

TORC Oil & Gas Ltd. Announces 2019 Fourth Quarter and Year-End Financial & Operating Results; 2019 Year-End Reserves; and Increase in 2020 Guidance

27.02.2020 | [CNW](#)

CALGARY, Feb. 27, 2020 - [TORC Oil & Gas Ltd.](#) ("TORC" or the "Company") (TSX: TOG) is pleased to announce final operating results for the three months and year ended December 31, 2019 and to provide 2019 year-end reserves information evaluated by Sproule Associates Limited ("Sproule").

The associated Management's Discussion and Analysis ("MD&A") dated February 27, 2020 and audited financial statements and for the year ended December 31, 2019 can be found at www.sedar.com and www.torcoil.com.

Highlights (in thousands, except per share data)	Three months ended			Nine months ended	
	December 31 2019	September 30 2019	December 31 2018	December 31 2019	December 31 2018
Financial					
Adjusted funds flow, including					
transaction related costs ⁽¹⁾	\$74,037	\$73,768	\$54,389	\$304,997	\$287,074
Per share basic	\$0.33	\$0.34	\$0.25	\$1.39	\$1.39
Per share diluted	\$0.33	\$0.33	\$0.25	\$1.37	\$1.38
Adjusted funds flow, excluding					
transaction related costs ^{(1), (2)}	\$74,037	\$73,768	\$54,389	\$304,997	\$288,824
Per share basic	\$0.33	\$0.34	\$0.25	\$1.39	\$1.40
Per share diluted	\$0.33	\$0.33	\$0.25	\$1.37	\$1.39
Net cash from operating activities	\$67,933	\$62,559	\$73,653	\$285,187	\$294,347
Net income	(\$60,593)	\$5,664	(\$24,398)	(\$37,130)	\$16,894
Per share basic	(\$0.27)	\$0.03	(\$0.11)	(\$0.17)	\$0.08
Per share diluted	(\$0.27)	\$0.03	(\$0.11)	(\$0.17)	\$0.08
Exploration and development					
Expenditures ⁽¹⁾	\$34,026	\$57,006	\$54,155	\$179,993	\$184,856
Property acquisitions, net of					
Dispositions ⁽¹⁾	\$6,416	(\$565)	\$4,020	\$6,685	\$292,294
Net debt ⁽¹⁾	\$349,689	\$369,571	\$405,293	\$349,689	\$405,293
Cash dividends declared ⁽³⁾	\$11,460	\$11,434	\$9,648	\$43,584	\$36,062
Dividends declared per common share	\$0.075	\$0.075	\$0.066	\$0.288	\$0.256

Common shares

Shares outstanding, end of period	221,812	220,338	216,637	221,812	216,637
Weighted average shares (basic)	221,080	219,622	216,191	219,043	205,793
Weighted average shares (diluted)	224,088	221,952	218,399	222,325	208,488

Operations

Production

Crude oil (Bbls per day) ⁽⁴⁾	23,415	23,382	23,546	23,507	20,943
NGL (Bbls per day)	1,616	1,587	1,554	1,556	1,365
Natural gas (Mcf per day)	20,079	20,206	18,380	19,588	18,183
Barrels of oil equivalent (Boepd, 6:1)	28,378	28,337	28,163	28,328	25,339

Average realized price

Crude oil (\$ per Bbl)	\$63.05	\$64.65	\$52.34	\$65.64	\$67.78
NGL (\$ per Bbl)	\$12.71	\$11.91	\$28.76	\$14.16	\$29.49
Natural gas (\$ per Mcf)	\$2.07	\$0.75	\$1.40	\$1.41	\$1.23
Barrels of oil equivalent (\$ per Boe, 6:1)	\$54.22	\$54.55	\$46.26	\$56.22	\$58.50

Operating netback per Boe (6:1)

Operating netback ⁽¹⁾	\$30.86	\$30.90	\$23.63	\$32.18	\$33.93
Operating netback (prior to hedging) ⁽¹⁾	\$30.86	\$30.90	\$23.88	\$32.18	\$34.28

Adjusted funds flow netback per Boe (6:1)

Including transaction related costs ⁽¹⁾	\$28.36	\$28.30	\$20.99	\$29.50	\$31.04
Excluding transaction related costs ⁽¹⁾	\$28.36	\$28.30	\$20.99	\$29.50	\$31.23

