

# NuVista Energy Ltd. Announces Operational Update With Record Production and Significant Debt Reduction for the Fourth Quarter of 2021

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CALGARY, Jan. 10, 2022 - [NuVista Energy Ltd.](#) ("NuVista" or the "Company") (TSX: NVA) is pleased to announce a number of updates which demonstrate continued successful advancement of our Pipestone and Wapiti Montney play development.

## Fourth Quarter Production Record

We are very pleased to report that in the fourth quarter of 2021 NuVista achieved record production with the continued startup of new production from multi-well pads in Pipestone North and Elsworth, reaching a quarterly average of just over 60,000 Boe/d based on field estimates. This represents a production increase of 18% and 22% compared to the prior quarter and the fourth quarter of 2020, respectively, and is well above our fourth quarter guidance range of 56,000 - 58,000 Boe/d. Additionally, production for the fourth quarter consisted of approximately 35% condensate, 10% NGLs, and 55% natural gas.

Annual 2021 NuVista production averaged approximately 52,200 Boe/d, above the top of the annual guidance range of 51,000 - 52,000 Boe/d. The 2021 capital expenditure amount is not yet available in final form but is expected to be in line with the upper end of prior guidance of \$275 - \$285 million.

## Excellence in Operations

Operations continued precisely as planned in all operating areas in the fourth quarter. In the Wapiti area, production volumes remained flat versus the third quarter at approximately 27,000 Boe/d as we ramped up production from the latest 4-well pad at Elsworth in December. In Elsworth we recently finished drilling a 6-well pad and have commenced completion operations. This pad is expected to come on-stream in the first quarter of 2022. In early January we moved our Wapiti rig to the Gold Creek property to commence drilling on a 4-well pad, which is expected to be completed and brought on-stream prior to the end of the second quarter.

Activity levels in the Pipestone area remain high and the production ramp-up into the new facilities continues to go very well. Production for the quarter in Pipestone set a new record high of approximately 33,000 Boe/d, which is up 38% from the third quarter. Pad #6 (6-well pad), which was highlighted in our third quarter results as having exceptionally rapid payout, has now reached its IP90 milestone of 4.9 MMcf/d including approximately 60% condensate (190 Bbls/MMcf). Pad #7 (6-well pad), which is located to the southwest of Pad #6, has hit its IP60 milestone of 5.8 MMcf/d including approximately 60% condensate (180 Bbls/MMcf). With these highly favorable results, we have seen both pads achieve similar payouts.

Pipestone drilling and completion operations have continued through December. Pad #8 (6-well pad) was drilled and completed in the fourth quarter and will be brought on production in late January. Pad #9 (7-well pad) is anticipated to be finished drilling in January and it is expected to be completed and brought on production late in the first quarter. Pad #10 (7-well pad) and Pad #11 (4-well pad) will be drilled next and these wells are expected to be completed and brought on-stream prior to the end of the second quarter.

## Debt Reduction Exceeds Expectations

In the fourth quarter of 2021, NuVista reduced bank debt by \$68 million by continuing to direct all free cash flow towards the reduction of net debt. With the benefit of increased production and favorable pricing, this

exceeded our debt reduction expectations, ending the quarter with bank drawings of approximately \$197 million. This represents a bank debt reduction of \$169 million during the full year of 2021. NuVista's credit facility capacity was redetermined and maintained at \$440 million at the semi annual review in November. These results reaffirm our confidence that we are on track for reduction of net debt below our first targeted milestone of \$400 million prior to the middle of 2022.

#### 2022 Guidance Reaffirmed

NuVista is pleased to reaffirm all of our previously disclosed 2022 guidance. Our expectation for annual production is 65,000 to 68,000 Boe/d, which represents approximately 30% annual production growth. First quarter production is expected in the range of 60,000 - 62,000 Boe/d. Our corporate condensate mix is anticipated to gradually revert to the historical average of approximately 30% as flush production from our recent Pipestone pads abates and new pads come onstream at both Wapiti and Pipestone South. Capital expenditures for 2022 are reaffirmed in the range of \$290 to \$310 million with a steady three-rig drilling program.

