

Denbury Reports Third Quarter 2022 Financial and Operational Results

03.11.2022 | [Business Wire](#)

Cumulative CO₂ transport & storage agreements now total 20 MMTPA

[Denbury Inc.](#) (NYSE: DEN) ("Denbury" or the "Company") today provided its third quarter 2022 financial and operating results.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- Third quarter 2022 net cash flows provided by operating activities totaled \$156 million, and adjusted cash flows from operations⁽¹⁾, excluding working capital changes, totaled \$156 million.
- Generated \$47 million of free cash flow⁽¹⁾ during the third quarter and \$153 million year-to-date.
- Repurchased \$71 million of the Company's outstanding shares in the third quarter (total of \$100 million of shares repurchased in 2022).
- Delivered sales volumes of 47,109 barrels of oil equivalent per day ("BOE/d"), slightly above second quarter 2022 levels.
- Industrial-sourced CO₂ represented 41% of CO₂ utilized in Denbury's Enhanced Oil Recovery ("EOR") operations, equivalent to an average utilization of over 4 million metric tons per year ("mmtpa") of industrial CO₂.
- Progressed the development of the Company's Cedar Creek Anticline ("CCA") EOR project in Montana and North Dakota, with production response anticipated in the second half of 2023.

RECENT CCUS HIGHLIGHTS

- Signed a definitive agreement for the transportation and sequestration of CO₂ captured from Clean Hydrogen Works' planned "blue" ammonia facilities. Captured CO₂ volumes are expected to total up to 12 mmtpa for the two-phase development. The project is planned to be built in close proximity to the Company's existing CO₂ pipeline infrastructure near Donaldsonville, Louisiana, with Block 1 startup anticipated by the end of 2027.
- Executed a definitive agreement with Lake Charles Methanol to provide CO₂ transportation and sequestration in association with their planned "blue" methanol project near Lake Charles, Louisiana. Captured CO₂ volumes are projected to total approximately 1 mmtpa, and first operations are anticipated by the end of 2027.

A non-GAAP measure. See accompanying schedules that reconcile GAAP to non-GAAP measures along (1) with a statement indicating why the Company believes the non-GAAP measures provide useful information for investors.

EXECUTIVE COMMENT

Chris Kendall, the Company's President and CEO, commented, "Our great progress in both the EOR production and CCUS businesses advanced significant value creation at Denbury during the third quarter. Despite persistent supply chain challenges and inflationary pressures, our teams have continued to execute safely and efficiently across the Company. These efforts delivered better than expected production in the third quarter, setting us up for a strong exit to the year. This operational momentum, combined with continued progress at the CCA EOR development, sets a great foundation for our business for years into the future."

"I continue to believe Denbury provides the industry's premier CO₂ transportation and storage platform, which is demonstrated by the multiple new agreements we have recently signed. Our successes to date have significantly advanced our CCUS strategy and put us well past our CCUS goals for 2022. We intend to build a massive-scale CCUS business, leveraging our existing CO₂ pipeline system, targeted pipeline

expansions, and strategically-located sequestration sites along our network. In addition, the recently approved enhancements to the 45Q tax incentives available for carbon capture have significantly expanded the market opportunity for our Company. Denbury's combination of financial strength and its deep technical and operational capabilities positions the Company uniquely within the energy landscape, as we deliver the energy the world needs today while also decarbonizing the future."

THIRD QUARTER RESULTS

| (in thousands, except per-share and volume data) | 3Q 2022 | | YTD 2022 | |
|---|-----------|-------------------|-----------|-------------------|
| | Total | Per Diluted Share | Total | Per Diluted Share |
| Net Income | \$250,423 | \$4.66 | \$405,045 | \$7.43 |
| Adjusted net income ⁽¹⁾⁽²⁾ (non-GAAP) | 102,219 | 1.90 | 288,342 | 5.29 |
| Adjusted EBITDAX ⁽¹⁾ (non-GAAP) | 161,136 | | 446,387 | |
| Net cash flows from operations | 156,301 | | 396,409 | |
| Adjusted cash flows from operations ⁽¹⁾ (non-GAAP) | 155,824 | | 431,594 | |
| Oil & gas development capital expenditures | 99,331 | | 243,227 | |
| CCUS capital expenditures - storage sites and related | 8,200 | | 32,100 | |
| Average daily sales volumes (BOE/d) | 47,109 | | 46,866 | |
| Blue Oil (% oil volumes using industrial-sourced CO ₂) | 28% | | 27% | |
| Industrial-sourced CO ₂ injected (thousand metric tons) | 1,078 | | 3,202 | |
| Industrial-sourced CO ₂ injected (% of total CO ₂ used in EOR operations) | 41% | | 39% | |

A non-GAAP measure. See accompanying schedules that reconcile GAAP to non-GAAP measures along (1) with a statement indicating why the Company believes the non-GAAP measures provide useful information for investors.

