NuVista Energy Ltd. Announces Record Quarterly Production and Increased Return of Capital to Shareholders

16.01.2023 | GlobeNewswire

CALGARY, Jan. 16, 2023 - NuVista Energy Ltd. ("NuVista" or the "Company") (TSX:NVA) is pleased to announce record-setting quarterly production, the achievement of our key net debt target, and the corresponding increase of return of capital to shareholders, as previously promised.

Production for the quarter ended December 31, 2022 achieved a new record for NuVista, reaching a field-estimated 74,250 Boe/d, above our fourth quarter guidance range of 72,000 - 74,000 Boe/d. This production included approximately 33% condensate, 8% NGLs, and 59% natural gas as new wells continued to benefit from flush condensate production. With steady execution in the fourth quarter, capital expenditures (1) for 2022 are expected to be at the top of the prior guidance range of $410 - 420 million.

Net debt(1) for year-end 2022 is forecast to be comfortably below the previously announced target of $200 million, with approximately $40 million of cash on hand and nil drawn on NuVista's $440 million credit facility. As a result, NuVista has now increased the return of capital to shareholders to approximately 75% of free adjusted funds flow(1), with the remainder continuing to be allocated to the reduction of net debt.

Progress on NuVista's Normal Course Issuer Bid ("NCIB") has been significant since midyear 2022, with approximately 13.5 million shares repurchased and cancelled as at December 31, 2022, representing 74% of the maximum number of shares available for repurchase pursuant to the NCIB.

NuVista is also pleased to note that, despite the volatility in gas prices so far this winter, our diversified sales portfolio has once again shown its value with over 10% of natural gas sales volumes being delivered into California, which has seen elevated pricing.

Drilling, completion, and pipeline operations are moving ahead efficiently once again after a short break at the end of December. At Wapiti, two rigs are drilling on a 6-well pad in Elmworth while our third rig is drilling a 5-well pad in the Bilbo area. In addition, we have just started flowback on a 3-well pad at Bilbo and are setting up to complete a 5-well pad at Gold Creek. These activities are expected to drive a significant ramp-up in volumes throughout the first half of the year in Wapiti. At Pipestone, production is performing well, continuing to run near full capacity. We are currently completing a 6-well pad which will come on-stream prior to the end of the first quarter, and we will be moving the two drilling rigs from Wapiti back to Pipestone in February. The steady cadence of our 3-rig program continues to underpin our consistent performance and has allowed us to enter 2023 with positive momentum.

Production for the first quarter of 2023 is expected to be in the range of 71,000 - 74,000 Boe/d, followed by a significant ramp-up of production through the remainder of the year as new pads are brought online. Guidance for 2023 is re-affirmed at 79,000 - 83,000 Boe/d of production and $425 - $450 million of capital expenditures.

We look forward to releasing our full financial results for the quarter and year ended December 31, 2022 prior to the opening of markets on March 8.

Notes:
(1) "Capital expenditures", "net debt", "free adjusted funds flow" are specified financial measures (as such terms are defined in National Instrument 52-112 - Non-GAAP Disclosure and Other Financial Measures Disclosure ("NI 51-112")). Reference should be made to the section entitled "Non-GAAP and other financial measures" in this news release for further information.

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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.

Basis of presentation

Unless otherwise noted, the financial data presented in this news 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.

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

Reference	*Total Boe/d*	*% Natural Gas*	*% Condensate*	*% NGLs*
Q4 2022 production guidance	*72,000 - 74,000*	*62 %*	*30 %*	*8 %*
Q1 2023 production guidance	*71,000 - 74,000*	*61 %*	*30 %*	*9 %*
2023 annual production guidance	*79,000 - 83,000*	*62 %*	*29 %*	*9 %*

Advisory regarding forward-looking information and statements

This news 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", "forecast" and similar expressions are intended to identify forward-looking statements. More particularly and without limitation, this news release contains forward looking statements, including management's assessment of: NuVista's net debt and capital expenditures at year-end 2022 as compared to guidance; the planned allocation of the Company's free adjusted funds flow; the satisfaction of the NCIB and the effects of repurchases of common shares thereunder; the anticipated value of NuVista's diversified sales portfolio; anticipated production growth in the Greater Wapiti area and the anticipated benefits thereof; expectations regarding the benefits of NuVista's 3-rig program and its impact on production performance; forecast production guidance for the first quarter of 2023; and forecast production and capital expenditure guidance for 2023.

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 and inflation rates; the impact of ongoing global events, with respect to 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 be able to execute our 2023 drilling plans as expected;

our ability to carry-out our 2023 production and capital guidance as expected 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 news 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 and other financial measures

This news release uses various specified financial measures (as such terms are defined in NI 52-112) including "non-GAAP financial measures" and "capital management measures" (as such terms are defined in NI 51-112), which are described in further detail below. 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.

Non-GAAP financial measures

NI 52-112 defines a non-GAAP financial measure as a financial measure that: (i) depicts the historical or expected future financial performance, financial position or cash flow of an entity; (ii) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity; (iii) is not disclosed in the financial statements of the entity; and (iv) is not a ratio, fraction, percentage or similar representation.

Non-GAAP financial measures are not standardized financial measures under IFRS and might not be comparable to similar measures presented by other companies where similar terminology is used. Investors are cautioned that these measures should not be construed as alternatives to or more meaningful than the most directly comparable IFRS measures as indicators of NuVista's performance. Set forth below are descriptions of the non-GAAP financial measures used in this news release.

Capital expenditures

Capital expenditures are equal to cash 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. Refer to the section entitled "Non-GAAP and other financial measures" in NuVista's MD&A for the three and nine months ended September 30, 2022 for historical information on capital expenditures, which information is incorporated by reference into this news release and can be found on the Company's SEDAR profile at www.sedar.com.

Free adjusted funds flow

Free adjusted funds flow is adjusted funds flow less capital and asset retirement expenditures. Refer to Note 15, "Capital Management" in NuVista's financial statements as at and for the three and nine months ended September 30, 2022 for a description of "adjusted funds flow" and to the paragraph above for a description of "capital expenditures" which are the components of free adjusted funds flow, and are a capital management measure and a non-GAAP financial measure, respectively. Management uses free adjusted funds flow as a measure of the efficiency and liquidity of its business, measuring its funds available for capital investment to manage debt levels, pay dividends, and return capital to shareholders. By removing the impact of current period capital and asset retirement expenditures, management believes this measure provides an indication of the funds the Company has available for future capital allocation decisions.

Capital management measures

NI 52-112 defines a capital management measure as a financial measure that: (i) is intended to enable an individual to evaluate an entity's objectives, policies and processes for managing the entity's capital; (ii) is not a component of a line item disclosed in the primary financial statements of the entity; (iii) is disclosed in the notes to the financial statements of the entity; and (iv) is not disclosed in the primary financial statements of the entity.

Net Debt

Please refer to Note 15 "Capital Management" in NuVista's financial statements as at and for the three and nine months ended September 30, 2022 for additional disclosure on net debt which is a capital management measure used by the Company in this news release.

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