

NuVista Energy Ltd. Announces Record Year End 2022 Reserves, Financial and Operating Results

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CALGARY, March 08, 2023 - [NuVista Energy Ltd.](#) ("NuVista" or the "Company") (TSX:NVA) is pleased to announce record-setting reserves, financial and operating results for the three months and year ended December 31, 2022, and to provide an update on a number of key strategic initiatives. The results of our 2022 program demonstrate the quality and capacity of our asset base to deliver outsized returns and the ability of our team to do so in a disciplined manner, while remaining focused upon safety and sustainability. We enter 2023 financially strong, and in a position to continue our program of returning capital to our shareholders, reducing debt, and delivering on our value-adding growth strategy concurrently.

Fourth Quarter and Full Year 2022 Operational and Financial Highlights

During the quarter and year ended December 31, 2022, NuVista:

- Achieved our highest ever annual average production rate of 68,690 Boe/d, a 31% increase from 2021 and at the top end of our guidance range of 68,000 - 69,000 Boe/d. Annual production consisted of 33% condensate, 9% NGLs, and 58% natural gas, reaching an average of 74,252 Boe/d for the fourth quarter;
- Generated record annual adjusted funds flow⁽¹⁾ of \$892.8 million (\$3.94/share, basic⁽⁴⁾), a 178% increase from 2021. This included \$257.0 million of adjusted funds flow in the fourth quarter alone;
- Delivered our highest ever free adjusted funds flow⁽²⁾ of \$464.0 million for the year (\$2.05/share, basic⁽⁴⁾), a \$437.4 million increase from 2021. This included \$183.0 million of free adjusted funds flow in the fourth quarter;
- Achieved annual net earnings of \$631.0 million (\$2.78/share, basic), a 138% increase from 2021;
- Improved our operating netback⁽³⁾ to \$38.33/Boe and corporate netback⁽³⁾ to \$35.60/Boe, an 83% and 112% increase, respectively, from 2021;
- Realized an average natural gas price of \$7.39/Mcf, an improvement of 33% compared to the average AECO monthly index price of \$5.56/Mcf for the year, as a result of our natural gas diversification strategy;
- Executed a successful capital expenditure⁽²⁾ program, investing \$419.5 million in well and facility activities including the drilling of 49 gross (47.5 net) wells and the completion of 45 gross (44.4 net) wells in our condensate rich Wapiti Montney play;
- Exited the year with \$41.9 million of available cash and zero drawn on our \$440 million credit facility. Net debt⁽¹⁾ at year end was \$171.8 million, a 64% reduction from \$480.2 million at year end 2021 and below the previously announced net debt target of \$200 million⁽⁵⁾. NuVista's net debt to annualized fourth quarter adjusted funds flow⁽¹⁾ was 0.2x;
- Repurchased and subsequently cancelled 13.5 million common shares for an aggregate cost of \$157.4 million or \$11.67/share under the terms of our NCIB. Subsequent to year-end we repurchased and subsequently cancelled an additional 1.0 million common shares, completing 80% of the NCIB;
- Continued to significantly advance our progress in the areas of environmental, social and governance ("ESG"), including the release of our 2021 ESG report, which is available on our Company website. Importantly, the report contains continued evidence of our significant reductions in methane and greenhouse gas ("GHG") emissions, a journey that we have committed to continuing; and
- Achieved FID approval for a cogeneration project at the NuVista Wembley Gas Plant for startup by early 2024, which will significantly reduce operating costs, fuel consumption, and GHG emissions.

Notes:

- (1) Each of "adjusted funds flow", "net debt" and "net debt to annualized fourth quarter adjusted funds flow" are capital management measures. Reference should be made to the section entitled "Non-GAAP and Other Financial Measures" in this press release.
- (2) Each of "free adjusted funds flow" and "capital expenditures" are non-GAAP financial measures that do not have any standardized meanings 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 section entitled "Non-GAAP and Other Financial Measures" in this press release.

- Each of "operating netback" and "corporate netback" are non-GAAP financial ratios that do 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 section entitled "Non-GAAP and Other Financial Measures" in this press release.
- (3) Each of "adjusted funds flow per share" and "free adjusted funds flow per share" are supplementary financial measures. Reference should be made to the section entitled "Non-GAAP and Other Financial Measures" in this press release.
- (4) Sustainable net target for 2022, in a stress price environment assuming US\$45/Bbl WTI and US\$2.00/MMBtu NYMEX natural gas.
- (5)

Record Achievements in Reserve Metrics

NuVista is pleased to report the year end 2022 independent evaluation of our reserves by GLJ Ltd. ("GLJ") (the "GLJ Report"). With the infrastructure investment in our assets now largely behind us, our focus has shifted to building production volumes and maximizing the velocity at which invested capital is returned through exceptional half-cycle returns. The quality of our asset base is reflected in additional positive technical revisions to our production base and the highly efficient growth in reserves. Our established track record of improvement and the depth and quality of running room in our undeveloped reserves reinforce our ability to provide a differentiated level of value creation for our shareholders both short and long term.

