Journey Energy Inc. Provides Operational Update And Issues 2023 Guidance

18.01.2023 | CNW

CALGARY, Jan. 18, 2023 - Journey Energy Inc. (TSX: JOY) (OTCQX: JRNGF) ("Journey" or the "Company") is providi following operational update. This update is accompanied by an updated Corporate Presentation posted on the Compa at www.journeyenergy.ca.

On July 28, 2022 Journey announced its intention to enter into a significant transformative acquisition (the "Acquisition" acquisition closed on October 31, 2022. One of the key attributes of the Acquisition was the ability to fund the purchase corporate cash flows over a reasonable time frame. In order to accomplish this Journey entered into a Vendor Take Ba financing arrangement with the vendor, and simultaneously moved some term debt repayments from the Fall of 2022 to 2023. In addition, Journey agreed to pay-out the remaining $5 million of bank debt on January 31, 2023. As a result, Jo obligations over the 2023-2024 time frame are primarily concentrated in 2023.

In the fall of 2022, prices for crude oil and natural gas began to slide and this has continued into 2023. Likewise natural have fallen by a third in January due to warmer weather. In light of the highly volatile commodity prices, coupled with th of the remaining term debt payments to 2023, Journey has adopted a prudent approach of deferring its exploration and development capital expenditures over the near term. This began with the deferral of the Matziwin and Cherhill drilling p originally forecast to begin in the fourth quarter of 2022. This was then followed by the deferral of our entire first half ("1 drilling program to the second half of 2023, or later, depending upon commodity prices.

Although there have been changes to the E&D program, Journey continues to move forward and create shareholder va highlighted today by the announcement of a significant new power generation opportunity. Management is very excited opportunity and it is described in more detail below.

OPERATIONAL UPDATE

Journey's fourth quarter sales volumes were 11,800 - 12,000 boe/d (54% liquids) based on field estimates. Volumes we by downtime on the production from the Acquisition. This downtime was due to well servicing work that was deferred by during the interim period prior to closing; an extended third party turnaround at our recently acquired Carrot Creek facili cold weather in mid-December, which continued into early January; and the impact of the reduced capital program. Pro levels have partially recovered from the cold weather and Journey forecasts averaging over 13,000 boe/d (55% liquids) month of January.

Journey estimates its 2022 year-end Net Debt to be approximately $100 million, which is consistent with previous guida reduced Adjusted Funds Flow from lower commodity prices in the fourth quarter, was largely offset by deferrals of capit

Journey continues to advance its repeatable Glauconite play in Westerose. The Company shut in approximately two-th recently drilled two mile horizontal well, leaving a portion at the heel and toe of the well open for production. The well is producing sweet gas through a downhole choke at a restricted rate of 1.5 MMSCF/d. Two additional vertical wells were stimulated in the Glauconite zone. All four Glauconite wells Journey completed at Westerose have encountered near vi pressure, and production test rates confirm both the size and productivity of this significant resource. Journey is now m plans for a multi-year drilling program as well as increasing egress through added infrastructure. The Company is also a similar repeatable plays in other areas and has allocated some 1H 2023 funds for this purpose. Further details will be p due course.

EXPANDING JOURNEY'S POWER BUSINESS

Journey has continued to prioritize its emerging power generation business and has made significant strides in this reg Journey announces that it has entered into an agreement to purchase a 16.5 MW power generation facility through an process that started in November 2022. This facility was originally commissioned in 2015, and ran for less than one yea being shut-in. It consists of five, 3.3 MW Jenbacher generators and includes switch gear, coolers, and an export transfo generators, ancillary equipment, and buildings are in excellent condition as they previously had minimal run time. Journ estimates that the replacement value of this facility today is in excess of five times the purchase price.