Wells drilled:

Gross	14	25	16	86	86
Net	11.7	19.0	15.3	68.5	71.7
Success (%)	100	100	100	100	100

(1) Management uses these non-GAAP financial measures

(2) For analyze operating performance, leverage

(3) cash dividends declared

(4) throughout adjusted measures press release, marketing transaction related, standardized financial information. Management and crude oil product lines be comparable defined by the National Instrument 51-101 similar standards for other Disclosure companies. See Non-GAAP Measurements within this document (NI 51-101). TORC additional information. not have any heavy crude oil production. In addition, throughout this press release, natural gas liquids ("NGL") comprise

all
natural
gas
liquids
as
defined
by
NI
51-101
and
crude
oil
and
liquids
("light
oil
and
liquids")
refers
to
light
crude
oil
and
NGL

PRESIDENT'S MESSAGE

TORC has consistently focused on providing shareholders with disciplined growth and a sustainable dividend while preserving financial flexibility and ensuring a consistent decline profile to maintain the future repeatability of the business strategy. 2019 was another strong year in executing this strategy as TORC was successful in achieving debt adjusted per share growth along with growing the monthly dividend to shareholders.

Through the execution of a \$180 million capital expenditure program in 2019, TORC successfully achieved several strategic operational objectives, including maximizing free cash flow from the Company's conventional southeast Saskatchewan assets while growing and further delineating the Company's unconventional assets in southeast Saskatchewan. In central Alberta, the Company continued developing and delineating the Cardium play which remains a core asset built to generate long term free cash flow.

TORC's disciplined approach, focused on an efficient capital program, prudent financial management, and an emphasis on maintaining a low underlying decline profile, positions TORC to take advantage of strategic opportunities as they arise. The Company will continue to be disciplined and focused while being proactive to further position and complement the Company's asset base and business model.

HIGHLIGHTS

The Company's achievements in the fourth quarter and year ended 2019 include the following:

- Achieved record production of 28,378 boepd (88% light oil and liquids) in the fourth quarter of 2019 up from 28,160 boepd (89% light oil and liquids) in the fourth quarter of 2018;
- Average production increased to 28,328 boepd (88% light oil and liquids) in 2019, up from 25,339 boepd (88% light oil and liquids) in 2018;
- Production growth was achieved while maintaining the Company's decline rate at approximately 23%;
- Successfully drilled 14 (11.7 net) wells in the fourth quarter; in 2019, the Company drilled 86 (68.5 net) successful wells;
- Generated cash flow of \$74.0 million in the fourth quarter and \$305.0 million for 2019;
- Cash flow per share was \$0.33 per share in the fourth quarter and \$1.39 per share for 2019 relative to \$0.25 in the fourth quarter of 2018 and \$1.40 in 2018;
- Declared dividends of \$0.075 per share in the fourth quarter; declared dividends of \$0.288 per share in 2019 up from \$0.25 per share in 2018;

- Achieved a payout ratio of 73% while growing production on a debt adjusted per share basis;
- Exited 2019 with a strong balance sheet with net debt of \$349.7 million (\$303 million drawn on an available credit facility of \$500 million) down from \$405.3 million at year-end 2018;
- Increased the Company's high quality light oil development drilling inventory through organic delineation;
- Successfully closed a tuck-in acquisition in the Company's southeast Saskatchewan core area at year-end adding 100 boepd (greater than 90% light oil), of high netback, low decline assets with a high quality light oil drilling inventory;
- Proved developed producing reserves increased to 55.5 mmboe at year-end 2019 up from 55.2 mmboe at year-end 2018;
- Proved reserves increased to 90.8 mmboe at year-end 2019 up from 90.3 mmboe at year-end 2018;
- Proved plus probable reserves increased to 139.7 mmboe at year-end 2019 up from 138.6 mmboe at year-end 2018;
- Proved plus probable reserve life index was 13.5 years at year-end 2019;
- Generated a proved plus probable reserve replacement ratio on production (excluding acquisitions) of 100%;
- Proved producing F&D of \$17.70/boe resulting in a recycle ratio of 1.8x (2019 operating netback);
- Proved plus probable F&D (including future development costs) of \$22.32/boe resulting in a recycle ratio of 1.4x (2019 operating netback); and
- Proved plus probable FD&A (including future development costs) of \$21.19/boe resulting in a recycle ratio of 1.5x (2019 operating netback).

