

# U.S. Energy Corp. Provides Preliminary Fourth Quarter and Full Year 2020 Operating Results and 2020 Year End Proved Reserves

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HOUSTON, March 02, 2021 - [U.S. Energy Corp.](#) (NASDAQCM: USEG) ("U.S. Energy" or the "Company") today announced operational results for the year and fourth quarter ended December 31, 2020. In addition, the Company announced its estimated proved reserves as of December 31, 2020.

## Highlights

- 4Q2020 production of 25,397 BOE, or average daily production of 276 BOEPD;
- Full year 2020 production of 79,816 BOE, or average daily production of 218 BOEPD;
- Proved Reserves of 1,255,236 BOE at December 31, 2020;
- 2020 Year End Proved Reserves pre-tax PV-10 of \$15.9 million at strip pricing on February 22, 2021;
- 2020 Year End Proved Reserves pre-tax PV-10 of \$8.7 million at SEC pricing;
- Cash and cash equivalents of \$7.6 million at 3/1/2021;

## Management Comment

"2020 was a transformational year for U.S. Energy and has positioned the Company to continue to execute its strategy of opportunistic growth and financial discipline," said Ryan Smith, Chief Executive Officer of U.S. Energy, who continued, "Through our multiple operated acquisitions financed primarily with common stock, the advantageous removal of the Company's burdensome preferred stock, and the significant reduction in corporate G&A and overhead expenses, U.S. Energy has unquestionably improved its asset base and strengthened its balance sheet as we begin 2021. The results of these efforts have begun to emerge as seen in the Company's fourth quarter production, an 89% increase when compared to the third quarter. The significant increase is due to both the successful implementation of the Company's newly acquired operated assets as well as non-operated wells continuing to be brought back to production. In a historically challenging industry environment, U.S. Energy increased its year end 2020 total proved reserve volumes by approximately 49% which is a direct result of the acquisitions made during 2020. As we progress into 2021, U.S. Energy remains committed and focused on growing shareholder value through a combination of strategic production growth and continued capital discipline."

## Fourth Quarter 2020 Production

During the fourth quarter of 2020, U.S. Energy increased production to 25,397 BOE (71% oil), an average of approximately 276 BOEPD. This represents an increase of 89% compared to the third quarter of 2020. The significant increase in production is a result of the successful implementation of operated assets acquired during 2020 as well as the Company's non-operated wells continuing to be brought back online.

During 2020, the Company produced 79,816 BOE (75% oil), an average of approximately 218 BOEPD.

	Full Year 2020	4th Quarter 2020	3rd Quarter 2020
Sales Volume (Total)			
Oil (Bbls)	60,469	18,101	10,354
Gas (Mcf)	116,081	43,776	18,591
Sales volumes (Boe)	79,816	25,397	13,453
Average Daily Production (Boe/d)	218	276	146

## Average Sales Prices

Oil (Bbl)	\$ 35.18	\$ 39.16	\$ 34.96
Gas (Mcf)	\$ 1.75	\$ 2.31	\$ 2.10
Barrel of Oil Equivalent	\$ 29.19	\$ 31.90	\$ 29.81

## 2020 Year End Reserves

As of December 31, 2020 and using strip prices as of February 22, 2021, U.S. Energy had total proved reserves of approximately 1,480,665 BOE, an approximate 49% increase year over year. The total proved reserves had a pre-tax PV10% value of \$15.9 million when using strip pricing on February 22, 2021, further adjusted for historical differentials, of \$47.46/bbl of oil and \$3.16/mcf of gas.

As of December 31, 2020 and using SEC pricing, U.S. Energy had total proved reserves of approximately 1,255,236 Boe, an approximate 26% increase year over year. The total proved reserves had a pre-tax PV10% value of \$8.7 million when using 2020 SEC pricing of \$39.57/bbl of oil and \$1.99/mcf of gas. Approximately 92% of total proved reserves are proved developed producing reserves ("PDP"). U.S. Energy operates approximately 40% of its total proved reserve base.