(2) Calculated using weighted average diluted shares outstanding of 53.7 million and 54.5 million for the three and nine months ended September 30, 2022, respectively.

Total revenues and other income in the third quarter of 2022 were \$439 million, down from second quarter 2022 levels as a result of lower oil prices, offset by a slight increase in quarterly sales volumes. West Texas Intermediate ("NYMEX WTI") posted prices were down approximately 16% as compared to the second quarter 2022. Denbury's third quarter 2022 average pre-hedge realized oil price was \$92.77 per barrel ("Bbl"), which was \$0.82 per Bbl above the average NYMEX WTI oil price for the period. The Company's average oil price differential improved by \$0.73 per Bbl from the second quarter of 2022, driven by improved pricing in both the Company's Gulf Coast and Rocky Mountain regions.

Denbury's sales volumes averaged 47,109 BOE/d during the third quarter of 2022, slightly better than expectations and 548 BOE/d higher than second quarter 2022 levels. Oil represented 97% of the Company's third quarter 2022 volumes, and 28% of the Company's oil was attributable to the injection of industrial-sourced CO₂ in its EOR operations, resulting in carbon-negative or "blue" oil. Third quarter sales volumes in the Gulf Coast region were up nearly 2% from the second quarter 2022 as multiple projects added incremental production, including the Rodessa development at Soso. In the Rocky Mountain region, sales volumes were up slightly as compared to the second quarter 2022 driven primarily by continued positive CO₂ flood response at Grieve and development at Beaver Creek, partially offset by workover activities and downtime at CCA.

CO₂ sales and transportation revenue in the third quarter of 2022 was higher than in previous periods and better than expected primarily due to a short-term CO₂ sales agreement that is expected to continue through

a portion of the fourth quarter of 2022.

Lease operating expenses ("LOE") in the third quarter of 2022 totaled \$134 million, or \$31.03 per BOE, up from the second quarter of 2022 primarily as a result of service cost inflation, seasonally higher workover and preventative maintenance activity levels, and increased power and fuel costs which are driven heavily by natural gas pricing. Second quarter 2022 LOE included a nonrecurring benefit of approximately \$7 million as a result of a settlement of a 2013 insurance claim.

On a pre-hedge basis, per barrel operating margins (oil & natural gas revenues less LOE, production and ad valorem taxes, transportation and marketing expenses, and general & administrative and interest costs) were \$46.26 per BOE for the third quarter of 2022. General & administrative expenses were up from the second quarter of 2022 primarily due to higher employee costs and professional services, largely driven by continued expansion in CCUS business activity.

Commodity derivatives income in the third quarter of 2022 was \$109 million, comprised of a non-cash mark-to-market fair value gain of \$165 million offset by cash payments of \$56 million on hedges that settled in the quarter. The non-cash fair value gain primarily represented the expiration of hedge contracts during the third quarter of 2022, as well as a reduction in anticipated future cash hedge losses as forward oil pricing weakened during the quarter. Depletion, depreciation, and amortization was \$38 million, or \$8.69 per BOE for the quarter, up slightly from the second quarter of 2022.

The Company's third quarter 2022 effective income tax rate was approximately 14%, consistent with expectations and lower than the Company's 25% statutory rate due to a \$29 million valuation allowance release during the third quarter of 2022. Current taxes totaled \$4 million for the third quarter of 2022, or 10% of total income taxes.

CAPITAL EXPENDITURES

Third quarter 2022 capital expenditures, excluding capitalized interest, totaled \$108 million, with 92% related to oil & gas development and 8% related to CCUS business activities. The third quarter 2022 total was lower than expected as supply chain disruptions delayed some third quarter activities into the fourth quarter of the year. Capital expenditures at the CCA EOR project increased from the second quarter 2022 primarily as a result of the procurement and installation of compression and dehydration equipment associated with CO₂ recycle facilities for Phase 1 development. In addition, drilling and facility construction at the Company's Pennel CO₂ pilot, in advance of Phase 2 development of CCA, commenced during the third quarter. Non-CCA oil & gas development capital reflected continued focus on expansion of existing EOR assets, including Beaver Creek, Cranfield, Heidelberg and Soso field activities.

