

NuVista Energy Ltd. Announces Operational Update With Record Production for the Fourth Quarter of 2019

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CALGARY, Jan. 14, 2020 - [NuVista Energy Ltd.](#) ("NuVista" or the "Company") (TSX: NVA) is pleased to announce a number of updates which demonstrate continued successful advancement of our Pipestone and Wapiti Montney play development.

Operations Update

The NuVista operated Pipestone South Compressor Station has performed with high reliability since commencing operations late in the third quarter of 2019. After initial testing, the 11 new wells at Pipestone have been operating tubing-restricted with minimal production decline since early in the fourth quarter of 2019. Production is only now beginning to decline as expected, as wells reach line pressure. We are pleased to note that Pipestone South production on full run-time days continues to average approximately 10,500 Boe/d including approximately 36% condensate. At the end of 2019, all 11 wells reached IP60 and are performing in accordance with management's type curve expectations (table included below). The wells averaged 1,370 Boe/d including 515 Bbls/d of condensate which is precisely in-line with our "Rich" type curve expectation. However, these first wells are 33% shorter (at 2,070m) for land use/geographic reasons than the length of wells used for the "Rich" type curve. The cost to drill, complete, equip, and tie in ("DCET") these wells was on average 30% below the original type curve expectation, at \$6.6MM per well. In addition it is important to note that all four benches within the Montney, including the Lower Montney have exhibited prolific production levels and have, in aggregate, slightly exceeded our expectation for average condensate yields at 78 Bbls/MMcf.

Pipestone South IP60 Table	Average Hz. Length	Raw Gas	Condensate	Condensate Gas Ratio	Total DCET	Capital
	Meters	MMcf/d	Bbls/d	Bbls/MMcf	Boe/d	\$MM
11-well Average	2,070	6,540	515	78	1,370	\$6.6
Rich type curve	3,000	7,000	515	74	1,600	\$9.3

Currently, we are drilling at Bilbo (2-well pad), Gold Creek (3-well pad), Elmworth (4-well pad), and Pipestone North (12 well pad). During the fourth quarter of 2019, NuVista successfully drilled the next pad at Pipestone South and completion operations have already begun on these 6 wells. Most of the wells with the exception of Pipestone North are expected to be completed and started up prior to the spring breakup period of 2020.

The Pipestone North pad is expected to be completed and started up in the mid-fourth quarter of 2020 commensurate with the startup of the new Pipestone North Compressor Station and the new pipeline and Hythe Gas Plant expansion being constructed by Veresen Midstream Limited Partnership ("VMLP"). NuVista commenced construction of this new compressor facility in the fourth quarter of 2019 and all major project milestones are currently on budget and on schedule. The facility will ultimately be capable of approximately 25,000 Boe/d with initial Phase 1 2020 capacity of approximately 12,500 Boe/d. NuVista Energy is the builder and contract operator of this facility and will pay a capital fee to VMLP who is the facility owner.

NuVista Energy is also pleased to report continued strong progress on water source, storage and disposal infrastructure projects in Pipestone North. These projects underpin low cost operations with minimum trucking traffic for reduced GHG emissions, reduced surface fresh water usage and diminished community noise in accordance with our ESG initiatives.

Bank Borrowing Update

In the fourth quarter of 2019, NuVista successfully concluded the process of renewing and augmenting our credit facility on the strength of demonstrated new well performance. The facility tenure was improved to a two-year term and the borrowing capacity was increased from \$500 to \$550 million. As at December 31, 2019, NuVista had drawn approximately 55% of facility capacity.

Commodity Prices and Risk Management

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 57% of projected 2020 liquids production at a WTI floor price of C\$77.24/Bbl and 46% of projected 2020 gas production at a price of C\$1.90/GJ (hedged and exported volumes converted to an AECO equivalent price). These percentage figures relate to production net of royalty volumes and the hedged amounts are weighted more heavily to covering summer months, leaving increased floating winter AECO exposure.

Preliminary 2019 Production Estimate

We are pleased to report that in the fourth quarter of 2019 NuVista achieved record production with the commencement of Pipestone South production, reaching an average of approximately 57,000 Boe/d. NuVista experienced challenging third-party Pipestone midstream outages during the quarter which reduced average quarterly production by approximately 2,000 Boe/d. We expect that the challenges will be resolved through the first quarter of 2020. This result represents a production increase of 10% and 16% compared to the prior quarter and the fourth quarter of 2018, respectively. Annual 2019 NuVista production averaged approximately 50,800 Boe/d and annual capital spending was approximately \$300 - \$310 million in accordance with the lower end of our original guidance range.

