NuVista Energy Ltd. Provides Second Quarter Operating Results and Reinstates 2020 Production Guidance

05.08.2020 | GlobeNewswire

CALGARY, Aug. 04, 2020 - NuVista Energy Ltd. (“NuVista” or the “Company”) (TSX:NVA) is pleased to announce results for the three and six months ended June 30, 2020 and provide an update on our future business plans. NuVista took decisive action in the face of a challenging quarter for all of the industry, through the implementation of a COVID-19 safe operating plan, the restriction of higher condensate ratio production during the lowest oil/condensate commodity value periods, and the significant reduction of capital, operating, and G&A spending to ensure liquidity and balance sheet protection remained paramount. We have chosen to limit overall production to approximately 50,000 Boe/d for the present period in order to minimize natural production declines and to minimize the capital investment required to maintain flat production. As a result of the reduced spending, coupled with our significant hedge position, we expect to generate significant free adjusted funds flow in the range of $55 - $60 million towards debt reduction for the remainder of 2020 at current strip prices.

Financial and Operational Performance

During the quarter ended June 30, 2020, NuVista:

- Produced at a restricted average rate of 50,922 Boe/d, similar to the comparative period in 2019 and the first quarter of 2020;
- Achieved adjusted funds flow of $15.1 million ($0.07/share, basic);
- Executed rapid and significant reductions in our second quarter capital program, with capital spending of only $20.6 million, primarily to finish the drilling of the 12-well pad at Pipestone North;
- Successfully redetermined our credit facility with a capacity of $475 million;
- Realized operating expenses of $9.66/Boe due to cost reduction efforts and one-time prior period adjustments, partially offset by the effect of reduced production volumes; and
- Achieved a net G&A expense of $0.87/Boe, a reduction of 22% from the prior period, due to cost reduction efforts, executive, board and staff salary reductions, and the benefit of the federal government CEWS program.

Safe and Steady Operational Execution

In response to deteriorating market conditions, NuVista moved swiftly to reduce capital spending in the second quarter, with total 2020 capital plans cut approximately in half as compared to the original budget. Total capital spending was $20.6 million, of which half was directed to the last portions of spending on first quarter completion activities. The remaining half was spent upon finishing the drilling of the 12-well pad at Pipestone North. We now have a total of 14 Montney wells that are drilled but uncompleted (DUC) and two successful Charlie Lake wells that are completed and awaiting tie-in.

In addition to the capital reductions, production was deliberately restricted over the quarter in anticipation of stronger prices in future quarters. We continue to manage the production from the 15 wells that were completed in the first quarter to maintain a flat company production profile at approximately 50,000 Boe/d. Of particular note, the four new wells at Elmworth were drilled and completed for 36% less than the Elmworth historic average on a dollar per horizontal meter drilled basis even though sand concentrations were increased by 35%. Condensate ratios are particularly encouraging, ranging from 40 to 90 Bbls/MMcf with the pad average outperforming the Elmworth historical result of 60 Bbls/MMcf by 15%. In Elmworth, 3 additional wells have now reached their one year production milestone. Over the first year of production these three wells have outperformed the historical Elmworth production average by 20%, and at a condensate to gas ratio that is 18% higher than average. Production performance of this kind leads to continuing improvements in capital efficiency. With the further benefit of base production declines which are moderating, our confidence is high in being able to manage production during these capital constrained times.

Elmworth Milestone Table

	Average Hz. Length	Proppant Intensity	Raw Gas	Condensate	Condensate Gas Ratio	Total	DCE Capital
	Meters	Tonne/Hz. Meter	MMcf/d	Bbls/d	Bbls/MMcf	Boe/d	$/Hz Meter
New IP30							
Elmworth 15-36 4-Well Pad (1)	3,986	1.8	7,637	511	68	1,792	$2,425
Elmworth Historical Avg.	2,083	1.4	8,214	503	60	1,784	$3,710
New IP360							
Elmworth 14-10 3-wells	2,982	1.6	5,127	298	58	1,064	$2,970
Elmworth Historical Avg.	2,089	1.3	4,331	210	49	890	$3,710

(1) The 15-36 Pad IP30 rates are particularly encouraging as they are restricted rates

The construction of the new Pipestone North compressor station facility, ultimately capable of production capacity of 25,000 Boe/d, and the associated Veresen Hythe gas plant expansion, are progressing on schedule and under budget. They are anticipated to be ready for production well in advance of the commencement of production from the first 12-well Pipestone North pad.

