

PDC Energy Announces Supplementary Update to 2020 Plan Including Reduced Operating Activity and Incremental Cost Saving Initiatives

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DENVER, April 14, 2020 - [PDC Energy Inc.](#) (NYSE: PDC; or the "Company") (Nasdaq: PDCE) announced today a supplemental update to its 2020 operating plan along with changes to its 2020 guidance and 2021 outlook.

In order to preserve its balance sheet strength, liquidity and ability to generate meaningful free cash flow⁽¹⁾, PDC plans to reduce its expected 2020 capital investments to a range of \$500 to \$600 million. The updated plan reflects a decrease of nearly 50 percent compared to its original budget of \$1.0 to \$1.1 billion, and includes estimated service cost savings as well as further reductions to planned drilling and completion activity compared to PDC's prior update provided on March 11, 2020. The Company expects to generate more than \$100 million of free cash flow in 2020 assuming \$25 per barrel WTI crude oil, \$2 per MMBtu NYMEX natural gas and NGL realizations of approximately \$5 per barrel for the remainder of the year.

Additionally PDC is implementing several payroll and non-payroll general and administrative expense ("G&A") cost saving initiatives, including a 15 percent voluntary pay cut to its senior management team and Board of Directors, a reduction-in-force to better align the Company with its updated operating plan and tiered pay cuts for many of the remaining employees. PDC expects these changes to result in a reduction of greater than ten percent in absolute G&A compared to its original budget. The Company plans to provide a detailed update to its 2020 guidance and expected cost structure on its first quarter earnings call in early May.

President and CEO Bart Brookman commented, "The industry is in the midst of global demand destruction to which PDC is not exempt. While our updated operating plan and cost-savings initiatives represent incredibly difficult decisions, I'm extremely confident that PDC is well-positioned to weather this storm thanks to our ability to generate sustainable free cash flow while maintaining an incredibly strong balance sheet. Meanwhile, our robust hedge positions, ample liquidity and substantial DUC inventory provide us tremendous flexibility while positioning the Company to succeed should the commodity price outlook stabilize, or further deteriorate."

Updated Operating Plan:

- In the Delaware Basin, the Company plans to release its drilling rig in May, resulting in zero drilling and completion activity in the basin for the remainder of the year as its completion crew was released in March.
- PDC plans to reduce its Wattenberg rig count from three to one in May. The remaining rig is currently expected to run for the rest of 2020.
- PDC plans to release its Wattenberg completion crew upon the completion of the current pad, with the expectation of resuming completions early in the fourth quarter.
- The Company currently expects to curtail approximately 20 to 30 percent of its anticipated May and June production volumes, on a barrel of oil equivalent ("Boe") basis, in response to decreases in NYMEX pricing and significantly widened differentials.

Production for the year, compared to pro forma 2019 volumes, is expected to decrease approximately ten percent on a Boe basis and 20 percent on an oil basis. Both figures reflect the impact of the aforementioned reductions in completion activity and production curtailments, with the assumption that curtailments are reduced in the third quarter and eliminated by the fourth quarter. For the remainder of 2020, PDC has swaps and two-way collars protecting approximately 70 percent of its updated estimated oil production at a weighted-average floor price of approximately \$58 per barrel. Approximately 30 percent of its estimated natural gas production is protected at approximately \$2 per MMBtu.

PDC's 2021 outlook assumes similar levels of capital investment compared to its updated 2020 plan with a projected five to ten percent increase in oil volumes. Assuming a modest price recovery to \$30 per barrel WTI, \$2.50 per MMBtu NYMEX natural gas and NGL realizations of approximately \$7.50 per barrel, PDC projects to generate in excess of \$100 million of free cash flow in 2021. PDC's 2021 hedge positions protect nearly 30 percent of its estimated oil volumes and 35 percent of estimated natural gas volumes at weighted-average floor prices of approximately \$50 per barrel and \$2.35 per MMBtu, respectively.

The Company will continue to monitor the near and long-term commodity price environment and maintains the financial and operational flexibility to further adjust its plan should it deem necessary. Given the current conditions, PDC has suspended its share repurchase program while continuing to prioritize its financial strength and liquidity.

About PDC Energy, Inc.

[PDC Energy Inc.](#) is a domestic independent exploration and production company that acquires, produces, develops, and explores for crude oil, natural gas, and NGLs, with operations in the Wattenberg Field in Colorado and in the Delaware Basin in West Texas. Its operations are focused on the liquid-rich horizontal Niobrara and Codell plays in the Wattenberg Field and the liquid-rich Wolfcamp zones in the Delaware Basin.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 ("Securities Act") and Section 21E of the Securities Exchange Act of 1934 ("Exchange Act") regarding our business plans, outlook, financial condition and other prospects. All statements other than statements of historical fact included in this release are "forward-looking statements." Words such as expect, anticipate, intend, plan, believe, seek, estimate, schedule and similar expressions or variations of such words are intended to identify forward-looking statements herein. Forward-looking statements include, among other things, statements regarding future: production, including projected curtailed volumes, costs and cash flows; commodity prices, wellhead netbacks and differentials; capital expenditures and projects, including drilling rig and completion crew pace; cash flows from operations relative to future capital investments; our stock repurchase program, which has been suspended at this time.

The above statements are not the exclusive means of identifying forward-looking statements herein. Although forward-looking statements contained in this report reflect our good faith judgment, such statements can only be based on facts and factors currently known to us. Forward-looking statements are always subject to risks and uncertainties, and become subject to greater levels of risk and uncertainty as they address matters further into the future. In this release and accompanying materials, we may use the term "outlook" or similar terms or expressions, or indicate that we have "modeled" certain future scenarios. We typically use these terms to indicate our current thoughts on possible outcomes relating to our business or the industry in periods beyond the current fiscal year. Because such statements relate to events or conditions further in the future, they are subject to increased levels of uncertainty.

We urge you to carefully review and consider the cautionary statements and disclosures, specifically those under the heading "Risk Factors," made in our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the U.S. Securities and Exchange Commission ("SEC") on February 27, 2020, and our other filings with the SEC for further information on risks and uncertainties that could affect our business, financial condition, results of operations and prospects, which are incorporated by this reference as though fully set forth herein. We caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this press release. We undertake no obligation to update any forward-looking statements in order to reflect any event or circumstance occurring after the date of this press release or currently unknown facts or conditions or the occurrence of unanticipated events. All forward-looking statements are qualified in their entirety by this cautionary statement.

- As used in this news release, free cash flow, a non-U.S. GAAP financial measure, means net cash from operating activities, excluding changes in working capital, less oil and gas capital investments. We are unable to present a reconciliation of forward-looking free cash flow because components of the calculation, including fluctuations in working capital accounts, are inherently unpredictable. Moreover, estimating the
- (1) most directly comparable GAAP measure with the required precision necessary to provide a meaningful reconciliation is extremely difficult and could not be accomplished without unreasonable effort. We believe that forward-looking estimates of free cash flow are important to investors because they assist in the analysis of our ability to generate cash from our operations in excess of capital investments in crude oil and natural gas properties.

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