

Pine Cliff Energy Ltd. Announces 2019 Year-End Reserves and 2020 Guidance

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Calgary, February 12, 2020 - [Pine Cliff Energy Ltd.](#) (TSX: PNE) ("Pine Cliff", or the "Company") is pleased to announce 2019 year-end reserves and 2020 guidance.

Reserve Report Highlights

Pine Cliff's independent reserve report was prepared by McDaniel & Associates Limited ("McDaniel") in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101") with the effective date of December 31, 2019.

Pine Cliff conducted a \$10.3 million capital program in 2019 (excluding acquisitions and dispositions but including \$2.5 million of major maintenance and other capital expenses, \$5.5 million in development drilling, \$0.4 million in seismic costs and \$1.9 million in abandonment expenditures). Development capital included two gross (2.0 net) Pekisko oil drills.

In May 2019, Pine Cliff executed a strategic acquisition to acquire oil and natural gas assets in the Ghost Pine area of Central Alberta for net cash consideration of \$8.8 million, after closing adjustments (the "Acquisition"). The Acquisition added eight gross (8.0 net) booked Pekisko oil locations in Pine Cliff's 2019 Reserve Report.

Highlights of the McDaniel reserve report include:

- Despite a decrease of 8.3 MMBoe from economic factors on a proved plus probable basis ("P+P"), Pine Cliff increased its 2019 P+P reserves by 3.2 MMBoe prior to adjusting for 2019 production, largely as a result of 4.4 MMBoe of positive technical revisions and 7.0 MMBoe from the Acquisition;
- Remaining P+P reserves of 57.8 MMBoe (88% natural gas) at December 31, 2019 decreased by 3.8 MMBoe (6%) from 61.6 MMBOE (92% natural gas) at December 31, 2018, mainly as a result of economic factors;
- Approximately 80% of total reserve volumes are classified as total proved ("1P") reserves and approximately 20% are classified as probable reserves; and
- Net present value for P+P reserves of \$127.1 million, discounted at 10%, a decrease of \$23.7 million, or 16%, from December 31, 2018, mainly as a result of decreases in forecast commodity prices.

New and Revised Reserves Evaluation Practices

For Pine Cliff's 2019 year-end reserves report, Pine Cliff has included all abandonment, decommissioning and reclamation costs ("ADR") for inactive wells and has also included inactive well operating costs ("IWC") in order to provide greater transparency and accuracy of current values and future cash flows. This change was made based on new guidelines added to the Canadian Oil and Gas Handbook ("COGEH") in 2019, which recommends including ADR and IWC as best practices. McDaniel's evaluation of Pine Cliff's net present value of future net revenue discounted at 10% before tax ("NPV10") at December 31, 2019 for ADR related to 1P and P+P reserves was \$69.4 million and \$69.5 million respectively, an increase of \$12.1 million and \$17.0 million compared to equivalent ADR measures at year-end 2018.

Pine Cliff's Reserves

McDaniel has used a three consultant average price (McDaniel, GLJ & Sproule) forecast, resulting in a price forecast of \$2.04 and \$2.32 per Mcf for AECO natural gas and US\$61.00 and US\$63.75 per Bbl for WTI oil in 2020 and 2021 respectively.

Summary of Remaining Working Interest Reserves, as of December 31, 2019

Reserve Category	Light, Medium and Heavy Oil MBbl	Natural Gas Liquids MBbl	Natural Gas and Coal Bed Methane MMcf	Oil Equivalent MBoe
Developed	1,003.6	3,106.8	237,602.1	43,710.8
Developing	13.4	36.6	2,221.5	420.3
Non-Developing	606.2	229.4	7,053.6	2,011.2
Total	1,623.2	3,372.8	246,877.2	46,142.2
Proved	884.9	1,295.5	56,631.7	11,619.0
Total	2,508.1	4,668.3	303,508.9	57,761.2

Summary of Net Present Values of Future Net Revenue, Before Income Taxes, as of December 31, 2019

Discounted at (% per year)

(\$millions) 5% 10% 15%

Reserve

Category

Developed 61.0 62.0 70.9

Developing 2.9 2.3 1.9

Non-Developing 11.0 6.5

Total 74.9 70.8 79.3

Proved 77.3 51.9 37.1

Total 152.2 119.6 127.1

Proved

Reconciliation of Gross Reserves by Principal Product Type, as of December 31, 2019

Proved

	Light, Medium, and Heavy Oil			Natural Gas Liquids			Natural Gas and Coal Bed Methane		
	Proved	Proved plus	Probable	Proved	Proved plus	Probable	Proved	Proved plus	Probable
	(MBbl)	(MBbl)	(MBbl)	(MBbl)	(MBbl)	(MBbl)	(MMcf)	(MMcf)	(MMcf)
December 31, 2018	764.4	1,084.7	3,056.4	4,074.7	266,732.1	338,519.2	467.0	23,470.1	4,668.3
Extension	3.8	10.2	12.2	32.2	177.1	467.0			
Technical Revisions	453.8	481.5	(44.8)	36.9	26,679.8	23,470.1			
Acquisitions	821.0	1,353.1	626.7	828.4	22,274.5	28,701.0			
Economic Factors	(13.0)	(14.6)	(129.1)	(155.3)	(30,398.8)	(49,060.9)			
Total Changes	1,265.6	1,830.2	465.0	742.2	18,732.6	3,577.2			
Production	(406.8)	(406.8)	(148.6)	(148.6)	(38,587.5)	(38,587.5)			
December 31, 2019	1,623.2	2,508.1	3,372.8	4,668.3	246,877.2	303,508.9			