Focusing on the Balance Sheet

During May, in the midst of the uncertain COVID-19 environment, NuVista’s credit facility capacity was successfully redetermined at $475 million. In light of unusually low and volatile oil, condensate, and natural gas prices, NuVista is currently focused on maximizing liquidity and paying down debt. For the remaining six months of 2020, NuVista plans to incur minimal capital expenditures of approximately $15 to $25 million which is significantly less than our anticipated adjusted funds flow at strip pricing over the same time period. As a result, our net debt is expected to decrease by approximately $55 - $60 million from June 30, 2020 to the end of 2020. At June 30, 2020, NuVista had drawn $429 million on its credit facility. Additionally, NuVista has $220 million in senior unsecured notes that mature March 2, 2023, providing financial flexibility and certainty with a competitive fixed coupon and remaining 3 year term. NuVista’s debt to adjusted funds flow ratio (trailing 12 months) was 3.2x at the end of the second quarter. This is temporarily above our target of 1.5x, hence the focus upon significant debt reduction via free adjusted funds flow.

Significant Commodity Price Diversification and Risk Management

The onset of COVID-19 and the commodity price war of early 2020 have caused unprecedented reduction and volatility in the demand and prices for WTI oil, condensate, and natural gas. The worldwide and North American industry response has included massive cuts to capital programs, leading to significant destruction of future anticipated supply volumes. Worldwide production supply declines are expected to continue while demand recovers. As such, we anticipate that strip prices for WTI oil, condensate, and Nymex natural gas will continue to improve with time.

NuVista is fortunate that we are well hedged for 2020 in accordance with our normal practices. In aggregate, approximately 40% of forecast condensate & oil production is protected for the rest of 2020, utilizing swaps at a WTI floor price of C$76.12/Bbl and a further 30% has some protection by three way collars. Approximately 65% of forecast natural gas production is hedged for July to October 2020 at C$1.92/Mcf (hedged and exported volumes converted to an AECO equivalent price). All volume percentages refer to NuVista production net of royalty volumes. We note the positive revenue impact of the condensate & oil and natural gas hedges, both physical and financial, is approximately $29 million for the rest of the year using June 30, 2020 strip prices.

2020 Capital Guidance Unchanged From First Quarter, Production Guidance Reinstated

As planned, the 15 new wells which were drilled and brought onstream in the first quarter are expected to allow us to offset production declines and therefore achieve 2020 average production of approximately 50,000 Boe/d without any material capital spending through the remainder of this year.

In light of the current low and volatile oil price environment, NuVista continues to significantly limit capital spending. Maintaining liquidity and balance sheet strength is our top priority during these unprecedented times. Capital spending guidance for 2020 is unchanged from the first quarter, in the range of $165 - $175 million, including $15 - $25 million during the second half of 2020. Adjusted funds flow at current strip prices is expected in the range of $75 - $80 million for the second half of 2020, allowing free adjusted funds flow of $55 - $60 million to be directed towards the reduction of debt.

NuVista’s well and facility capability exceeded 60,000 Boe/d in the second quarter. The company restricted production to 50,922 Boe/d during the second quarter however, as a result of the excessively low pricing experienced during parts of the quarter. Indeed, current and future strip pricing has already recovered significantly. NuVista intends to curtail production to approximately 48,000 to 50,000 Boe/d for the third and fourth quarters of 2020, in order to maintain annual production at approximately 50,000 Boe/d in anticipation of commodity price strength which should exceed what we witnessed in the second quarter. We expect that all wells will be fully online on or near the end of the third quarter, at which point natural declines will continue, entering 2021 with a favorable and moderated base annual decline of approximately 30%. We anticipate providing guidance on our 2021 plans this fall.

NuVista’s COVID-19 business continuity plan is in place and is operating very well. All staff have work-from-home technology capability, and a backup plan is in place to ensure minimum crews for safe field and facility operations in the event the sickness escalates. We have begun returning staff to the office as part of this plan in accordance with Alberta Health guidelines, and we expect to reach approximately 85% office attendance by mid August.

NuVista has top quality assets and a management team focused on relentless improvement. We have the necessary foundation and liquidity to continue to weather this storm and add significant value as commodity prices recover. We will continue to adjust to this environment in order to maximize the value of our asset base and ensure the long term sustainability of our business. 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 August 5, 2020. NuVista’s financial statements, and management’s discussion and analysis (“MD&A”) for the quarter ended June 30, 2020, will be filed on SEDAR (www.sedar.com) under NuVista Energy Ltd. on August 4, 2020 and can also be accessed on NuVista’s website.