Third quarter 2022 CCUS capital expenditures were \$8 million and included lease acquisition costs associated with a planned CO₂ storage site near Donaldsonville, Louisiana (previously announced) and additional seismic and other costs to progress development of the Company's sequestration sites.

During the third quarter, the Company invested \$10 million into a "blue" ammonia project through an investment in Clean Hydrogen Works, the developer of the project proposed near Donaldsonville, Louisiana. This investment amount is outside of the Company's planned capital expenditure guidance and comparative actual amounts. Denbury has committed to invest another \$10 million when certain project milestones are achieved.

FINANCIAL POSITION AND SHARE REPURCHASES

Denbury ended the third quarter 2022 with \$724 million of financial liquidity (including cash on hand and borrowing capacity under the Company's bank credit facility) and only \$15 million borrowed on the Company's bank credit facility. The Company's bank credit facility commitments of \$750 million were recently reaffirmed by the bank facility group.

The Company repurchased \$71 million of its common stock during the third quarter 2022 for a total of \$100 million, or 1.6 million shares year-to-date. In August 2022, Denbury's Board of Directors authorized a \$100

million increase in the share repurchase program such that \$250 million is available for repurchase under the plan.

OUTLOOK

Capital expenditures for the fourth quarter 2022 are anticipated to be higher than in the third quarter driven by oil development activities, particularly at the CCA EOR project. The Company anticipates approximately \$135 million for total fourth quarter 2022 capital expenditures.

Fourth quarter 2022 sales volumes are expected in a range of 47,500 to 49,000 BOE/d, with the midpoint up nearly two and a half percent from the third quarter as a result of incremental production from multiple projects in the Company's 2022 capital program. These predicted fourth quarter 2022 sales volumes are slightly lower than original expectations due to timing associated with equipment and materials delays, which should benefit production in early 2023.

Additional guidance details are available in supplemental materials provided on the Company's website.

CONFERENCE CALL AND WEBCAST

Denbury management will host a conference call and webcast to review third quarter 2022 financial and operating results, today, Thursday, November 3, at 11:00 a.m. Central Time (12:00 p.m. Eastern Time). Additionally, Denbury will post supporting materials on its website before market open today. The webcast will be available, both live and for replay, on the Investor Relations page of the Company's website at www.denbury.com. Individuals who would like to participate in the conference call should dial the following numbers shortly before the scheduled start time: 844.200.6205 or 929.526.1599 with access code 931886.

ABOUT DENBURY

Denbury is an independent energy company with operations and assets focused on Carbon Capture, Use and Storage (CCUS) and Enhanced Oil Recovery (EOR) in the Gulf Coast and Rocky Mountain regions. For over two decades, the Company has maintained a unique strategic focus on utilizing CO₂ in its EOR operations and since 2012 has also been active in CCUS through the injection of captured industrial-sourced CO₂. The Company currently injects over four million tons of captured industrial-sourced CO₂ annually, with an objective to fully offset its Scope 1, 2, and 3 CO₂ emissions by 2030, primarily through increasing the amount of captured industrial-sourced CO₂ used in its operations. For more information about Denbury, visit www.denbury.com.

This press release and updated supporting materials, other than historical information, contains forward-looking statements that involve risks and uncertainties including: expectations as to future oil prices, operating costs, production levels and cash flows; anticipated levels of 2022 capital expenditures and production, along with other financial forecasts; the expected timing of first tertiary production at CCA; statements or predictions related to the ultimate economics of proposed carbon capture, use and storage arrangements and the CO₂ volumes covered by such arrangements; and other risks and uncertainties detailed in the Company's filings with the Securities and Exchange Commission, including Denbury's most recent report on Form 10-K. These risks and uncertainties are incorporated by this reference as though fully set forth herein. These statements are based on oil pricing, financial and market, engineering, geological and operating assumptions that management believes are reasonable based on currently available information; however, management's assumptions and the Company's future performance are both subject to a wide range of risks, and there is no assurance that these goals and projections can or will be met. Actual results may vary materially, especially in light of the Russian war against Ukraine, changes in European energy supplies, rising levels of economic uncertainty due to inflation, rising interest rates, and the continuing impact of COVID-19. In addition, any forward-looking statements represent the Company's estimates only as of today and should not be relied upon as representing its estimates as of any future date. Denbury assumes no obligation to update its forward-looking statements.

FINANCIAL AND STATISTICAL DATA TABLES AND RECONCILIATION SCHEDULES

The following tables include selected unaudited financial and operational information for the comparative

three and nine-month periods ended September 30, 2022 and 2021. All sales volumes and dollars are expressed on a net revenue interest basis with gas volumes converted to equivalent barrels at 6:1.