This power asset acquisition is forecast to close in the second quarter of 2023 and its cost has been included in our ca guidance for 1H 2023. As previously press released, Journey has received preliminary approval to construct a 15.5 MW facility at our Gilby gas plant. Journey had proactively procured 8.4 MW of generating capacity and has options on anot of equipment in support of this project. Journey is currently conducting a number of high level studies to determine the the procured equipment with an upward bias to installing more generation capacity in 2023 than originally anticipated. T power prices of $311/MW realized in December of 2022 help to further re-inforce the validity of this longer term strategy

Journey has demonstrated, through the operation of its existing Countess power plant, that it is far more profitable to c natural gas into electricity, than to merely sell the natural gas at spot prices. The 4 MW Countess facility, commissioned fourth quarter of 2020, is already close to paying out the original investment. Based on Journey's realized power prices average, effective, net realized price for natural gas used to generate power for the year was approximately $10.54/mcf takes into account the cost of the natural gas and the incremental costs of operating the power plant. As a comparison, AECO benchmark price for 2022 was approximately $5.43/mcf. Average power prices have increased over 250% since came on stream. Journey is planning to increase its power sales to the Alberta electricity grid by over 500% over the ne nature of Journey's asset base is such that it is a large power consumer, and power represents 25% of overall corporat costs. By early 2024, subject to regulatory approvals and timelines, Journey projects that it will be adding more power t grid than it is removing, thereby increasing the sustainability of the business over the longer term.

JOURNEY ENERGY RANKED FIRST IN 2023 OTCQX BEST 50

Journey Energy (OTCQX: JRNGF) is also pleased to announce, that earlier today, it has been named the top ranked C the 2023 OTCQX® Best 50. The OTCQX Best 50 is an annual ranking of the top 50 U.S. and international companies t the OTCQX market. The ranking is calculated based on an equal weighting of one-year total return and average daily d growth in the previous calendar year.

This is the second year in a row Journey has achieved an OTCQX milestone, having ranked fifth overall on the 2022 O Best 50 listing. For the complete 2023 OTCQX Best 50 ranking, visit https://www.otcmarkets.com/files/2023_OTCQX_E

The OTCQX Best Market offers transparent and efficient trading of established, investor-focused U.S. and global comp qualify for the OTCQX market, companies must meet high financial standards, follow best practices for corporate gover also demonstrate compliance with applicable securities laws.

OUTLOOK & GUIDANCE

Given the deferral of a significant portion of its exploration and development capital program, Journey has updated its g The new guidance has been limited to the first half of 2023. Journey remains poised to significantly ramp up capital exp the second half of 2023 should commodity prices recover to previously forecast levels. The guidance incorporates man underlying assumptions including but not limited to:

- Forecasted commodity prices by month;
- Assumptions of VTB principal payments based upon forecasted commodity prices;
- Forecasted operating costs, including forecasted prices for power;
- Forecasted costs for the capital program; and
- Forecasted results and phasing of production additions from the capital program;

	H1 2023 Guidance
Annual average daily sales volumes	13,000-13,500 boe/d (54% crude oil & NGL's[1])
Adjusted Funds Flow	$47-50 million
Adjusted Funds Flow per basic weighted average share	$0.81 - $0.86
Capital spending (E&D, ARO and Power)	$15 million
1H 2023 ending Net Debt	$67-70 million
Commodity prices[2]:	$80.00
WTI (USD $/bbl)	$4.00
MSW oil differentials (USD $/bbl)	$4.00
AECO natural gas (CAD $/mcf)	$0.75
CAD/USD foreign exchange	

Note:

1. The weighting of the corporate sales volumes guidance is as follows:
    1. Heavy oil: 5%
    2. Light/medium crude oil: 40%
    3. NGL's: 9%
    4. Coal-bed methane natural gas: 6%
    5. Conventional natural gas: 40%
1. Commodity prices represent 1H 2023 forecast averages.

Journey's goals for improving corporate sustainability in 2023 include:

- Reducing leverage created by the transformational acquisition in 2022;
- Adding inventory in repeatable plays;
- Advancing the power generation business;
- Managing ARO; and
- Continuing to search for creative ways to expand the Company's business

Journey's low corporate decline, high working interest project inventory, operated infrastructure, and favourable expiry profile allow the Company to weather periods of lower than forecast commodity prices by proactively deferring portions of the capital program on a temporary basis. Journey is focused on adjusting its capital program to meet its near term obligations without sacrificing the longer term priorities of sustainability and enhancing shareholder value.

Journey continues to embark on a careful and prudent expansion of its business plan. Journey has achieved or exceeded all of its internal targets and created significant value for all stakeholders since the bottom of the market in 2020. This expansion has been buoyed by commodity price tailwinds and would not be possible without the talented team at Journey, both in the office and the field. Journey also recognizes the steady guidance supplied by its Board of Directors and the unyielding support of AIMCo, the Company's term debt provider and largest shareholder. Together, with the support of this combined team, your Company is extremely well positioned to continue its journey of value creation and maintain its growth trajectory for years to come. The Company looks forward to updating you on Journey's progress as it continues on this exciting development path.