RESERVES

In this press release, all references to reserves are to gross Company reserves, meaning TORC's working interest reserves before deductions of royalties and before consideration of TORC's royalty interests. The reserves were evaluated by Sproule & Associates Limited ("Sproule") in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101") effective December 31, 2019. TORC's annual information form for the year ended December 31, 2019 (the "AIF") will contain TORC's reserves data and other oil and natural gas information as mandated by NI 51-101. TORC expects to file the AIF on SEDAR by March 31, 2020.

The following tables are a summary of TORC's petroleum and natural gas reserves, as evaluated by Sproule, effective December 31, 2019, using Sproule's year end forecast prices and costs. It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and cost assumptions will be attained and variances could be material. The recovery and reserve estimates of our crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. It is important to note that the recovery and reserves estimates provided herein are estimates only. Actual reserves may be greater or less than the estimates provided herein. Reserves information may not add due to rounding.

Commencing in 2019, Sproule included additional abandonment, decommissioning and reclamation obligations ("ADR") in the Company's reserves evaluation, which resulted in a decrease in value relative to 2018. This change to the prior years' practices, which were consistent with the reporting of many other companies in the industry, was made based on new guidelines contained within the COGE Handbook, which recommends adopting the best practice of including ADR costs associated with all of the Company's assets evaluated in the Sproule Report. This includes costs for both active and inactive wells, including ADR costs for producing wells, suspended wells, service wells, gathering systems, facilities, and surface land development for all the Company's assets. At year-end 2019, Sproule's evaluation of TORC's before tax NPV10 for ADR related to TORC's 2P, 1P and PDP reserves was \$69.1 million, \$68.9 million, and \$66.7 million, respectively, an increase of \$38.6 million, \$32.6 million, and \$35.7 million compared to the corresponding ADR measures at the end of 2018.

Reserves Summary

	Light and Medium Crude Oil (mbl)	Conventional Natural Gas (mmcf)	NGLs (mbl)	Total Oil Equivalent (mboe)
Proved				
Developed Producing	44,176	46,000	3,641	55,484
Developed Non-Producing	1,750	2,830	173	2,394
Undeveloped	25,451	32,700	2,065	32,967
Total Proved	71,378	81,531	5,879	90,845
Probable	37,404	49,758	3,197	48,894
Total Proved plus Probable	108,782	131,288	9,076	139,739

Net Present Value of Future Net Revenue

	Before Future Income Tax Expenses and Discounted at				
	0%	5%	10%	15%	20%
	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(\$mm)
Proved					
Developed Producing	1,254	1,196	1,041	913	815
Developed Non-Producing	59	46	37	31	27
Undeveloped	704	472	322	222	153
Total Proved	2,017	1,715	1,400	1,166	995
Probable	1,664	1,032	716	533	416
Total Proved plus Probable	3,681	2,746	2,116	1,699	1,411

Future Development Costs

	Proved Reserves (\$mm)	Proved Plus Probable Reserves (\$mm)
2020	153.7	186.4
2021	186.3	223.1
2022	186.7	268.1
2023	120.8	235.5
Total Undiscounted	673.1	981.4

Capital Expenditures and Finding, Development, and Acquisition Costs

Excluding Change in Future Development Costs	Capital Expenditures (\$mm)	Reserves Additions		F&D and FD&A			
		Proved Developed Producing (mmboe)	Total Proved (mmboe)	Proved Plus Probable (mmboe)	Proved Developed Producing (\$/boe)	Total Proved (\$/boe)	Proved Plus Probable (\$/boe)
Exploration & Development ⁽¹⁾	180.0	10.1	10.1	10.2	17.70	17.87	17.65
Acquisitions (net)	6.7	0.5	0.8	1.3	12.44	8.17	5.15
Total	186.7	10.6	10.9	11.5	17.43	17.14	16.24

Including Change in Future Development Costs	Capital Expenditures (\$mm)	Reserves Additions		F&D and FD&A		
		Total Proved (\$mm)	Proved Plus Probable (mmboe)	Total Proved (mmboe)	Proved Plus Probable (\$/boe)	Total Proved (\$/boe)
Exploration & Development ⁽¹⁾	211.4	228.3	10.1	10.2	20.93	22.32
Acquisitions (net)	15.0	16.0	0.8	1.3	18.31	12.33
Total	226.3	244.3	10.9	11.5	20.73	21.19