	As of 12/31/2020 - Strip Pricing <sup>(1)</sup>	As of 12/31/2020 - SEC Pricing <sup>(2)</sup>
Proved Developed Oil Reserves (Bbls)	1,028,460	1,028,460
Proved Developed Non-Producing Oil Reserves (Bbls)	117,920	117,920
Total Proved Oil Reserves (Bbls)	1,146,380	1,146,380
Proved Developed Gas Reserves (Mcf)	2,005,710	2,005,710
Proved Developed Non-Producing Gas Reserves (Mcf)	-	-
Total Proved Gas Reserves (Mcf)	2,005,710	2,005,710
Total Proved Reserves (Boe)	1,480,665	1,255,236
Present Value of Estimated Future Net Revenues Before Income Taxes, Discounted at 10% (000's)	\$ 15,845	\$ 8,700

(1) Strip pricing at February 22, 2021 of \$47.46/bbl of oil and \$3.16/mcf of gas which includes adjustments for differentials.

(2) SEC pricing of \$39.57/bbl of oil and \$1.99/mcf of gas.

(3) SEC pricing of \$55.69/bbl of oil and \$2.58/mcf of gas.

## Fourth Quarter 2020 Transaction Highlights

On December 31, 2020, U.S. Energy entered into and closed an Exchange Agreement with the holder of its existing Series A Convertible Preferred Stock, which had a liquidation preference of approximately \$3.5mm at September 30, 2020, and accrued quarterly dividends of 12.25% per annum. Pursuant to the Exchange Agreement, the Preferred Stock was redeemed in exchange for \$2.0 million in cash and 328,000 shares of U.S. Energy common stock. As a result of the Exchange Agreement, the Company no longer has any Series A Convertible Preferred Stock issued or outstanding and the Investor Rights Agreement by and between U.S. Energy and the holder of the Preferred Stock has been terminated.

On December 1, 2020, U.S. Energy closed a previously announced transaction to acquire operated producing assets located in Liberty County, TX in an all-stock transaction. The assets had total estimated proved developed reserves of approximately 242,300 barrels of oil, comprised entirely of proved developed producing and proved developed non-producing reserves. The properties are operated with a 100% working interest and 86% net revenue interest.

## About U.S. Energy Corp.

We are an independent energy company focused on the acquisition and development of oil and gas producing properties in the United States. Our business is currently focused on targeting mature, low decline assets with existing infrastructure that allows us to maximize our return on capital in a sustainable and

efficient manner. More information about U.S. Energy Corp. can be found at [www.usnrg.com](http://www.usnrg.com).

### Forward-Looking Statements

This press release may include "forward-looking statements" within the meaning of the securities laws. All statements other than statements of historical facts included herein may constitute forward-looking statements. Forward-looking statements in this document may include statements concerning the Company's expectations regarding the Company's operational, exploration and development plans; expectations regarding the nature and amount of the Company's reserves; and expectations regarding production, revenues, cash flows and recoveries. When used in this press release, the words "will," "potential," "believe," "estimate," "intend," "expect," "may," "should," "anticipate," "could," "plan," "predict," "project," "profile," "model," or their negatives, other similar expressions or the statements that include those words, are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, fluctuations in oil and natural gas prices, uncertainties inherent in estimating quantities of oil and natural gas reserves and projecting future rates of production and timing of development activities, competition, operating risks, acquisition risks, liquidity and capital requirements, the effects of governmental regulation, adverse changes in the market for the Company's oil and natural gas production, dependence upon third-party vendors, and other risks detailed in the Company's periodic report filings with the Securities and Exchange Commission.

Corporate Contact: [U.S. Energy Corp.](http://www.usnrg.com) Ryan Smith Chief Executive Officer (303) 993-3200 [www.usnrg.com](http://www.usnrg.com)

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