#### New Addition to Board of Directors

We would like to announce that Ms. Kate Holzhauser has joined our Board of Directors. Ms. Holzhauser has extensive experience in the US and internationally in Operations and Engineering, primarily in the chemicals manufacturing business. This includes a significant focus on HSE and ESG matters. Her postings have included senior leadership positions at BP, INEOS, and ChevronPhillips. We are very pleased to welcome Ms. Holzhauser to NuVista.

NuVista has top quality assets and a management team focused upon relentless improvement. We are excited to continue pursuing our Montney growth plan, and we will adjust the annual pace of growth as needed to ensure balance sheet strength comes first, and that profitability and value growth per share is always maximized. 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](http://www.nuvistaenergy.com) on or before January 11, 2022.

#### *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.*

*Payout means the anticipated years of production from a well required to fully pay for the drilling, completion, equipping and tie-in of such well.*

#### *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.*

Free cash flow is forecast cash flow less forecast capital expenditures. For ease of readability, in this press release, we have used the term "cash flow" instead of "adjusted funds flow" as defined in our MD&A.

Production split for Boe /d amounts referenced in the press release are as follows:

Reference	Total Boe/d	% Natural Gas	% Condensate	% NGLs
Q4 2021 estimated production	60,000	55 %	35 %	10 %
Q4 2021 production guidance	56,000 - 58,000	62 %	30 %	8 %
2021 estimated annual production	52,200	59 %	31 %	10 %
2021 annual production guidance	51,000 - 52,000	60 %	30 %	10 %
Q4 2021 estimated Wapiti area production	27,000	63 %	29 %	8 %
Q4 2021 estimated Pipestone area production	33,000	50 %	39 %	11 %
Q1 2022 production guidance	60,000 - 62,000	60 %	32 %	8 %
2022 annual production guidance	65,000 - 68,000	62 %	30 %	8 %

#### 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 NuVista will move forward through to 2022 with strength and increasing momentum; expectations with respect to when certain well pads at Pipestone North, Pipestone South and Gold Creek will be drilled and or completed; expectations as to when production will be brought on stream; expectations with respect to 2021 total capital spending amounts and that such amounts will be in line with upper end of prior guidance; first quarter and full year 2022 production guidance and condensate mix; 2022 guidance with respect to capital spending, production mix and drilling plans; NuVista's plans to reduce net debt to below \$400 million prior to the middle of 2022; expected well payouts at Pipestone; the quality of NuVista's asset base; NuVista's focus on value and relentless improvement; the Company's plans to pursue a Montney growth plan; and NuVista's plans to adjust the annual pace of growth to ensure balance sheet strength and to maximize profitability and growth.

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 cash 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 debt 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.

This press release also contains future-oriented financial information and financial outlook information (collectively, "FOFI") about our prospective results of operations, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in 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 and forward-looking statements. Our actual results, performance or achievement could differ materially from those expressed in, or implied by, these FOFI and forward-looking statements, or if any of them do so, what benefits we will derive therefrom.

We have included the FOFI and forward-looking statements in this press release in order to provide readers with a more complete perspective on our prospective results of operations and such information may not be appropriate for other purposes. The FOFI and forward-looking statements and information contained in this press release are made as of the date hereof and we undertake no obligation to update publicly or revise any FOFI or forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

#### Non-GAAP measurements

Within the press release, references are made to terms commonly used in the oil and natural gas industry, but do not have any standardized meaning as prescribed by IFRS and therefore may not be comparable with the calculations of similar measures for other entities. Management believes that the presentation of these non-GAAP measures provide useful information to investors and shareholders as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis. Management uses "capital expenditures" to analyze performance.

Capital expenditures are equal to cash flow used in investing activities, excluding changes in non-cash working capital, other receivable and property dispositions. Any expenditures on the other receivable are being refunded to NuVista and are therefore included under current assets. NuVista considers capital expenditures to be a useful measure of cash flow used for capital reinvestment.

The following table provides a reconciliation between the non-GAAP measure of capital expenditures to the most directly comparable GAAP measure of cash flow used in investing activities for the below historical periods:

(\$ thousands)	Nine months ended September 30, 2021	Year Ended December 31, 2020
Cash flow used in investing activities	(133,638)	(201,425)
Changes in non-cash working capital	29,005	25,813
Other receivable	(4,233)	(4,830)
Property dispositions	(93,578)	-
Capital expenditures	(202,444)	(180,442)

#### FOR FURTHER INFORMATION CONTACT:

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