DENBURY INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

The following information is based on GAAP reporting earnings (along with additional required disclosures) included or in the Company's periodic reports:

| | Quarter Ended | | Nine Mo |
|---|---------------|------------|------------|
| | September 30, | | Septemb |
| In thousands, except per-share data | 2022 | 2021 | 2022 |
| Revenues and other income | | | |
| Oil sales | \$ 389,543 | \$ 305,093 | \$ 1,217,3 |
| Natural gas sales | 5,680 | 3,361 | 14,727 |
| CO ₂ sales and transportation fees | 18,586 | 12,237 | 44,618 |
| Oil marketing revenues | 17,663 | 12,593 | 47,725 |
| Other income | 8,015 | 10,451 | 9,055 |
| Total revenues and other income | 439,487 | 343,735 | 1,333,5 |
| Expenses | | | |
| Lease operating expenses | 134,464 | 116,536 | 376,64 |
| Transportation and marketing expenses | 5,191 | 5,985 | 14,638 |
| CO ₂ operating and discovery expenses | 2,066 | 1,963 | 6,564 |
| Taxes other than income | 33,789 | 24,154 | 101,48 |
| Oil marketing purchases | 19,095 | 11,940 | 47,162 |
| General and administrative expenses | 21,071 | 15,388 | 58,998 |
| Interest, net of amounts capitalized of \$1,044, \$1,249, \$3,177 and \$3,500, respectively | 909 | 669 | 3,092 |
| Depletion, depreciation, and amortization | 37,680 | 37,691 | 108,42 |
| Commodity derivatives expense (income) | (109,248) | 41,745 | 140,32 |
| Write-down of oil and natural gas properties | - | - | - |
| Other expenses | 2,726 | 4,553 | 11,459 |
| Total expenses | 147,743 | 260,624 | 868,79 |
| Income (loss) before income taxes | 291,744 | 83,111 | 464,70 |
| Income tax provision (benefit) | | | |
| Current income taxes | 4,012 | 350 | 6,363 |

| | | | |
|--|------------|-----------|-----------|
| Deferred income taxes | 37,309 | 53 | 53,301 |
| Net income (loss) | \$ 250,423 | \$ 82,708 | \$ 405,04 |
| Net income (loss) per common share | | | |
| Basic | \$ 4.89 | \$ 1.62 | \$ 7.86 |
| Diluted | \$ 4.66 | \$ 1.51 | \$ 7.43 |
| Weighted average common shares outstanding | | | |
| Basic | 51,182 | 51,094 | 51,512 |
| Diluted | 53,715 | 54,714 | 54,524 |

DENBURY INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

| In thousands | Quarter Ended | | Nine Months |
|--|-----------------------|-----------|-----------------------|
| | September 30, 2022 | 2021 | September 30, 2022 |
| Cash flows from operating activities | | | |
| Net income (loss) | \$ 250,423 | \$ 82,708 | \$ 405,045 |
| Adjustments to reconcile net income (loss) to cash flows from operating activities | | | |
| Depletion, depreciation, and amortization | 37,680 | 37,691 | 108,425 |
| Write-down of oil and natural gas properties | - | - | - |
| Deferred income taxes | 37,309 | 53 | 53,301 |
| Stock-based compensation | 4,416 | 2,556 | 11,491 |
| Commodity derivatives expense | (109,248) | 41,745 | 140,325 |
| Payment on settlements of commodity derivatives | (55,780) | (77,670) | (276,796) |
| Debt issuance costs | 531 | 685 | 2,465 |
| Gain on asset sales and other | (950) | (7,055) | (1,119) |
| Other, net | (8,557) | (3,163) | (11,543) |
| Changes in assets and liabilities, net of effects from acquisitions | | | |
| Accrued production receivable | 52,902 | (4,067) | (32,884) |
| Trade and other receivables | 11,849 | 3,769 | 66 |
| Other current and long-term assets | (9,554) | 6,043 | (21,729) |
| Accounts payable and accrued liabilities | (23,651) | 20,192 | 28,359 |
| Oil and natural gas production payable | (19,917) | 2,944 | 13,412 |