1. Excludes Capitalized G&A of \$5.7mm

Net Asset Value per Share as at December 31, 2019

(\$millions except share and per share amounts)

Proved Plus Probable Reserve Value NPV10 (before tax)	2,116
Land and Seismic ⁽¹⁾	140
Net Debt	(350)
Total Net Assets (basic)	1,907
Basic Common Shares Outstanding (mm)	222
Estimated NAV per Basic Common Share	\$8.60

1. Includes independent third party estimate of \$112mm for approximately 290,500 net acres of non-reserve assigned land and management estimate of \$28mm to seismic.

OPERATIONAL UPDATE

With continued success of the 2019 capital program and the Company's solid underlying production profile, TORC achieved record production of 28,378 boepd during the fourth quarter. TORC spent a total of \$180 million of exploration and development capital, including drilling 86 (68.5 net) wells.

SOUTHEAST SASKATCHEWAN

TORC's southeast Saskatchewan conventional assets are characterized by their lower risk nature and high rates of return driven by lower capital costs, high operating netbacks and an attractive royalty regime in Saskatchewan. With a long term production decline profile of less than 20% and high operating netbacks, the southeast Saskatchewan conventional assets yield significant free cash flow in the current commodity price environment.

TORC drilled 47 (35.0 net) southeast Saskatchewan conventional wells in 2019, with 6 (5.5 net) wells drilled in the fourth quarter. In 2019, TORC was successful in maintaining a low cost structure in drilling, completion and equipping costs on conventional wells through both operational efficiencies and managing oilfield service costs.

TORC continues to identify more than 400 net undrilled conventional locations in southeast Saskatchewan providing numerous years of high quality drilling inventory. In 2020, TORC plans to drill 44 (34.2 net) conventional wells. The focus on TORC's southeast Saskatchewan conventional properties is to maximize free cash flow.

On the Company's unconventional asset base in southeast Saskatchewan, TORC has been active on the Torquay/Three Forks light oil resource play. During 2019, TORC executed on a development focused program while continuing to selectively delineate the play drilling 13 gross (12.0 net) successful wells. The Company will continue to allocate significant capital to this resource play with plans to drill 13 gross (12.0 net) wells during 2020. TORC has currently identified more than 150 net undrilled locations in the play.

With continued success in the Torquay/Three Forks oil resource play, TORC plans to expand its gathering system in 2020 to continue to enhance the benefits of the Company's centralized facility, which was completed in 2018. With the expansion to the gathering system, TORC will realize benefits through reduced trucking of fluids, reduced requirements for single well batteries, and the ability to use produced water for frac operations, providing economic gains along with environmental, safety and community benefits.

TORC has been active in a number of areas prospective for unconventional Midale exploitation, drilling 18 gross (14.7 net) wells in 2019. The Company plans to continue to increase capital allocation to this play in 2020 with 17 (14.8 net) wells in the 2020 budget. The Company has identified 175 net undrilled locations in the unconventional Midale play.

CARDIUM

TORC has greater than 95 net light oil sections in the Cardium trend where the Company continues to identify more than 290 net undrilled locations on the Company's asset base. During 2019, the Cardium continued to deliver solid results in this established light oil resource play. TORC drilled a total of 8 (6.8 net) Cardium wells which included drilling 3 (2.5 net) Cardium wells in the fourth quarter.

With a decline profile of less than 25%, the Cardium play continues to generate free cash flow in the current commodity price environment supporting the sustainability and repeatability of the Company's business objectives.

In 2020, TORC plans to drill 8 gross (6.7 net) wells across the Company's land position in the Cardium.

CAPITAL PROGRAM AND PRODUCTION GUIDANCE

TORC's \$190 million capital expenditure budget for 2020 is consistent with the Company's long term strategic objectives of delivering disciplined per share growth in combination with maintaining financial flexibility while providing a sustainable dividend. TORC's 2020 capital budget exhibits a measured approach to both the domestic and global volatility in the crude oil price environment and reflects a balance between managing long term objectives, protecting the Company's strong financial position and sustaining the dividend.

