

NuVista Energy Ltd. Announces Positive First Quarter 2021 Financial and Operating Results

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CALGARY, May 11, 2021 - [NuVista Energy Ltd.](#) ("NuVista" or the "Company") (TSX:NVA) is pleased to announce financial and operating results for the three months ended March 31, 2021, and provide a number of updates which demonstrate continued successful advancement of our Pipestone and Wapiti Montney play development. This was a successful quarter for NuVista, with results that included the startup of the new Pipestone North compressor station facility ahead of schedule and below expected cost, the completion and startup of 16 new wells primarily in Pipestone North, and the delivery of production and cashflow results which were ahead of expectations.

All of the aforementioned actions have placed NuVista in the solid position of moving forward through to 2022 with strength and increasing momentum in the significantly improved commodity price environment.

During the quarter ended March 31, 2021, NuVista:

- Produced 45,850 Boe/d, above expectations, as the 16 newly completed wells began to come online ahead of schedule at the end of the quarter. An additional 6 wells were completed and tested subsequent to the quarter, for a total of 22 new wells;
- Achieved \$33.3 million of cash flow in the quarter (\$0.15/share), above expectations due to increased production and commodity pricing, offset partially by one time startup costs associated with our new Pipestone North Facilities;
- Executed a successful capital program of \$81 million, including 16 new wells completed and brought online ahead of schedule at an overall cost which was 20% under the 2020 average;
- Closed the previously announced sale of our non-core Charlie Lake and Cretaceous Unit assets in the Wembley area, as well as selected water infrastructure assets in the Wembley/Pipestone area, (the "Divestitures"), for total proceeds of \$94 million;
- Reduced net debt significantly, ending the quarter with credit facility drawings of \$299.7 million;
- Subsequent to the quarter, NuVista successfully completed the annual review of our borrowing base with lenders reaffirming the capacity at \$440 million, ensuring significant liquidity for our future plans; and
- Continued to significantly advance our progress and plans in environmental, social and governance items ("ESG").

Excellence in Operations and Cost Reductions

Pipestone

We are pleased to announce the successful commissioning and start-up of the Pipestone North infrastructure project on March 15, 2021 ahead of schedule. The project included construction of a compressor station capable in two stages of handling 100 MMcf/d of gas and 15,000 Boe/d of condensate, a 63 km trunk-line constructed by Veresen Midstream Ltd (VMLP), and an expansion of the VMLP Hythe gas processing plant. The first phase of the project is sized for 50 MMcf/d of gas, with the second stage of 50 MMcf/d expected to come online towards the end of 2021. The compressor station, owned and funded by VMLP, was designed and built by NuVista and was completed 15% below the original budget. This project marks the last significant infrastructure investment to underpin our 90,000 Boe/d growth profile.

This is the first new production for NuVista in the Pipestone North area since the acquisition in September 2018. A new pad of twelve horizontal wells has been completed, with testing and production ramp commencing approximately two months ago. Production in the Pipestone North area has grown from approximately 5,000 to 16,000 Boe/d with the new wells flowing through permanent facilities at restricted rates after flowing through temporary test equipment at much higher rates. This production includes approximately 40% condensate. We are very pleased to note these initial results across all four producing

benches from this pad in the Montney formation are meeting or exceeding expectations.

In Pipestone South, production has been relatively stable at approximately 6,700 Boe/d, with most of this area's production being processed at the Energy Transfer Canada Wapiti Gas Plant. A new six-well pad has just been drilled and completed and has reached its 10th day of testing with all wells exhibiting 12 MMcf/d of raw gas or greater per well, and with average condensate-gas-ratios of approximately 125 Bbl/MMcf. These excellent test rates confirm our Pipestone South budget expectations for flowrate once tied in at restricted rates through permanent facilities.

NuVista well costs in the Greater Pipestone area continue to set new records due to our ongoing technical and operational refinements. Average drilling and completion costs for these 18 wells were 23% and 18%, respectively, below our 2020 average on a horizontal length and sand tonnage normalized basis. Three more six-well pads will be drilled in the second half of 2021 at Pipestone, of which two are expected to be on production before year end.

