Petrus Resources Announces Third Quarter 2020 Financial & Operating Results

12.11.2020 | GlobeNewswire

CALGARY, Nov. 12, 2020 - Petrus Resources Ltd. (“Petrus” or the “Company”) (TSX: PRQ) is pleased to report financial and operating results as at and for the three and nine months ended September 30, 2020. Petrus is focused on the profitable development of its Ferrier Cardium asset to generate free cash flow for debt repayment.

In the third quarter of 2020 Canadian natural gas forward prices experienced significant gains. The improved pricing in conjunction with Petrus' 70% natural gas weighting have contributed to a materially improved revenue outlook for Petrus for the remainder of 2020 and into 2021. Petrus' realized natural gas price was $2.51/mcf in the third quarter of 2020 compared to $1.12/mcf in the third quarter of 2019. Management continues to utilize financial derivative contracts to protect revenue streams to support planned debt repayments.

Combined with an improved revenue outlook, the efforts Petrus has made to decrease both operating and general and administrative costs have generated increased free cash flow available for debt repayment. The Company reduced net debt(1) levels by $3.9 million in the third quarter; over the last two quarters Petrus has repaid $9.3 million in total net debt. Over the past two quarters, debt reduction has exceeded the bank's required repayment targets by 70%.

Third quarter production was supported by increased volumes from the two Cardium wells drilled in the first quarter of the year. These wells were intentionally restricted late in the first quarter due to depressed commodity prices but were returned to higher production rates in July. Third quarter production was 6,463 boe/d compared to 6,291 boe/d in the second quarter of 2020. Third quarter production volumes were impacted by the scheduled 2.5 day turnaround at the Ferrier 2-25 gas plant in late September as well as turnaround work at a partner operated facility in the Foothills area; management estimates the impact on third quarter volumes to be approximately 170 boe/ d.

HIGHLIGHTS:

- Debt repayment - Reduced net debt by $3.9 million during the quarter. Net debt repayment totals $31 million since the start of 2018.
- Strong funds flow - Generated funds flow(1) of $7.6 million ($0.15 per share) for the third quarter of 2020 with net capital expenditures of $2.5 million.
- Improving natural gas pricing - November 2020 to October 2021 AECO forward strip price increased 33% from June 30, 2020 to October 30, 2020 - $2.19/GJ to $2.91/GJ (Source: CIBC Energy Update).
- Credit facility - The Company completed the fall borrowing base review subsequent to quarter end with terms consistent to the 2020 annual review.
- Low operating costs - Operating expense for the three months ended September 30, 2020 was $4.05/boe. This is one of the lowest since inception and Petrus' management believes its operating expense is consistently among the best in its peer group. The Company continues to focus on optimizing its cost structure, particularly in the Ferrier area, through facility ownership and control.
- Commodity price risk mitigation - Petrus utilizes financial derivative contracts to mitigate commodity price risk and provide stability and sustainability to funds flow. Petrus achieved a gain of $2.20/boe in the third quarter as a result of these contracts.

CREDIT FACILITY
Subsequent to the end of the third quarter, the Company completed its fall borrowing base review of the Revolving Credit Facility (“RCF”). At the end of the third quarter of 2020, the Company was drawn $80.3 million against the RCF. Petrus has continued to exceed mandated debt repayment targets of $2.75 million per quarter as required under the terms of the RCF. The RCF maturity date is May 31, 2021. Petrus' management believes it has adequate liquidity to execute the Company's business plan over the coming year. The Company continues its efforts to divest certain non-core assets and evaluate other sources

of capital to improve its balance sheet. Reduction of debt remains the Company's top priority. Since December 31, 2015 Petrus has repaid 49% or $110 million of its net debt(1).

Q4 2020 OUTLOOK
Petrus intends to remain flexible to adjust quarterly capital spending as the year progresses. The Company did resume drilling activity late in the third quarter as management accelerated a planned fourth quarter drilling operation to take advantage of favorable fall weather conditions. The completion and tie in of this well will comprise the majority of the $2.5 million in capital spending planned for the remainder of the year. With the high level of control afforded by operated assets and ownership of key infrastructure, the Company can adjust liquids content in the natural gas stream to maximize profitability of all products as well as adjust production rates quickly to respond to changing market conditions.

OPERATIONS UPDATE
Third quarter average production by area was as follows:

For the three months ended September 30, 2020	Ferrier	Foothills	Central Alberta	Total
Natural gas (mcf/d)	20,028	1,251	5,194	26,473
Oil (bbl/d)	717	100	245	1,062
NGLs (bbl/d)	839	5	145	989
Total (boe/d)	4,894	313	1,256	6,463

Third quarter production averaged 6,463 boe/d compared to 6,291 boe/d in the second quarter of 2020. The increase is due to additional volumes from the two Cardium wells drilled in the first quarter of the year. These wells were intentionally restricted late in the first quarter due to depressed commodity prices but were returned to higher production rates in July. Third quarter production volumes were impacted by the scheduled 2.5 day turnaround at the Ferrier 2-25 gas plant in late September as well as turnaround work at a partner operated facility in the Foothills area; management estimates the impact on third quarter volumes to be approximately 170 boe/d.