TORC's capital program in 2020 is focused on light oil development projects, with the majority of the capital directed to drilling, completions and tie-ins (approximately 70%), and the remainder allocated to operational and facility optimization to maximize production efficiency. The capital program is concentrated on the Company's primary core areas in southeast Saskatchewan, focused on both conventional and unconventional opportunities, along with the Cardium play in central Alberta.

TORC is also prudently allocating capital in the 2020 budget to infrastructure projects that provide both near term and ongoing economic benefits along with positive environmental impacts.

The Company continues to diligently focus on capital efficiency improvements through the combination of operational improvements and capital cost reductions. TORC's \$190 million 2020 capital budget is based on current capital cost realizations.

TORC continues to focus on maintaining a payout ratio of less than 100% in 2020 providing flexibility to take advantage of opportunities as they arise.

At year-end, 2019 TORC completed a tuck-in acquisition in the Company's southeast Saskatchewan core area adding approximately 200 boepd (greater than 90% light oil) bringing TORC's 2019 exit production to more than 28,500 boepd (~88% light oil and liquids). TORC anticipates that by maintaining the previously announced \$190 million capital budget, 2020 average and exit production will now be 28,500 boepd (~88% light oil & liquids) up from previous guidance of 28,300 boepd (88% light oil & liquids) while continuing to maintain a decline profile of approximately 23%.

DIVIDEND

In the fourth quarter, TORC declared dividends totaling \$0.075 per share, or \$16.6 million, of which \$5.1 million was issued under the Company's Share Dividend Plan ("SDP"). During 2019, the Company declared dividends totaling \$0.288 per share or \$63.2 million, of which \$19.6 million was issued under the Company's

SDP.

The Board of Directors has confirmed a dividend of \$0.025 per common share will be paid on March 16, 2020 to shareholders of record on February 29, 2020.

OUTLOOK AND SUSTAINABILITY

TORC has built a solid growth platform of light oil focused assets and continues to enhance this platform. The stability of the high quality, low decline, light oil assets in southeast Saskatchewan and the low risk Cardium development inventory in central Alberta, combined with exposure to unconventional light oil resource plays in southeast Saskatchewan, positions TORC to provide value creation through a disciplined long term focused growth strategy with a sustainable dividend.

TORC has developed trust and credibility as a corporate citizen which provides a platform for the long term success of the business. Sustainability of the business includes focusing on overall social responsibility to support strong values and relationships in the workplace and in the communities TORC operates.

TORC has the following key operational and financial attributes:

High Netback Production ⁽¹⁾	2020E Average: 28,500 boepd 2020E Exit: 28,500 boepd
Total Proved plus Probable Reserves ⁽²⁾	Greater than 139 mmboc (~84% light oil & liquids)
Southeast Saskatchewan Light Oil Development Inventory	Greater than 400 net undrilled conventional locations Greater than 150 net undrilled Torquay/Three Forks locations Greater than 175 net undrilled unconventional Midale locations
Cardium Light Oil Development Inventory	Greater than 290 net undrilled locations
Sustainability Assumptions ⁽³⁾	Corporate decline ~23% Current Capital Efficiency ~\$29,000 per boepd (IP 365)
2020 Capital Program	\$190 million
Monthly Dividend	\$0.025 per share
Net Debt as at Dec 31, 2019 ⁽⁴⁾	\$349.7 million; \$303 million drawn
Shares Outstanding	222 million (basic)
Tax Pools	Approximately \$1.8 billion

Notes:

- (1) ~83% light oil & 5% NGLs.
- (2) All reserves information in this press release are gross reserves. The reserve information in the foregoing table is derived from the independent engineering report effective December 31, 2019 prepared by Sproule evaluating the oil, NGL and natural gas reserves attributable to all of our properties (the "TORC Reserve Report").
- (3) Refers to full cycle capital efficiency which is the all-in corporate capital budget divided by the IP365 of the associated wells. Corporate decline refers to TORC's estimated oil and gas production decline rate in the normal life cycle of a well.
- (4) See "Non-GAAP Measurements".

An updated corporate presentation can be found at www.torcoil.com.

READER ADVISORIES

Forward Looking Statements

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to the Company's plans, strategy, business model, focus, objectives and other aspects of TORC's anticipated future operations and financial, operating and drilling and development plans and results, including, expected future production, production mix, reserves, drilling inventory, net debt, cash flow, operating netbacks, decline rate and decline profile, product mix, capital expenditure program, capital efficiencies, commodity prices, tax pools and targeted growth. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding: the focus and allocation of TORC's 2020 capital budget; anticipated average and exit production rates, available free cash flow, management's view of the characteristics and quality of the opportunities available to the Company; TORC's dividend policy and plans; and other matters ancillary or incidental to the foregoing.