| | | | |
|---|-----------|-----------|------------|
| Asset retirement obligations and other liabilities | (11,152) | (2,412) | (22,409) |
| Net cash provided by operating activities | 156,301 | 104,019 | 396,409 |
| Cash flows from investing activities | | | |
| Oil and natural gas capital expenditures | (78,312) | (59,630) | (217,834) |
| CCUS storage sites and related capital expenditures | (9,760) | - | (27,518) |
| Acquisitions of oil and natural gas properties | (500) | (116) | (874) |
| Pipelines and plants capital expenditures | (1,995) | (14,272) | (22,259) |
| Net proceeds from sales of oil and natural gas properties and equipment | - | 597 | 237 |
| Investment in third-party CCUS projects | (10,000) | - | (10,000) |
| Other | (4,123) | 9,956 | (9,746) |
| Net cash used in investing activities | (104,690) | (63,465) | (287,994) |
| Cash flows from financing activities | | | |
| Bank repayments | (284,000) | (212,000) | (808,000) |
| Bank borrowings | 299,000 | 177,000 | 788,000 |
| Pipeline financing repayments | - | (17,166) | - |
| Common stock repurchase program | (76,654) | - | (100,028) |
| Other | 10,809 | 309 | 9,421 |
| Net cash used in financing activities | (50,845) | (51,857) | (110,607) |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | 766 | (11,303) | (2,192) |
| Cash, cash equivalents, and restricted cash at beginning of period | 47,386 | 59,765 | 50,344 |
| Cash, cash equivalents, and restricted cash at end of period | \$48,152 | \$48,462 | \$48,152 |

DENBURY INC.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

In thousands, except par value and share data

Sept. 30,

Assets

Current assets

| | |
|----------------------------------|---------|
| Cash and cash equivalents | \$ 519 |
| Accrued production receivable | 176,249 |
| Trade and other receivables, net | 19,035 |
| Derivative assets | 26,782 |
| Prepays | 27,060 |

| | |
|---|------------|
| Total current assets | 249,645 |
| Property and equipment | |
| Oil and natural gas properties (using full cost accounting) | |
| Proved properties | 1,325,8 |
| Unevaluated properties | 192,784 |
| CO ₂ properties | 187,690 |
| Pipelines | 219,090 |
| CCUS storage sites and related assets | 32,348 |
| Other property and equipment | 102,627 |
| Less accumulated depletion, depreciation, amortization and impairment | (270,590) |
| Net property and equipment | 1,789,8 |
| Operating lease right-of-use assets | 17,065 |
| Derivative assets | 9,048 |
| Intangible assets, net | 81,410 |
| Restricted cash for future asset retirement obligations | 47,633 |
| Other assets | 48,718 |
| Total assets | \$ 2,243,3 |
| Liabilities and Stockholders' Equity | |
| Current liabilities | |
| Accounts payable and accrued liabilities | \$ 259,015 |
| Oil and gas production payable | 89,311 |
| Derivative liabilities | 33,868 |
| Operating lease liabilities | 4,392 |
| Total current liabilities | 386,586 |
| Long-term liabilities | |
| Long-term debt, net of current portion | 15,000 |
| Asset retirement obligations | 301,764 |
| Derivative liabilities | - |
| Deferred tax liabilities, net | 54,940 |
| Operating lease liabilities | 14,726 |
| Other liabilities | 17,438 |
| Total long-term liabilities | |

Commitments and contingencies
Stockholders' equity

| | |
|--|------------|
| Preferred stock, \$.001 par value, 50,000,000 shares authorized, none issued and outstanding | - |
| Common stock, \$.001 par value, 250,000,000 shares authorized; 49,793,270 and 50,193,656 shares issued, respectively | 50 |
| Paid-in capital in excess of par | 1,042,4 |
| Retained earnings | 410,389 |
| Treasury stock, at cost | - |
| Total stockholders' equity | 1,452,8 |
| Total liabilities and stockholders' equity | \$ 2,243,3 |

DENBURY INC.
OPERATING HIGHLIGHTS (UNAUDITED)

All sales volumes and dollars are expressed on a net revenue interest basis with gas volumes converted to equivalent barrels at 6:1.

| | Quarter Ended | | Nine Months Ended | |
|--|---------------|--------|-------------------|--------|
| | September 30, | | September 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| Average daily sales (BOE/d) | | | | |
| Tertiary | | | | |
| Gulf Coast region | 22,503 | 24,336 | 22,573 | 24,432 |
| Rocky Mountain region | 9,855 | 9,033 | 9,423 | 8,337 |
| Total tertiary sales | 32,358 | 33,369 | 31,996 | 32,769 |
| Non-tertiary | | | | |
| Gulf Coast region | 3,727 | 3,763 | 3,641 | 3,600 |
| Rocky Mountain region | 11,024 | 12,550 | 11,229 | 12,363 |
| Total non-tertiary sales | 14,751 | 16,313 | 14,870 | 15,963 |
| Total Company | | | | |
| Oil (Bbls/d) | 45,639 | 48,145 | 45,404 | 47,276 |
| Natural gas (Mcf/d) | 8,815 | 9,222 | 8,770 | 8,739 |
| BOE/d (6:1) | 47,109 | 49,682 | 46,866 | 48,732 |
| Unit sales price (excluding derivative settlements) | | | | |
| Gulf Coast region | | | | |