Petrus' ownership and control of critical processing facilities enables the Company to respond and continually optimize its production revenue streams. To improve operating netback, during 2019, Petrus ceased sending certain natural gas for additional third party deepcut processing to extract additional NGLs. This resulted in lower NGL production volume, however, the heating value of natural gas sales increased and processing fees decreased. Petrus continues to monitor NGL market pricing and is able to modify its operations accordingly.

The Company did resume drilling activity late in the third quarter as management accelerated a planned fourth quarter drilling operation to take advantage of favorable fall weather conditions. The completion and tie in of this well will comprise the majority of the $2.5 million in capital spending planned for the remainder of the year. With the high level of control afforded by operated assets and ownership of key infrastructure, the Company can adjust liquids content in the natural gas stream to maximize profitability of all products as well as adjust production rates quickly to respond to changing market conditions. With current pricing, new wells drilled in Petrus' core area of Ferrier can deliver payouts in under one year.

Petrus received support benefits from the Canada Emergency Wage Subsidy program and has made successful applications for grants under the Alberta Site Rehabilitation Program. The Company will continue to pursue programs announced by the Federal and Provincial Governments to support Canadian businesses, and the oil and gas industry specifically through the COVID-19 pandemic.

(1) Refer to "Non-GAAP Financial Measures" .
(2) Refer to "Advisories - Forward-Looking Statements".

SELECTED FINANCIAL INFORMATION

OPERATIONS	Three months ended Sept. 30, 2020	Three months ended Sept. 30, 2019	Three months ended Jun. 30, 2020	Three mo Mar. 31,
Average Production				
Natural gas (mcf/d)	26,181	30,998	27,630	30,604
Oil (bbl/d)	1,103	1,247	867	1,134
NGLs (bbl/d)	997	1,372	819	1,088
Total (boe/d)	6,463	7,785	6,291	7,323
Total (boe)	594,599	716,220	572,440	666,361
Light oil weighting	17 %	16 %	14 %	15
Realized Prices				
Natural gas ($/mcf)	2.51	1.12	2.35	2.40
Oil ($/bbl)	46.46	65.64	27.18	50.02
NGLs ($/bbl)	22.05	11.49	12.87	23.19
Total realized price ($/boe)	21.48	16.99	15.73	21.23
Royalty revenue	0.12	0.48	0.06	0.30
Royalty expense	(2.09)	(1.65)	(1.51)	(2.85
Net oil and natural gas revenue ($/boe)	19.51	15.82	14.28	18.68
Operating expense	(4.05)	(4.44)	(4.44)	(4.55
Transportation expense	(1.63)	(1.25)	(1.40)	(1.05
Operating netback[1] ($/boe)	13.83	10.13	8.44	13.08
Realized gain (loss) on derivatives ($/boe)	2.20	0.50	6.39	1.76
Other income	0.04	0.03	0.17	0.07
General & administrative expense	(1.07)	(1.08)	(1.43)	(1.35
Cash finance expense	(2.16)	(3.11)	(3.20)	(3.13
Decommissioning expenditures	(0.13)	(0.29)	(0.15)	(0.56
Funds flow & corporate netback[1][2] ($/boe)	12.71	6.18	10.22	9.87

FINANCIAL (000s except $ per share)	Three months ended Sept. 30, 2020	Three months ended Sept. 30, 2019	Three months ended Jun. 30, 2020	Three months Mar. 31, 2020
Oil and natural gas revenue	12,840	12,517	9,041	14,344
Net loss	(3,678)	(29,569)	(6,281)	(87,444
Net loss per share				
Basic	(0.07)	(0.60)	(0.13)	(1.77
Fully diluted	(0.07)	(0.60)	(0.13)	(1.77
Funds flow	7,551	4,427	5,855	6,566
Funds flow per share				
Basic	0.15	0.09	0.12	0.13
Fully diluted	0.15	0.09	0.12	0.13
Capital expenditures	2,543	2,734	305	8,655
Net dispositions	—	651	—	—
Weighted average shares outstanding				
Basic	49,469	49,469	49,469	49,469
Fully diluted	49,469	49,469	49,469	49,469
As at period end				
Common shares outstanding				
Basic	49,469	49,469	49,469	49,469
Fully diluted	49,469	49,469	49,469	49,469
Total assets	179,895	296,367	184,532	193,679
Non-current liabilities	44,471	82,650	43,017	38,533

Net debt[1]	116,717	128,553	120,570	125,974

[1]Refer to "Non-GAAP Financial Measures".
[2]Corporate netback is equal to funds flow which is a directly comparable GAAP measure. Petrus analyzes these measures on an absolute value and per unit basis.

NON-GAAP FINANCIAL MEASURES
This press release makes reference to the terms "operating netback", "corporate netback" and "net debt". These indicators are not recognized measures under GAAP (IFRS) and do not have a standardized meaning prescribed by GAAP (IFRS). Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. Management uses these terms for the reasons set forth below.