Cycle time has improved dramatically with simple technology and operational methods as we move into more stable planning facilitated by a stronger base of commodity pricing. Our first pad at Pipestone South spanned 280 days from the time the first well began drilling until the time it reached first production. The latest pad achieved a 28% improvement down to 164 days while the next four pads in the area are expected to span only 100 days as we employ dual-pad-drilling rigs and simultaneous operations (Sim-Ops) based on similar successes on recent pads.

Wapiti

Base production at Wapiti has also been very stable at approximately 30,000 BOE/d. Production will be maintained with the addition of four wells at Bilbo which were completed and brought online in the first quarter. Looking forward in the greater Wapiti area, a 3-well pad will be drilled at Elsworth and brought on production in the third quarter in order to maintain production. With only \$60 million of planned 2021 capital spending in Wapiti, the annual free operating cashflow from this area net of capital spending is projected to be approximately \$130 million at strip prices*. We believe this is a solid demonstration of the exceptional economic power of our Montney condensate rich play.

* 2021 Full year pricing projection incorporating actual year to date pricing and May 5th strip pricing: WTI US\$62.74/Bbl, NYMEX US\$3.15/Mmbtu, AECO \$2.79/GJ, CAD:USD FX 1.239

Divestitures and Strengthening The Balance Sheet Further

NuVista remains focused upon debt reduction after the economic impact of the pandemic in 2020. As noted earlier, we used the proceeds from the Divestitures to reduce net debt and bank drawings despite the normal phasing of a heavier capital spend in the first quarter to capture the winter drilling season. NuVista's net debt was \$557 million as at March 31, 2021, and credit facility drawings were \$299.7 million, significantly expanding the liquidity available within the reaffirmed \$440 million credit facility. NuVista remains focused upon increasing cash flow as commodity prices continue to recover, and rapidly driving net debt towards our newly reduced long term target of less than 1x net debt to cash flow ratio.

Significant Commodity Price Diversification and Risk Management

Global oil prices continue to strengthen as advances in vaccine delivery are spurring expectations of increased demand while the supply outlook looks tight as a consequence of reduced global capital spending and OPEC production discipline. With natural gas storage levels reducing partially due to a significant increase in LNG shipments, improved and sustained strength in NYMEX gas pricing has been occurring and is expected to continue through 2021. Propane and butane are also experiencing improved pricing levels. As commodity prices have now returned to levels in excess of what we require to drive our near term strategic priorities, we have re-engaged our rolling hedge program to ensure attenuation of future price volatility.

Lately we have primarily been using a combination of swaps and three-way collars in order to provide downside protection while maintaining upside for price growth. We currently possess hedges which, in

aggregate, cover 53% of projected remaining 2021 liquids production at an average WTI floor price of C\$63.10/Bbl and an average ceiling of C\$69.49/Bbl. However, due to the nature of our rolling hedge program, our hedge volumes are higher for the first and second quarters of 2021, before falling considerably in the second half of the year to 33% of projected liquids production by the fourth quarter. Similarly, hedged price ceiling levels for the first two quarters are lower and rising relative to current pricing, while the hedged price ceiling for the fourth quarter of 2021 rises to WTI C\$78.18/Bbl, providing significantly more projected cash flow in the second half of 2021 as compared to the first half. We have hedged 39% of projected 2021 gas production (primarily summer season loaded) at an average floor and ceiling price of C\$2.06/Mcf and C\$2.41/Mcf, respectively (hedged and exported volumes converted to an AECO equivalent price) using a combination of swaps and collars.

For 2022, we have hedged 11% of projected liquids production at an average floor price of C\$63.20/Bbl using three-way collars. The average ceiling price is C\$78.09/Bbl. Gas production hedges for 2022 are not yet material in volume. All of the preceding percentage figures relate to production net of royalty volumes.

ESG Progress Continues

We continue to execute upon our stated GHG and methane emission reduction projects, including the continuing installation of central instrument air supply to replace methane use in pneumatic systems, in order to render our new Pipestone area pads zero routine methane emission sites. We are making solid progress on reducing fresh potable water usage as well as testing flowback water recycling. We have delivered well above provincial requirements in the retirement, abandonment, and reclamation of suspended wells and assets. We are also in the early stages of evaluation of the GHG and economic benefits of installing a co-generation facility at the NuVista Wembley Gas Plant. We look forward to providing a significant update on these and other items in our 2019-2020 ESG report which will be published this summer.