| | | | | |
|------------------------------|----------|----------|----------|----------|
| Oil (per Bbl) | \$ 92.62 | \$ 68.86 | \$ 98.13 | \$ 63.47 |
| Natural gas (per mcf) | 8.28 | 4.45 | 6.76 | 3.59 |
| Rocky Mountain region | | | | |
| Oil (per Bbl) | \$ 92.98 | \$ 68.91 | \$ 98.32 | \$ 63.39 |
| Natural gas (per mcf) | 6.32 | 3.64 | 5.80 | 3.11 |
| Total Company | | | | |
| Oil (per Bbl) ⁽¹⁾ | \$ 92.77 | \$ 68.88 | \$ 98.21 | \$ 63.44 |
| Natural gas (per mcf) | 7.00 | 3.96 | 6.15 | 3.31 |
| BOE (6:1) | 91.19 | 67.48 | 96.30 | 62.13 |

Total Company realized oil prices including derivative settlements were \$79.49 per Bbl and \$51.35 per Bbl (1) during the three months ended September 30, 2022 and 2021, respectively, and \$75.88 per Bbl and \$49.53 per Bbl during the nine months ended September 30, 2022 and 2021, respectively.

DENBURY INC.

SUPPLEMENTAL NON-GAAP FINANCIAL MEASURES (UNAUDITED)

Reconciliation of net income (loss) (GAAP measure) to adjusted net income (non-GAAP measure)

Adjusted net income is a non-GAAP measure provided as a supplement to present an alternative net income (loss) measure which excludes expense and income items (and their related tax effects) not directly related to the Company's ongoing operations. Management believes that adjusted net income may be helpful to investors by eliminating the impact of noncash and/or special items not indicative of the Company's performance from period to period, and is widely used by the investment community, while also being used by management, in evaluating the comparability of the Company's ongoing operational results and trends. Adjusted net income should not be considered in isolation, as a substitute for, or more meaningful than, net income (loss) or any other measure reported in accordance with GAAP, but rather to provide additional information useful in evaluating the Company's operational trends and performance.

| | Quarter Ended | |
|---|--------------------|--------------------|
| | September 30, 2022 | September 30, 2021 |
| In thousands, except per-share data | Amount | Per Diluted Share |
| Net income (loss) (GAAP measure) | \$ 250,423 | \$ 4.6 |
| Adjustments to reconcile to adjusted net income (non-GAAP measure) | | |
| Noncash fair value gains on commodity derivatives ⁽²⁾ | (165,028) | (3.0) |
| Contract contingency reversal ⁽⁵⁾ | (7,763) | (0.1) |
| Noncash fair value adjustment - contingent consideration ⁽⁸⁾ | 59 | 0.0 |
| Other ⁽⁹⁾ | - | - |
| Estimated income taxes on above adjustments to net income (loss) and other discrete tax items ⁽¹¹⁾ | 24,528 | 0.4 |
| Adjusted net income (non-GAAP measure) | \$ 102,219 | \$ 1.9 |
| | Nine Months Ended | |

| In thousands, except per-share data | Amount | Per Dil |
|---|------------|---------|
| Net income (loss) (GAAP measure) | \$ 405,045 | \$ 7.4 |
| Adjustments to reconcile to adjusted net income (non-GAAP measure) | | |
| Noncash fair value losses (gains) on commodity derivatives ⁽²⁾ | (136,471) | (2.0) |
| Delhi Field insurance reimbursements ⁽³⁾ | (6,692) | (0.1) |
| Delta pipeline incident costs (included in other expenses) ⁽⁴⁾ | 3,867 | 0.0 |
| Contract contingency reversal ⁽⁵⁾ | (7,763) | (0.1) |
| Litigation expense ⁽⁶⁾ | 1,444 | 0.0 |
| Write-down of oil and natural gas properties ⁽⁷⁾ | - | - |
| Noncash fair value adjustment - contingent consideration ⁽⁸⁾ | 232 | 0.0 |
| Other ⁽⁹⁾ | - | - |
| Adjustments to reconcile effect of dilutive securities ⁽¹⁰⁾ | - | - |
| Estimated income taxes on above adjustments to net income (loss) and other discrete tax items ⁽¹¹⁾ | 28,680 | 0.5 |
| Adjusted net income (non-GAAP measure) | \$ 288,342 | \$ 5.2 |

(1) Includes the impact of potentially dilutive securities including nonvested restricted stock, restricted stock units, performance stock units, shares to be issued under the employee stock purchase plan and warrants.