Forward-looking information typically uses words such as "anticipate", "believe", "project", "target", "guidance", "expect", "goal", "plan", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future. The forward-looking information is based on certain key expectations and assumptions made by TORC's management, including expectations concerning prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; capital efficiencies; decline rates; future production rates and estimates of operating costs; performance of existing and future wells; reserve and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labour and services; the impact of increasing competition; ability to market oil and natural gas successfully and TORC's ability to access capital.

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 the Company 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 TORC can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, the 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 so, what benefits that the Company will derive there from. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to

provide securityholders with a more complete perspective on TORC's future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect TORC's operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

These forward-looking statements are made as of the date of this press release and TORC disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Dividends

The payment and the amount of dividends declared in any month will be subject to the discretion of the board of directors and will depend on the board of director's assessment of TORC's outlook for growth, capital expenditure requirements, funds from operations, potential acquisition opportunities, debt position and other conditions that the board of directors may consider relevant at such future time. The amount of future cash dividends, if any, may also vary depending on a variety of factors, including fluctuations in commodity prices and differentials, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty burdens and foreign exchange rates.

Non-GAAP Measurements

This document includes non-GAAP measures commonly used in the oil and natural gas industry. These non-GAAP measures do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS", or alternatively, "GAAP") and therefore may not be comparable with the calculation of similar measures by other companies. For details, descriptions and reconciliations of these non-GAAP measures, see the Company's Management's Discussion and Analysis ("MD&A") for the three months and year ended December 31, 2019.

"Adjusted funds flow, including transaction related costs" represents cash flow from operating activities prior to changes in non-cash operating working capital and settlement of decommissioning obligations. "Adjusted funds flow, excluding transaction related costs" represents cash flow from operating activities prior to changes in non-cash operating working capital, settlement of decommissioning obligations and transaction related costs. Management considers these measures to be useful as they assist in the determination of the Company's ability to generate liquidity necessary to finance capital expenditures, settlement of decommissioning obligations and funding of its dividend. Transaction related costs are incurred during asset and/or corporate acquisitions and are typically not considered a cost incurred in the normal course of business. As a result, excluding transaction related costs from adjusted funds flow further assists in the determination of the Company's ability to generate liquidity in the normal course of business.

"Net debt" is calculated as current assets (excluding financial derivative assets) less: i) current liabilities (excluding financial derivative liabilities) and ii) bank debt. Management considers this measure to be useful in determining the Company's leverage.

"Operating netback" represents revenue and realized gain or loss on financial derivatives, less royalties, operating expenses and transportation expenses and has been presented on a per Boe basis. Management believes that in addition to net income, operating netback is a useful measure as it assists in the determination of the Company's operating performance and profitability.

"Exploration and development expenditures" represents expenditures on property, plant and equipment ("PP&E") excluding: acquisitions, non-cash PP&E additions and capitalized general and administrative expenses. See Capital Expenditures in the MD&A for further details.

"Property acquisitions, net of dispositions" represents additions to PP&E related to the Company's asset and/or corporate acquisition and disposition activity.

"Free cash flow" represents adjusted funds flow, excluding transaction related costs, less i) exploration and development expenditures, and ii) cash dividends paid. Management considers this measure to be useful in determining its ability to finance capital expenditures and fund its dividend.

"Payout ratio" represents cash dividends paid, plus exploration and development expenditures, divided by adjusted funds flow, excluding transaction related costs. The Company considers this to be a key measure of sustainability.

Oil and Gas Disclosures

Our oil and gas reserves statement for the year ended December 31, 2019, which will include complete disclosure of our oil and gas reserves and other oil and gas information in accordance with NI 51?101, will be contained within our AIF which will be available on our SEDAR profile at www.sedar.com. All future net revenues are estimated using forecast prices, arising from the anticipated development and production of our reserves, net of the associated royalties, operating costs, development costs, and abandonment and reclamation costs and are stated prior to provision for interest and general and administrative expenses.