Corporate Highlights

	Three months ended June 30			Six months ended June
($ thousands, except per share and $/Boe)	2020	2019	% Change	2020	2019
FINANCIAL					
Petroleum and natural gas revenues	67,399	143,948	(53)	194,552	283,436
Adjusted funds flow (1) (2)	15,115	64,318	(76)	65,983	135,972
Per share - basic	0.07	0.29	(76)	0.29	0.60
Per share - diluted	0.07	0.29	(76)	0.29	0.60
Net earnings (loss)	(80,422)	9,301	(965)	(869,169)	(26,626
Per share - basic	(0.36)	0.04	(1,000)	(3.85)	(0.12
Per share - diluted	(0.36)	0.04	(1,000)	(3.85)	(0.12
Total assets				1,503,825	2,251,326
Capital expenditures (2)	20,765	89,192	(77)	149,497	185,769
Net debt (1) (2)				656,889	574,550
End of period basic common shares outstanding				225,716	225,473

OPERATING					
Daily Production					
Natural gas (MMcf/d)	187.1	180.6	4	188.0	170.0
Condensate & oil (Bbls/d)	14,231	14,951	(5)	14,783	13,858
NGLs (Bbls/d)	5,504	5,342	3	5,391	4,947
Total (Boe/d)	50,922	50,391	1	51,501	47,133
Condensate, oil & NGLs weighting	39%	40 %		39 %	40
Condensate & oil weighting	28%	30 %		29 %	29
Average selling prices (4)					
Natural gas ($/Mcf)	1.98	2.39	(17)	2.21	3.11
Condensate & oil ($/Bbl)	22.46	73.29	(69)	40.67	68.98
NGLs ($/Bbl) (3)	9.31	10.13	(8)	9.68	16.59
Netbacks ($/Boe)					
Petroleum and natural gas revenues	14.54	31.39	(54)	20.76	33.22
Realized gain on financial derivatives	5.84	0.36	—	4.32	0.51
Royalties	(0.11)	(1.32)	(92)	(1.07)	(1.24
Transportation expenses	(4.35)	(4.52)	(4)	(4.25)	(4.53
Operating expenses	(9.66)	(9.49)	2	(9.92)	(9.41
Operating netback (2)	6.26	16.42	(62)	9.84	18.55
Corporate netback (2)	3.27	14.01	(77)	7.04	15.93
SHARE TRADING STATISTICS					
High	1.25	5.19	(76)	3.36	5.19
Low	0.42	2.46	(83)	0.24	2.46
Close	0.76	2.61	(71)	0.76	2.61
Average daily volume ('000s)	3,401	966	252	2,490	1,068

(1) Refer to Note 14 "Capital management" in NuVista's financial statements and to the sections entitled "Adjusted funds flow" and "Liquidity and capital resources" contained in NuVista's MD&A (as defined herein).
(2) Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Reference should be made to the section entitled "Non-GAAP measurements".
(3) Natural gas liquids ("NGLs") include butane, propane and ethane and an immaterial amount of sulphur revenue.
(4) Product prices exclude realized gains/losses on financial derivatives.

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 (“Mcfe”) 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.

Advisory regarding forward-looking information and statements

This press 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 press release contains forward looking statements, including management's assessment of: NuVista’s future focus, strategy, plans, opportunities and operations; our plans to ensure liquidity and balance sheet protection, our expectations that we will generate significant free adjusted funds flow towards debt reduction for the remainder of 2020 at current strip prices, our production profile, future well production performance expectations regarding continuing improvements in capital efficiencies, the timing of and cost to complete the Pipestone North compressor station facility and the expected capacity of the facility, the effect of our financial, commodity, and natural gas risk management strategy and market diversification; 2020 guidance with respect to production, capital spending, adjusted funds flow and free adjusted funds flow, plans to use free funds flow to reduce debt, our COVID-19 business continuity plan, our 2020 drilling and infrastructure plans; the quality of our assets, targeted net debt to annualized current quarter adjusted funds flow, and industry conditions and commodity prices. 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 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 press 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 press release, references are made to terms commonly used in the oil and natural gas industry. Management uses "adjusted funds flow", "adjusted funds flow per share", "operating netback", "corporate netback", "capital expenditures", "free adjusted funds flow" and "net debt" 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 measures" in our MD&A. Free adjusted funds flow is forecast adjusted funds flow less capital expenditures required to maintain production.

FOR FURTHER INFORMATION CONTACT:

Jonathan A. Wright	Ross L. Andreachuk	Mike J. Lawford
President and CEO	VP, Finance and CFO	Chief Operating Officer
(403) 538-8501	(403) 538-8539	(403) 538-1936

Dieser Artikel stammt von Rohstoff-Welt.de
Die URL für diesen Artikel lautet:
https://www.rohstoff-welt.de/news/358161--NuVista-Energy-Ltd.-Provides-Second-Quarter-Operating-Results-and-Reinstates-2020-Production-Guidance.html

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 Datenschutzrichtlinen.