2020 Guidance

Pine Cliff's Board of Directors has approved a 2020 capital budget of \$10.2 million that is expected to be funded from adjusted funds flow. Pine Cliff intends to spend approximately \$2.6 million drilling one (1.0 net) Pekisko oil well in Central Alberta, \$1.0 million drilling two (0.2 net) wells in the liquids rich Edson area of Alberta, \$4.6 million on facilities and major maintenance capital and \$2.0 million on abandonments and reclamation. Pine Cliff will monitor its capital spending throughout the year and may modify expenditures depending on commodity prices to target spending within adjusted funds flow.

Based on the \$3.6 million development capital budget, Pine Cliff is budgeting 2020 annual production volumes to range from 18,500 to 19,000 Boe per day, weighted 91% to natural gas. Pine Cliff's fourth quarter

2019 production averaged 19,660 Boe per day, weighted 92% to natural gas.

Pine Cliff will continue to consider additional opportunities to enhance its shareholders' long term value which may include further asset acquisitions or dispositions, although maintaining a strong balance sheet will remain a prime focus.

About Pine Cliff

Pine Cliff is an oil and natural gas company with a long-term view of creating shareholder value. Pine Cliff's current focus is on acquiring, developing and operating long life assets that are cash flow positive in a low commodity price environment. Further information relating to Pine Cliff may be found on www.sedar.com as well as on Pine Cliff's website at www.pinecliffenergy.com.

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Cautionary Statements, Definitions and Abbreviations

The Company has not released its audited 2019 financial results, and therefore the financial figures provided herein are estimates and are unaudited.

Certain statements contained in this news release include statements which contain words such as "anticipate", "could", "should", "expect", "seek", "may", "intend", "likely", "will", "believe" and similar expressions, statements relating to matters that are not historical facts, and such statements of our beliefs, intentions and expectations about developments, results and events which will or may occur in the future, constitute "forward-looking information" within the meaning of applicable Canadian securities legislation and are based on certain assumptions and analysis made by us derived from our experience and perceptions. Forward-looking information in this news release includes, but is not limited to: expected production levels, expected operating cost, royalty and general & administrative expense levels; future capital expenditures, including the amount and nature thereof; future acquisition opportunities including Pine Cliff's ability to execute on those opportunities; future drilling opportunities and Pine Cliff's ability to generate reserves and production from the undrilled locations; oil and natural gas prices and demand; expansion and other development trends of the oil and natural gas industry; business strategy and guidance; expansion and growth of our business and operations; maintenance of existing customer, supplier and partner relationships; supply channels; accounting policies; risks; Pine Cliff's ability to generate cash flow from operating activities and adjusted funds flow; future capital spending and other such matters. Because of the risks, uncertainties and assumptions contained herein, readers should not place undue reliance on these forward-looking statements.

Actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do, what benefits will be derived there from. Except as required by law, Pine Cliff disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

All such forward-looking information is based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. The risks, uncertainties and assumptions are difficult to predict and may affect operations, and may include, without limitation: foreign exchange fluctuations; equipment and labour shortages and inflationary costs; general economic conditions; industry conditions; changes in applicable environmental, taxation and other laws and regulations as well as how such laws and regulations are interpreted and enforced; the ability of oil and natural gas companies to raise

capital; the effect of weather conditions on operations and facilities; the existence of operating risks; volatility of oil and natural gas prices; oil and gas product supply and demand; risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations; increased competition; stock market volatility; opportunities available to or pursued by us; and other factors, many of which are beyond our control. The foregoing factors are not exhaustive.

Actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do, what benefits will be derived there from. Except as required by law, Pine Cliff disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Tables may not add due to rounding.

The forward-looking information contained in this news release is expressly qualified by this cautionary statement.

Definitions and abbreviations

Bbl	barrel	MMbtu	millions of British thermal units
CBM	coal bed methane	Mcf	thousand cubic feet
MBbl	thousands of barrels	MMcf	million cubic feet
Boe	barrel of oil equivalent	MMBoe	millions of barrels of oil equivalent
MBoe	thousands of barrels of oil equivalent	WTI	West Texas Intermediate at Cushing Oklahoma

As defined in NI 51-101, proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

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 oil, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

NON-GAAP Measures

This press release uses the term "adjusted funds flow" which is not recognized under International Financial Reporting Standards ("IFRS") and may not be comparable to a similar measure presented by other companies. This measure should not be considered as an alternative to, or more meaningful than the IFRS measure of cash flows from operating activities. The Company uses this measure to evaluate its performance. Adjusted funds flow is a non-IFRS measure that represents the cash flow provided by operating activities, before adjusting for changes in non-cash working capital, and decommissioning obligations settled.

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