2021 Guidance Re-affirmed

As discussed above, NuVista is pleased to note that both condensate and natural gas future strip prices have increased significantly, resulting in a material increase to projected cash flows and decreasing debt levels. Our continuing efforts will be to focus on a disciplined capital program to maximize economic returns from our existing facilities and rapid debt repayment.

NuVista's capital spending for 2021 is unchanged with a range of \$230 - \$250 million. Full year 2021 production guidance is also re-affirmed at 50,000 - 52,000 Boe/d. We are now experiencing the benefits of the strategic investments we have made in prior years to construct pipeline interconnects among our facilities and those of nearby midstreamers, in order to maximize production through periods of downtime. The Energy Transfer Canada Wapiti and K3 Gas Plants are currently executing planned turnarounds which occur on approximately 5 year intervals. Without the ability to redirect production through pipeline interconnects to other nearby plants during outages, this would affect approximately 40% of NuVista's current production. However due to successful flow redirection during this period, the anticipated impact on second quarter volumes is limited to approximately 2,000 Boe/d. In addition to these planned outages, recent unplanned midstream downtime for repairs is expected to reduce Pipestone North second quarter volumes by approximately a further 2,000 Boe/d. Production for the second quarter of 2021 is now expected to be approximately 50,000 - 52,000 Boe/d. Notwithstanding the unplanned outages, we are pleased to note the annual guidance is unchanged due to well performance and project schedule outperformance to date.

The preceding spending level assumes that strip prices remain near current levels, and is expected to result in significant ongoing reduction of net debt as well as dramatic reduction in net debt to cash flow ratio. At strip prices, we anticipate exiting 2021 with a net debt to annualized fourth quarter cash flow ratio of approximately 1.5x, and our current outlook for cashflow in 2022 at strip prices is approximately 60% higher than 2021. We intend to continue our track record of carefully directing additional available cash flow towards a prudent balance of net debt reduction and production growth until our existing facilities are filled to maximum efficiency, and net debt to cash flow levels reach 1.0x or less. Capital spending will continue to be weighted heavily towards Pipestone, as our highest return area, with expected well payouts well below a year. NuVista retains the flexibility to revise capital spending from the second quarter onwards, should commodity prices increase or retreat significantly from the current positive trend.

NuVista has a solid business plan that maximizes free cash flow and the return of capital to shareholders

when our existing facilities are filled to capacity and maximum efficiency at flattened production levels of approximately 80,000 - 90,000 Boe/d. We are confident that the actions described above accelerate the Company towards that goal by as early as 2023, while still providing free cash flow and net debt reduction while growing through 2021-2023. With facilities filled, returns and netbacks are enhanced significantly due to efficiencies of scale, with overall cash costs which are expected to reduce by over 25%, or approximately \$6/Boe by 2023 as compared to the current quarter.

NuVista has top quality assets and a management team focused on value and relentless improvement. We have the necessary foundation and liquidity to add significant value as commodity prices continue to recover. We have set the table for returns-focused profitable growth to between 80,000 - 90,000 Boe/d with only half-cycle spending, since the required facility infrastructure is now in place. 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, including our outlook for 2022 and beyond, is being updated and will be available at www.nuvistaenergy.com on May 11, 2021. NuVista's financial statements, notes to the financial statements and management's discussion and analysis for the quarter ended March 31, 2021, will be filed on SEDAR (www.sedar.com) under [NuVista Energy Ltd.](#) on May 11, 2021 and can also be accessed on NuVista's website.