Operating Netback
Operating netback is a common non-GAAP financial measure used in the oil and natural gas industry which is a useful supplemental measure to evaluate the specific operating performance by product at the oil and natural gas lease level. The most directly comparable GAAP measure to operating netback is funds flow. Operating netback is calculated as oil and natural gas revenue less royalties, operating and transportation expenses. It is presented on an absolute value and per unit basis.

Funds Flow and Corporate Netback
Corporate netback is a common non-GAAP financial measure used in the oil and natural gas industry which evaluates the Company’s profitability at the corporate level. Corporate netback is equal to funds flow which is a directly comparable GAAP measure. Petrus analyzes these measures on an absolute value and per unit basis. Management believes that funds flow and corporate netback provide information to assist a reader in understanding the Company's profitability relative to current commodity prices. It is calculated, in the following table, as the operating netback less general and administrative expense, finance expense, decommissioning expenditures, plus other income and the net realized gain (loss) on financial derivatives.

Net Debt
Net debt is a non-GAAP financial measure and is calculated as current assets (excluding unrealized financial derivative assets) less current liabilities (excluding unrealized financial derivative liabilities, right-of-use lease obligations, and deferred share unit liabilities) and long term debt. Petrus uses net debt as a key indicator of its leverage and strength of its balance sheet. There is no GAAP measure that is reasonably comparable to net debt.

ADVISORIES
Basis of Presentation
Financial data presented above has largely been derived from the Company’s financial statements, prepared in accordance with GAAP which require publicly accountable enterprises to prepare their financial statements using IFRS. Accounting policies adopted by the Company are set out in the notes to the consolidated financial statements as at and for the twelve months ended December 31, 2019. The reporting and the measurement currency is the Canadian dollar. All financial information is expressed in Canadian dollars, unless otherwise stated.

Forward-Looking Statements
In particular, forward-looking statements included in this MD&A include, but are not limited to, statements with respect to: revenue outlook for Petrus for the remainder of 2020 and into 2021; Petrus having adequate liquidity to execute the Company's business plan over the coming year; the Company continuing its efforts to divest certain non-core assets and evaluate other sources of capital to improve its balance sheet; capital spending planned for the remainder of 2020; the Company's ability to adjust liquids content in the natural gas stream to maximize profitability of all products as well as adjust production rates quickly to respond to changing market conditions; planned debt repayments; the Company's continued pursuit programs announced by the Federal and Provincial Governments; the Company's ability to modify its operations; expectations regarding the adequacy of Petrus' liquidity and the funding of its financial liabilities; the impact of the current economic environment on Petrus; the performance characteristics of the Company's crude oil, NGL and natural gas properties; future prospects; the focus of and timing of capital expenditures; access to debt and equity markets; Petrus' future operating and financial results; capital investment programs; supply and demand for crude oil, NGL and natural gas; future royalty rates; drilling, development and completion plans and the results therefrom; and treatment under governmental regulatory regimes and tax laws.

In addition, statements relating to “reserves” are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

This MD&A contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Petrus' prospective results of operations including, without limitation, its revenue outlook for Petrus for the remainder of 2020 and into 2021, liquidity to execute the Company's business plan over the coming year and ability to repay debt, which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. 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 FOFI. Petrus' actual results, performance or achievement could differ materially from those expressed in, or implied by, these FOFI, or if any of them do so, what benefits Petrus will derive therefrom. Petrus has included the FOFI in order to provide readers with a more complete perspective on Petrus' future operations and such information may not be appropriate for other purposes.

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

BOE Presentation
The oil and natural gas industry commonly expresses production volumes and reserves on a barrel of oil equivalent (“boe”) basis whereby natural gas volumes are converted at the ratio of six thousand cubic feet to one barrel of oil. The intention is to sum oil and natural gas measurement units into one basis for improved measurement of results and comparisons with other industry participants. Petrus uses the 6:1 boe measure which is the approximate energy equivalence of the two commodities at the burner tip. Boe’s do not represent an economic value equivalence at the wellhead and therefore may be a misleading measure if used in isolation.

Abbreviations	
$000’s	*thousand dollars*
$/bbl	*dollars per barrel*
$/boe	*dollars per barrel of oil equivalent*
$/GJ	*dollars per gigajoule*
$/mcf	*dollars per thousand cubic feet*
bbl	*barrel*
bbl/d	*barrels per day*
boe	*barrel of oil equivalent*
mboe	*barrel of oil equivalent*
mmboe	*thousand barrel of oil equivalent*
boe/d	*million barrel of oil equivalent per day*
GJ	*gigajoule*
GJ/d	*gigajoules per day*
mcf	*thousand cubic feet*
mcf/d	*thousand cubic feet per day*
mmcf/d	*million cubic feet per day*
NGLs	*natural gas liquids*
WTI	*West Texas Intermediate*

For further information, please contact:
Neil Korchinski, P.Eng.
President and Chief Executive Officer
T: 403-930-0889
E: nkorchinski@petrusresources.com

Dieser Artikel stammt von Rohstoff-Welt.de
Die URL für diesen Artikel lautet:
https://www.rohstoff-welt.de/news/366770--Petrus-Resources-Announces-Third-Quarter-2020-Financial-und-Operating-Results.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.