(2) The net change between periods of the fair market values of open commodity derivative positions, excluding the impact of settlements on commodity derivatives during the period.

(3) Insurance reimbursements associated with a 2013 insurance claim related to property damage at Delhi Field.

(4) Represents an accrual for a preliminarily assessed civil penalty proposed in May 2022 by the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration related to the Company's February 2020 Delta-Tinsley pipeline incident.

(5) Represents the reversal of a contract contingency primarily established in fresh start accounting which is no longer considered necessary.

(6) Represents litigation expense, including \$1 million recorded in other expenses and \$0.4 million recorded in lease operating expenses during the nine months ended September 30, 2022.

(7) Full cost pool ceiling test write-downs related to the Company's oil and natural gas properties.

(8) Expense related to the change in fair value of the contingent consideration payments related to the Company's March 2021 Wind River Basin CO2 EOR field acquisition.

(9) Other adjustments primarily include a \$7.0 million gain on land sales for the three months ended September 30, 2021. The nine months ended September 30, 2021 also reflect a \$0.3 million write-off of trade receivables during the three months ended March 31, 2021.

(10) Represents the impact to the per-share calculation using weighted average dilutive shares of 53.4 million during the nine months ended September 30, 2021 as a result of the adjustments to the Company's net loss (GAAP measure) to derive adjusted net income (non-GAAP measure).

(11) Represents the estimated income tax impacts on pre-tax adjustments to net income which incorporates discrete tax adjustments primarily related to the release of the valuation allowance on certain of the Company's federal and state deferred tax assets. The valuation allowance release was \$29.2 million and \$53.9 million during the three and nine months ended September 30, 2022, respectively. The Company expects to reverse an additional \$11 million of its valuation allowance during the fourth quarter of 2022.

DENBURY INC.

SUPPLEMENTAL NON-GAAP FINANCIAL MEASURES (UNAUDITED)

Reconciliation of net income (loss) (GAAP measure) to Adjusted EBITDAX (non-GAAP measure)

Adjusted EBITDAX is a non-GAAP measure which management uses and excludes certain items that are included in net income (loss), the most directly comparable GAAP financial measure. Items excluded include interest, income taxes, depletion, depreciation, and amortization, and items that the Company believes affect the comparability of operating results such as items whose timing and/or amount cannot be reasonably estimated or are nonrecurring. Management believes Adjusted EBITDAX may be helpful to investors in order to assess the Company's operating performance as compared to that of other companies in the industry, without regard to financing methods, capital structure or historical costs basis. It is also commonly used by third parties to assess leverage and the Company's ability to incur and service debt and fund capital expenditures. Adjusted EBITDAX should not be considered in isolation, as a substitute for, or more meaningful than, net income (loss), cash flow from operations, or any other measure reported in accordance with GAAP. The Company's Adjusted EBITDAX may not be comparable to similarly titled measures of another company because all companies may not calculate Adjusted EBITDAX, EBITDAX or EBITDA in the same manner. The following table presents a reconciliation of the Company's net income (loss) to Adjusted EBITDAX.

| In thousands | Quarter Ended | | Nine Months Ended | |
|--|---------------|-----------|-------------------|--------------|
| | September 30, | | September 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| Net income (loss) (GAAP measure) | \$ 250,423 | \$ 82,708 | \$ 405,045 | \$ (64,629) |
| Adjustments to reconcile to Adjusted EBITDAX | | | | |
| Interest expense | 909 | 669 | 3,092 | 3,457 |
| Income tax expense (benefit) | 41,321 | 403 | 59,664 | (135) |
| Depletion, depreciation, and amortization | 37,680 | 37,691 | 108,425 | 113,522 |
| Noncash fair value losses (gains) on commodity derivatives | (165,028) | (35,925) | (136,471) | 150,686 |
| Stock-based compensation | 4,416 | 2,556 | 11,491 | 22,788 |
| Write-down of oil and natural gas properties | - | - | - | 14,377 |
| Severance-related expense | - | - | - | 476 |
| Noncash, non-recurring and other | (8,585) | (7,515) | (4,859) | (5,586) |
| Adjusted EBITDAX (non-GAAP measure) | \$ 161,136 | \$ 80,587 | \$ 446,387 | \$ 234,956 |

DENBURY INC.

