

# Nuvista Energy Ltd. Significantly Reduces 2020 Capital Spending

16.03.2020 | [GlobeNewswire](#)

CALGARY, March 16, 2020 - [NuVista Energy Ltd.](#) ("NuVista" or the "Company") (TSX:NVA) announces that we have reduced our capital spending program for 2020 effective immediately in order to remain approximately in line with forecast adjusted funds flow, consistent with prior guidance. Maintaining the strength of our balance sheet continues as the top priority after the sudden decline in oil prices associated with recent global events.

- Credit facility drawings will be managed to approximately \$340 million by year end 2020 as a result of adjusted funds flow in excess of capital expenditures at WTI oil prices above \$US 30/Bbl from the end of the first quarter onwards;
- Full year capital spending has been reduced from the prior guidance range of \$300 - \$330 million to no more than \$240 million. This represents a reduction of approximately 25% of full year 2020 capital, and a reduction of almost 40% in go-forward 2020 capital spending;
- First quarter capital spending has been reduced from \$150 million to \$135 million on the strength of reduced drilling and completions costs which were achieved for planned activities;
- Second quarter capital has been reduced from \$50 million to \$30 million; and
- Production for 2020 is expected to be in the range of 54,000 – 57,000 Boe/d as compared to the lower end of prior guidance at 57,000 Boe/d.

We have ample time to further assess 2020 spending levels through the spring breakup period where little activity occurs. We will continue to monitor commodity prices and will finalize our post-spring breakup capital program late in the second quarter. We have the flexibility to reduce 2020 spending further, to below \$200 million if commodity prices exhibit further signs of weakness.

Matching capital spending approximately to adjusted funds flow will maintain year end 2020 net debt near year end 2019 levels as planned. NuVista forecasts to be approximately \$400 million drawn on our \$550 million credit facility at the end of March, after the first quarter winter drilling season peak spending period. As a result, we have 15 new wells coming onstream through March and April, providing positive continued support to our credit facility. The amount of bank debt drawn is expected to be reduced to approximately \$340 million by year end 2020 as we begin to generate adjusted funds flow in excess of capital expenditures at prices above \$US 30/Bbl WTI from the end of the first quarter onwards (with other commodity prices at the current strip level).

NuVista is fortunate that we are very well hedged for 2020. In aggregate, 60% of projected 2020 liquids production is protected at a WTI floor price of C\$77.24/Bbl and 50% of projected 2020 gas production at a price of C\$1.90/GJ (hedged and exported volumes converted to an AECO equivalent price). We note that revenue impact of the recent drop in oil pricing is also partially offset by very favorable condensate differentials, an improvement in natural gas pricing fundamentals, and the U.S. dollar exchange rate.

NuVista has a simple and effective Coronavirus business continuity plan in place and operating now. All essential staff have work-from-home technology capability, and a backup plan is in place to ensure minimum crews for safe operations in the event of sickness escalation.

Please note that our corporate presentation is being updated and will be available at [www.nuvistaenergy.com](http://www.nuvistaenergy.com) on or before March 17, 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.

#### *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; our 2020 capital spending program; forecast 2020 production, adjusted funds flow and credit facility drawings; the flexibility of our capital program, our plans to monitor commodity prices and potentially revise our 2020 capital program further, that we will generate adjusted funds flow in excess of capital expenditures at prices above US\$30/Bbl WTI; the benefits of our hedging program; 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", "net debt" 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, including how we define these terms, and a reconciliation back to the applicable GAAP measure, refer to the section "Non-GAAP measurements" contained in NuVista's

*MD&A for the year ended December 31, 2019.*

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/346708--Nuvista-Energy-Ltd.-Significantly-Reduces-2020-Capital-Spending.html>

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