About the Company

Journey is a Canadian exploration and production company focused on conventional, oil-weighted operations in western Canada. Journey's strategy is to grow its production base by drilling on its existing core lands, implementing water flood projects, executing on accretive acquisitions. Journey seeks to optimize its legacy oil pools on existing lands through the application of best practices in horizontal drilling and, where feasible, with water floods.

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Advisories:

Barrel of Oil Equivalents and Volumes

Where amounts are expressed in a barrel of oil equivalent ("boe"), or barrel of oil equivalent per day ("boe/d"), natural gas volumes have been converted to barrels of oil equivalent at six (6) thousand cubic feet ("Mcf") to one (1) barrel. Use of the term BOE may be misleading particularly if used in isolation. The boe conversion ratio of 6 Mcf to 1 barrel ("Bbl") of oil or natural gas liquids is based on an energy equivalency conversion methodology primarily applicable at the burner tip, and does not represent a value equivalency at the wellhead. This conversion conforms to the Canadian Securities Regulators' National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities.

No securities regulatory authority has either approved or disapproved of the contents of this press release.

ADVISORIES

This press release contains forward-looking statements and forward-looking information (collectively "forward looking information") within the meaning of applicable securities laws relating to the Company's plans and other aspects of the anticipated future operations, management focus, strategies, financial, operating and production results, industry conditions, commodity prices and business opportunities. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding decline rates, anticipated netbacks, drilling inventory, estimated average drill, complete and equip and tie-in costs, anticipated potential of the Assets including, but not limited to, EOR performance and opportunities, capacity of infrastructure, potential reduction in operating costs, production guidance, total payout ratio, capital program and allocation thereof, future production, decline rates, funds flow, Net Debt, Net Debt to Adjusted Funds Flow, exchange rates, reserve life, development and drilling plans, well economics, future cost reductions, potential growth, and the source of funding Journey's capital spending. Forward-looking information typically uses words such as "anticipate", "believe", "project", "expect", "goal", "plan", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future.

The forward-looking information is based on certain key expectations and assumptions made by management, including expectations and assumptions concerning prevailing commodity prices and differentials, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of existing and future wells; reserve and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labour and services; the impact of increasing competition; the ability to efficiently integrate assets and employees acquired through acquisitions, including the Acquisition, the ability to market oil and natural gas successfully and the ability to access capital. Although we believe that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Journey can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. The actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that we will derive therefrom. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide security holders with a more complete perspective on future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect the operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).These forward looking statements are made as of the date of this press release and we disclaim any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Journeys prospective results of operations, funds flow, netbacks, debt, payout ratio well economics and components thereof, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this press release was made as of the date of this press release and was provided for providing further information about Journey's anticipated future business operations. Journey disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein. Information in this press release that is not current or historical factual information may constitute forward-looking information within the meaning of securities laws, which involves substantial known and unknown risks and uncertainties, most of which are beyond the control of Journey, including, without limitation, those listed under "Risk Factors" and "Forward Looking Statements" in the Annual Information Form filed on www.SEDAR.com on March 31, 2022. Forward-looking information may relate to the future outlook and anticipated events or results and may include statements regarding the business strategy and plans and objectives. Particularly, forward-looking information in this press release includes, but is not limited to, information concerning Journey's drilling and other operational plans, production rates, and long-term objectives. Journey cautions investors in Journey's securities about important factors that could cause Journey's actual results to differ materially from those projected in any forward-looking statements included in this press release. Information in this press release about Journey's prospective funds flows and financial position is based on assumptions about future events, including economic conditions and courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that information regarding Journey's financial outlook should not be used for purposes other than those disclosed herein. Forward-looking information contained in this press release is based on current estimates, expectations and projections, which we believe are reasonable as of the current date. No assurance can be given that the expectations set out in the Prospectus or herein will prove to be correct and accordingly, you should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation and do not undertake to update this information at any particular time except as required by applicable securities law.

Non-IFRS Measures

The Company uses the following non-IFRS measures in evaluating corporate performance. These terms do not have a standardized meaning prescribed by International Financial Reporting Standards and therefore may not be comparable with the calculation of similar measures by other companies.