SUPPLEMENTAL NON-GAAP FINANCIAL MEASURES (UNAUDITED)

Reconciliation of cash flows from operations (GAAP measure) to adjusted cash flows from operations (non-GAAP measure) and free cash flow (non-GAAP measure)

Adjusted cash flows from operations is a non-GAAP measure that represents cash flows provided by operations before changes in assets and liabilities, as summarized from the Company's Unaudited Condensed Consolidated Statements of Cash Flows. Adjusted cash flows from operations measures the cash flows earned or incurred from operating activities without regard to the collection or payment of associated receivables or payables. Free cash flow is a non-GAAP measure that represents adjusted cash flows from operations less oil and gas development expenditures, CCUS asset capital and capitalized interest, but before acquisitions. Management believes that it is important to consider these additional measures, along with cash flows from operations, as it believes the non-GAAP measures can often be a better way to discuss changes in operating trends in its business caused by changes in sales volumes, prices, operating costs and related factors, without regard to whether the earned or incurred item was collected or paid during that period. Adjusted cash flows from operations and free cash flow are not measures of financial performance under GAAP and should not be considered as alternatives to cash flows from operations, investing, or financing activities, nor as a liquidity measure or indicator of cash flows.

| In thousands | Quarter Ended | | Nine Months Ended | |
|---|---------------|--------------|-------------------|------------|
| | September 30, | | September 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| Cash flows from operations (GAAP measure) | \$ 156,301 | \$ 104,019 | \$ 396,409 | \$ 247,557 |
| Net change in assets and liabilities relating to operations | (477) | (26,469) | 35,185 | (18,266) |
| Adjusted cash flows from operations (non-GAAP measure) | 155,824 | 77,550 | 431,594 | 229,291 |
| Oil & gas development expenditures | (99,331) | (99,640) | (243,227) | (173,821) |
| CCUS storage sites and related capital expenditures | (8,200) | - | (32,100) | - |
| Capitalized interest | (1,044) | (1,249) | (3,177) | (3,500) |
| Free cash flow (deficit) (non-GAAP measure) | \$ 47,249 | \$ (23,339) | \$ 153,090 | \$ 51,970 |

DENBURY INC.

CAPITAL EXPENDITURE SUMMARY (UNAUDITED)⁽¹⁾

| In thousands | Quarter Ended | | Nine Months Ended | |
|---|---------------|----------|-------------------|-----------|
| | September 30, | | September 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| Capital expenditure summary ⁽¹⁾ | | | | |
| CCA EOR field expenditures ⁽²⁾ | \$ 34,620 | \$ 9,991 | \$ 73,825 | \$ 19,091 |
| CCA CO ₂ pipelines | 487 | 49,546 | 1,728 | 59,545 |
| CCA tertiary development | 35,107 | 59,537 | 75,553 | 78,636 |
| Non-CCA tertiary and non-tertiary fields | 52,473 | 31,861 | 138,910 | 71,507 |
| CO ₂ sources and other CO ₂ pipelines | 4,014 | 388 | 6,124 | 1,039 |
| Capitalized internal costs ⁽³⁾ | 7,737 | 7,854 | 22,640 | 22,639 |
| Oil & gas development capital expenditures | 99,331 | 99,640 | 243,227 | 173,821 |
| CCUS storage sites and related capital expenditures | 8,200 | - | 32,100 | - |

| | | | | |
|---|------------|------------|------------|------------|
| Oil and gas and CCUS development capital expenditures | 107,531 | 99,640 | 275,327 | 173,821 |
| Capitalized interest | 1,044 | 1,249 | 3,177 | 3,500 |
| Acquisitions of oil and natural gas properties ⁽⁴⁾ | 500 | 116 | 874 | 10,927 |
| Investment in Clean Hydrogen Works | 10,000 | - | 10,000 | - |
| Total capital expenditures | \$ 119,075 | \$ 101,005 | \$ 289,378 | \$ 188,248 |

(1) Capital expenditure amounts incurred during the period, including accrued capital costs.

(2) Includes pre-production CO2 costs associated with the CCA EOR development project totaling \$7.2 million and \$17.9 million during the three and nine months ended September 30, 2022.

(3) Includes capitalized internal acquisition, exploration and development costs and pre-production tertiary startup costs.

(4) Primarily consists of working interest positions in the Wind River Basin enhanced oil recovery fields acquired on March 3, 2021.

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Contact

DENBURY IR CONTACTS:

Brad Whitmarsh, 972.673.2020, brad.whitmarsh@denbury.com

Beth Bierhaus, 972.673.2554, beth.bierhaus@denbury.com

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