Financial and Operating Highlights

<i>(Cdn \$000s, except otherwise indicated)</i>	Three months ended March 31		
	2021	2020	% Change
FINANCIAL			
Petroleum and natural gas revenues	151,409	127,152	19
Adjusted funds flow ^{(1) (2)}	33,257	50,868	(35)
Per share - basic	0.15	0.23	(35)
Per share - diluted	0.14	0.23	(39)
Net earnings (loss)	15,389	(788,747)	102
Per share - basic	0.07	(3.50)	102
Per share - diluted	0.07	(3.50)	102
Total assets	2,136,550	1,575,696	36
Capital expenditures ⁽²⁾	80,948	128,732	(37)
Proceeds on property dispositions	93,578	-	-
Net debt ^{(1) (2)}	557,015	650,277	(14)
OPERATING			
Daily Production			
Natural gas (MMcf/d)	168.4	188.8	(11)
Condensate & oil (Bbls/d)	12,627	15,335	(18)
NGLs (Bbls/d)	5,155	5,278	(2)
Total (Boe/d)	45,854	52,080	(12)
Condensate, oil & NGLs weighting	39	% 40	%
Condensate & oil weighting	28	% 29	%
Average realized selling prices ⁽⁴⁾			
Natural gas (\$/Mcf)	3.79	2.45	55
Condensate & oil (\$/Bbl)	70.87	57.57	23
NGLs (\$/Bbl) ⁽³⁾	28.80	10.07	186
Netbacks (\$/Boe)			
Petroleum and natural gas revenues	36.68	26.83	37
Realized gain (loss) on financial derivatives	(5.11)	2.84	(280)
Royalties	(2.61)	(2.01)	30
Transportation expenses	(5.07)	(4.15)	22
Operating expenses	(11.11)	(10.17)	9
Operating netback ⁽²⁾	12.78	13.34	(4)
Corporate netback ⁽²⁾	8.06	10.73	(25)

SHARE TRADING STATISTICS

High (\$/share)	2.73	3.26	(16)
Low (\$/share)	0.89	0.24	271
Close (\$/share)	2.37	0.45	427
Average daily volume ('000s)	1,478	1,580	(6)
Common shares outstanding ('000s)	225,844	225,600	-

(1) Refer to Note 15 "Capital management" in NuVista's financial statements and to the sections entitled "Adjusted funds flow" and "Liquidity and capital resources" contained in this MD&A.

(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 "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.

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 news 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.

Basis of presentation

Unless otherwise noted, the financial data presented in this press release 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. 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.

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; that we will move forward through to 2022 with strength and increasing momentum; that we have significant liquidity for our future plans; the capacity of the Pipestone North infrastructure project and the expected timing to bring the second phase of the project online; our 90,000 BOE/d growth profile; Pipestone drilling and completion plans; future drilling cycle time at Pipestone; Wapiti drilling and completion plans; 2021 capital spending in Wapiti; the 2021 annual free cash flow from Wapiti at current strip prices; the economic power of our Montney condensate rich play; plans to rapidly reduce net debt to the long term target of less than 1x net debt to cash flow ratio; the effect of our financial, commodity, and natural gas risk management strategy and market diversification; ESG plans, targets and expected results from our ESG initiatives; our plans to continue to balance rapid debt repayment and increasing cash flow through prudent production growth with capital discipline; guidance with respect to 2021 capital spending amounts; 2021 full year and second quarter production guidance; the anticipated impact of the Energy Transfer Canada Wapiti and K3 Gas Plants planned turnarounds on second quarter production; ongoing plans to reduce net debt at

current strip prices; expectations with respect to year end net debt to cash flow ratio; plans to carefully direct additional available cash flow towards a prudent balance of debt reduction and production growth until our existing facilities are filled to maximum efficiency, and net debt to cash flow levels reach 1.0x or less; plans to weight capital spending towards Pipestone; expectations that Pipestone will continue to be our highest return area; expected well payouts at Pipestone; that we will have the flexibility to revise capital spending from the second quarter onwards; plans to maximize free cash flow and the return of capital to shareholders; future capacity of our facilities, that maximum efficiency will be achieved at flattened production levels of approximately 80,000 - 90,000 BOE/d and that this will be achieved as early as 2023; that we will generate free cash flow and debt reduction while growing through 2021-2023; that once existing facilities are filled; returns will be enhanced, corporate netbacks will grow and unit operating, transportation, and interest costs will be reduced by approximately \$6/Boe by 2023; the quality of our assets; our focus on value and relentless improvement; expectations that we have the necessary foundation and liquidity to add significant value if commodity prices continue to recover; our plans for returns-focused profitable growth to between 80,000 - 90,000 BOE/d with only half-cycle spending; our plans to 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.

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; that we will complete the announced dispositions on the terms and timing contemplated, 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

For ease of readability, in this press release, we have used the term "cash flow" instead of "adjusted funds flow".

Within the press release, references are made to terms commonly used in the oil and natural gas industry. Management uses "cash flow", "cash flow per share", "operating netback", "corporate netback", "capital expenditures", "free cash flow", "net debt", "net debt to cash flow ratio" and "net debt to annualized cash flow ratio" 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 cash flow is forecast cash 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

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