1. "Adjusted Funds Flow" is calculated by taking "cash flow provided by operating activities" from the financial stater adding or deducting: changes in non-cash working capital; non-recurring "other" income; transaction costs; and decommissioning costs. Adjusted Funds Flow per share is calculated as Adjusted Funds Flow divided by the weighted-average number of shares outstanding in the period. Because Adjusted Funds Flow and Adjusted Fund share are not impacted by fluctuations in non-cash working capital balances, we believe these measures are mor of performance than the GAAP measured "cash flow generated from operating activities". In addition, Journey exc transaction costs from the definition of Adjusted Funds Flow, as these expenses are generally in respect of capita transactions. The Company considers Adjusted Funds Flow a key performance measure as it demonstrates the C ability to generate funds necessary to repay debt and to fund future growth through capital investment. Journey's determination of Adjusted Funds Flow may not be comparable to that reported by other companies. Journey also "Adjusted Funds Flow per basic share" where per share amounts are calculated using the weighted average shar outstanding consistent with the calculation of net income (loss) per share, which per share amount is calculated u and is more fully described in the notes to the audited, year-end consolidated financial statements.
2. "Net Debt" is calculated by taking current assets and then subtracting accounts payable and accrued liabilities; th amount of term debt; other loans; and the principal amount of the contingent bank liability. Net Debt is used to as capital efficiency, liquidity and general financial strength of the Company. In addition, Net Debt is used as a comp assess financial strength in relation to Journey's peers. Net Debt as at December 31, 2022 is an estimate and is s change pending the conclusion of its year-end audit.
3. Journey uses "Capital Expenditures" to measure its capital investment level compared to the Company's annual b capital expenditures for its organic capital program, excluding acquisitions or dispositions. The directly comparabl measure to capital expenditures is cash used in investing activities.
4. "average, effective, net realized price for natural gas" is calculated by taking the realized electricity revenue, subtr cost of natural gas used to generate the electricity, and then further subtracting operating costs of the power plan dividing this total by the number of mcf that have been used to generate the electricity. Management uses this me measure the incremental benefits of generating electricity with its produced natural gas rather than delivering it fo rates.

Measurements
All dollar figures included herein are presented in Canadian dollars, unless otherwise noted.

Where amounts are expressed in a barrel of oil equivalent ("boe"), or barrel of oil equivalent per day ("boe/d"), natural gas volumes have been converted to barrels of oil equivalent at nine (6) thousand cubic feet ("Mcf") to one (1) barrel. Use of the term boe may be misleading particularly if used in isolation. The boe conversion ratio of 6 Mcf to 1 barrel ("Bbl") of oil or natural gas liquids is based on an energy equivalency conversion methodology primarily applicable at the burner tip, and does not represent a value equivalency at the wellhead. This conversion conforms to the Canadian Securities Regulators' National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities.

Abbreviations

The following abbreviations are used throughout these MD&A and have the ascribed meanings:

A&D	acquisition and divestiture of petroleum and natural gas assets
bbl	barrel
bbls	barrels
boe	barrels of oil equivalent (see conversion statement below)
boe/d	barrels of oil equivalent per day
E&D	exploration and development activities as defined in the COGE Handbook
gj	gigajoules
GAAP	Generally Accepted Accounting Principles
IFRS	International Financial Reporting Standards
Mbbls	thousand barrels
MMBtu	million British thermal units
Mboe	thousand boe
Mcf	thousand cubic feet
Mmcf	million cubic feet
Mmcf/d	million cubic feet per day
MSW	Mixed sweet Alberta benchmark oil price
NGL's	natural gas liquids (ethane, propane, butane and condensate)
WCS	Western Canada Select benchmark oil price
WI	Working interest
WTI	West Texas Intermediate benchmark Oil price

All volumes in this press release refer to the sales volumes of crude oil, natural gas and associated by-products measured at the point of sale to third-party purchasers. For natural gas, this occurs after the removal of natural gas liquids.

No securities regulatory authority has either approved or disapproved of the contents of this press release.

SOURCE Journey Energy Inc.

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Die URL für diesen Artikel lautet:
https://www.rohstoff-welt.de/news/433220--Journey-Energy-Inc.-Provides-Operational-Update-And-Issues-2023-Guidance.html

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