This press release contains metrics commonly used in the oil and natural gas industry, such as "recycle ratio", "finding and development costs" or "F&D", "finding, development and acquisition costs" or "FD&A", "reserve replacement ratio", "reserve life index", "operating netbacks", "reserves replacement", "net asset value", "corporate decline" and "capital efficiency". These terms do not have standardized meanings or standardized methods of calculation and therefore may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. Such metrics have been calculated by management and are included herein to provide readers with additional information to evaluate the Company's performance, however such metrics should not be unduly relied upon.

Reserve life index is calculated based on the amount for the relevant reserve category divided by the production forecast as prepared by Sproule. Reserve replacement is calculated by dividing the annual reserve additions in the applicable category by our annual production. Recycle ratio is calculated by dividing the operating netback by the F&D costs or FD&A costs for the year. Finding and development costs are calculated by dividing the sum of the total capital expenditures for the year (in dollars) by the change in reserves within the applicable reserves category (in boe).

F&D costs are calculated on a per boe basis by dividing the aggregate of the change in future development costs from the prior year for the particular reserve category and the costs incurred on exploration and development activities in the year by the change in reserves from the prior year for the reserve category. FD&A costs are calculated on a per boe basis by dividing the aggregate of the change in future development costs from the prior year for the particular reserve category and the costs incurred on exploration and development activities and property acquisitions (net of dispositions) in the year by the change in reserves from the year for the reserve category. Both finding and development costs and finding, development and acquisition costs take into account reserve revisions during the year on a per boe basis. Both F&D costs and FD&A costs take into account reserves revisions during the year on a per boe basis. The aggregate of the costs incurred in the financial year and changes during that year in estimated F&D may not reflect total F&D related to reserves additions for that year. Finding and development costs both including and excluding acquisitions and dispositions have been presented in this press release because acquisitions and dispositions can have a significant impact on our ongoing reserves replacement costs and excluding these amounts could result in an inaccurate portrayal of our cost structure.

Net asset value is value is based on the estimated net present value of all future net revenue from our proved plus probable reserves, discounted at 10%, before tax, as estimated by Sproule at year-end, with the estimated value of our undeveloped acreage and seismic and net debt. Capital efficiency refers to full cycle capital efficiency which is the all-in corporate capital budget divided by the IP365 of the associated wells. Corporate decline refers to our estimated oil and gas production decline rate in the normal life cycle of a well.

Management uses oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare TORC's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this press release, should not be relied upon for investment or other purposes.

The term "boe" or barrels of oil equivalent may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (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. Additionally, 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 6:1; utilizing a conversion ratio of 6:1 may be misleading as an indication of value.

This press release discloses drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from the reserves evaluation prepared by Sproule as of December 31, 2019 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates prepared by a qualified reserves evaluator based on TORC's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves. Of the 1015 net drilling locations identified herein, 357 are proved locations, 133 are probable locations and 525 are unbooked locations. Of the 400 net conventional drilling locations identified herein, 161 are proved locations, 56 are probable locations and 183 are unbooked locations. Of the 150 net Torquay/Three Forks drilling locations identified herein, 51 are proved locations, 27 are probable locations and 72 are unbooked locations. Of the 175 net unconventional Midale drilling locations identified herein, 78 are proved locations, 17 are probable locations and 80 are unbooked locations. Of the 290 net Cardium drilling locations identified herein, 68 are proved locations, 33 are probable locations and 189 are unbooked locations. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that TORC will drill all unbooked drilling locations and, if drilled, there is no certainty that such locations will result in additional oil and gas reserves or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, some of other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and, if drilled, there is more uncertainty that such wells will result in additional oil and gas reserves or production.

SOURCE [TORC Oil & Gas Ltd.](#)

Contact

Brett Herman, President and Chief Executive Officer, [TORC Oil & Gas Ltd.](#), Telephone: (403) 930-4120, Facsimile: (403) 930-4159; Jason J. Zabinsky, Vice President, Finance and Chief Financial Officer, [TORC Oil & Gas Ltd.](#), Telephone: (403) 930-4120, Facsimile: (403) 930-4159

Dieser Artikel stammt von [Rohstoff-Welt.de](#)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/345650--TORC-Oil-und-Gas-Ltd.-Announces-2019-Fourth-Quarter-and-Year-End-Financial-und-Operating-Results-2019-Ye>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).