2020 Guidance Unchanged

NuVista is pleased to reaffirm all of our 2020 plans including previous guidance. Our expectation for annual production is 57,000 to 61,000 Boe/d, representing over 15% annual growth. We expect the first quarter to be affected by the weather-related late start to winter drilling, required temporary shut-ins for offset fracture treatments on the new Pipestone and other wells, and third party downtime on a diminishing basis. Production splits between the first and second quarter are difficult to define as they will be sensitive to on-stream dates of the 15 new wells that are planned to come on stream throughout March and April, spanning the quarters. This is not expected to affect overall first half production which is anticipated to average approximately 56,000 Boe/d. The first quarter is expected to average in the range of 50,000 – 54,000 Boe/d and the second quarter in the range of 58,000 – 62,000 Boe/d. Capital expenditures for 2020 are reaffirmed in the range of \$300 to \$330 million, approximately equal to expected adjusted funds flow at current strip prices.

NuVista has top quality assets and a management team focused upon relentless improvement. We are excited to continue pursuing our Montney growth plan, and we will adjust the annual pace of growth as needed to ensure balance sheet strength comes first, and that the profitability of that growth per share 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 January 15, 2020.

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.

Any references in this press release to initial production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for NuVista. NuVista has presented the Pipestone ‘Rich’ type curve for the Pipestone development block. For the Pipestone development block the rich type curve presented is based partially on initial drilling results but due to the early stage of development, primarily on drilling results from analogous Montney developments located in close proximity to such area.

Such type curves are useful in understanding management's assumptions of well performance in making investment decisions in relation to development drilling in the Montney area and for determining the success of the performance of development wells; however, such type curves are not necessarily determinative of the production rates and performance of existing and future wells and such type curves do not reflect the type curves used by our independent qualified reserves evaluator in estimating our reserves volumes. The type curves used by GLJ Petroleum Consultants Ltd. ("GLJ") for NuVista's most recent independent reserves evaluation as of December 31, 2018 for the Pipestone development block had a lower estimate of estimated ultimate recovery than the type curves presented herein; however, the production forecasts in such independent reserves evaluation are also lower than NuVista's current production as well as the production forecasts prepared by management.

For the Pipestone development block, this release includes wells associated with the Rich type curve which refers to wells that are expected to have a high relative content of condensate production. The type curves and well economics associated with Rich wells have been risked by taking a reduced expected resource recovery from increased horizontal length and frac intensity based on applicable actual well data and applying our planned well design.

NuVista is still in the early days of piloting extended reach horizontals and high intensity fracture techniques and in the early stages of development in respect of the Pipestone development block. As such there is no certainty that such results will be achieved or that NuVista will be able to optimize such drilling results to achieve the optimized type curves, well economics and estimated ultimate recoverable volumes described. In this presentation, estimated ultimate recovery represents the estimated ultimate recovery associated with the type curves presented; however, there is no certainty that NuVista will ultimately recover such volumes from the wells it drills.

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; production decline rates; Pipestone ‘Rich’ type curve expectations; anticipated costs to drill, complete, equip, and tie in ‘Rich’ type curve wells; expected condensate yields; completion plans and timing; expectations regarding the startup of the new Pipestone North Compressor Station and the new pipeline and Hythe Gas Plant expansion; expected capacity of the Pipestone North Compressor Station; plans to continue with source and disposal water well drilling and completions in Pipestone North, as well as pond infrastructure to underpin low cost operations with minimum trucking traffic for reduced GHG emissions, reduced surface fresh water usage, and diminished community noise in accordance with our ESG initiatives; the benefits of NuVista's rolling hedging program; future AECO exposure; preliminary 2019 production estimate; anticipated future third-party Pipestone midstream outages; 2020 production; expected

factors affecting first quarter production and the anticipated impact; anticipated on stream dates of the 15 new wells planned in 2020; 2020 capital expenditures and expected adjusted funds flow; plans to continue pursuing our Montney growth plan; plans to adjust the annual pace of growth as needed to ensure balance sheet strength comes first, and that the profitability of that growth per share is always maximized and the timing of the release of our updated corporate presentation.

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" and "capital expenditures" 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 and nine months ended September 30, 2019.

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