned," "strategy," and similar expressions or other words of similar meaning, and the negatives thereof, are intended to identify forward-looking statements. The forward-looking statements are intended to be subject to the safe harbor provided by Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995.

These forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those anticipated, including, but not limited to, failure to obtain the required votes of Carrizo's shareholders or Callon's shareholders to approve the transaction and related matters; whether any redemption of Carrizo's preferred stock will be necessary or will occur prior to the closing of the transaction; the risk that a condition to closing of the proposed transaction may not be satisfied, that either party may terminate the merger agreement or that the closing of the proposed transaction might be delayed or not occur at all; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement or completion of the transaction; the diversion of management time on transaction-related issues; the ultimate timing, outcome and results of integrating the operations of Carrizo and Callon; the effects of the business combination of Carrizo and Callon, including the combined company's future financial condition, results of operations, strategy and plans; the ability of the combined company to realize anticipated synergies and other benefits in the timeframe expected or at all; changes in capital markets and the ability of the combined company to finance operations in the manner expected; regulatory approval of the transaction; the effects of commodity price changes; the risks of oil and gas activities; assumptions regarding well costs; Delaware Basin constraints; estimated recoveries; pricing and other factors affecting average well returns; results of wells and testing; failure of actual production to meet expectations; results of infrastructure program; failure to reach significant growth; performance of rig operators; spacing test results; availability of gathering systems; pipeline and other transportation issues; costs and availability of oilfield services; actions by governmental authorities; joint venture partners; industry partners; lenders and other third parties; actions by purchasers or sellers of properties; risks and effects of acquisitions and dispositions; market and other conditions; risks regarding financing; capital needs; availability of well connects; capital needs and uses; commodity price changes; effects of the global economy on exploration activity; results of and dependence on exploratory drilling activities; operating risks; right-of-way and other land issues; availability of capital and equipment; and weather. Expectations regarding business outlook, including changes in revenue, pricing, capital expenditures, cash flow generation, strategies for our operations, oil and natural gas market conditions, legal, economic and regulatory conditions, and environmental matters are only forecasts regarding these matters.

Additional factors that could cause results to differ materially from those described above can be found in Carrizo's Annual Report on Form 10-K for the year ended December 31, 2018 and in its subsequent Quarterly Reports on Form 10-Q for the quarters ended March 31, 2019 and June 30, 2019, each of which is on file with the SEC and available from Carrizo's website at <https://www.carrizo.com> and in other documents Carrizo files with the SEC, and in Callon's Annual Report on Form 10-K for the year ended December 31, 2018 and in its subsequent Quarterly Reports on Form 10-Q for the quarters ended March 31, 2019 and June 30, 2019, each of which is on file with the SEC and available from Callon's website at <https://www.callon.com> and in other documents Callon files with the SEC.

All forward-looking statements speak only as of the date they are made and are based on information available at that time. Neither Carrizo nor Callon assumes any obligation to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements were made or to reflect the occurrence of unanticipated events except as required by federal securities laws. As forward-looking statements involve significant risks and uncertainties, caution should be exercised against placing undue reliance on such statements.

(Financial Highlights to Follow)

CARRIZO OIL & GAS, INC.
CONSOLIDATED BALANCE SHEETS

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