Highlights of our 2022 reserves report include the following accomplishments:

- Reported Proved Developed Producing ("PDP") reserves of 142.7 MMBoe, a year-over-year increase of 17%. Total Proved plus Probable ("TP+PA") reserves reached 604.4 MMBoe, a year-over-year increase of 7%. This growth in reserves was due in part to new locations being booked in the Lower Montney zone at Gold Creek;
- Replaced 183% and 247% of 2022 production on a PDP and TP+PA basis, respectively, while allocating less than 50% of our adjusted funds flow toward capital expenditures;
- Technical revisions of +3% were achieved on PDP reserves, primarily due to continued well outperformance, particularly in the Pipestone area, which saw a technical revision of +6%;
- Delivered PDP Finding and Development Costs ("F&D")⁽¹⁾ that exceeded our expectations at \$9.09/Boe due to strong well performance and resulting positive technical revisions. TP+PA F&D was robust at \$8.38/Boe due to the continued addition of high-quality reserves, positive technical revisions and only seeing an increase in future development capital of 4% due to conservative prior well cost bookings and our continued inflation mitigation efforts;
- Achieved a PDP recycle ratio of 5.0x, based on our 2022 operating netback, excluding realized loss on financial derivative contracts;
- Continued to successfully convert undeveloped locations to production while maintaining total developed and undeveloped well count at 1,418, which includes 306 developed wells, 338 undeveloped TP+PA locations and 774 undeveloped Contingent locations. Our undeveloped inventory represents 25 years of development at our current pace of drilling;
- Increased our PDP before-tax net present value per share, discounted at 10% (NPV10)⁽²⁾, by 44% to \$9.47 at December 31, 2022; and
- Increased our TP+PA NPV10 per share⁽²⁾ by 46% to \$27.93 at December 31, 2022.

Notes:

- Each of "F&D costs", "recycle ratio", "operating netback" and "net present value per share" are non-GAAP financial ratios. See "Oil and Gas Advisories" and "Non-GAAP and Other Financial Measures" in this press release for information relating to these specified financial measures.
- (1)
- Reference to "net present value per share" is supplementary financial measures. Reference should be made to the section entitled "Non-GAAP and Other Financial Measures" in this press release.
- (2)

The detailed summary of our year end 2022 reserves disclosure is included below, and further information will be included in our Annual Information Form which will be filed on or before March 30, 2023 at www.sedar.com.

Excellence in Operations

Operations in the field continue to progress successfully as planned. The cadence of the three-rig program has underpinned our ability to manage the inflationary environment that persisted throughout 2022. We are proud that we were successfully able to manage inflationary pressures on our well costs to just 10% in 2022 and are confident that our outlook for 5% incremental inflation in 2023 is achievable. We are beginning to see early signs of cost pressures easing, likely to manifest toward mid-year 2023.

One rig is currently drilling in the Wapiti area while two rigs have moved back into Pipestone and are drilling a 6-well pad. Completion operations are going extremely well. A 5-well pad at Gold Creek has been successfully completed and is currently being tested. A 6-well pad at Elmworth which finished drilling at the end of 2022 is currently being completed.

Well performance and on-stream schedule has continued favorably as planned. IP30 volumes from the 3-well pad at Wapiti (Bilbo Block) which was brought on stream in January averaged 1,525 Boe/d per well, including 60% condensate. This is an important multi-zone pad in the southwest corner of the block that includes a Montney C-Zone well. In addition, a new IP365 milestone has been reached on a 6-well Pad in Pipestone (referenced in NuVista's Corporate Presentation). This Pad averaged 1,160 Boe/d (including 32% condensate) per well over the first year of production, which is 55% above the historic average production for the area. This is another important datapoint that reinforces our long-term outlook toward continued 3-zone development in the Pipestone area.

Balance Sheet Strength, Rapid Debt Reduction and Return of Capital to Shareholders

As noted in the highlights section, we succeeded in rapidly reducing net debt to below our long term target of less than \$200 million during 2022. In 2023, we expect the continued reduction in our net debt but at a moderated rate, as we have increased our rate of return of capital to shareholders.

As a result of achieving our target net debt level, we previously announced an increase of the return of capital to shareholders to approximately 75% of free adjusted funds flow, with the remainder allocated to reducing net debt. We continue to believe that the best method for return of capital to shareholders is initially to repurchase shares, however we will re-evaluate the uses of free adjusted funds flow through 2023 as our growth plan proceeds. This evaluation will consider commodity prices, the economic and tax environment, and will include all options including continued disciplined growth to facility capacity of 105,000 Boe/d, share repurchases, prudent targeted acquisitions or infrastructure repurchases, and dividend payments.

Environment, Social & Governance ("ESG") Highlights

Approximately 60% of our current production is comprised of natural gas which has the lowest carbon footprint of any hydrocarbon. Our ongoing efforts to reduce GHG emissions led to a 16% reduction in our Scope 1 & 2 GHG intensity for 2021 relative to our 2020 baseline year. This was a significant step in achieving our stated goal of realizing a 20% reduction in GHG intensity by 2025. In August 2022, we released our 2021 ESG report which highlights our performance through 2021. We have made significant progress on our ESG targets and continue to advance projects that support and enhance our objectives. For more information regarding our ESG performance and targets, please refer to our 2021 ESG report which is available on our website at www.nuvistaenergy.com. On June 9, 2022, we successfully incorporated sustainability linked performance features into our credit facility and as a result of our ongoing ESG initiatives, we are on track to meet or exceed these established sustainability performance targets ("SPTs").

We also progressed in matters of Social and Governance including continued headway on diversity and inclusion on several fronts. More details are available in our 2022 management discussion and analysis and our 2021 ESG report.

2023 Guidance Update

As discussed above, NuVista is pleased to note that operations and performance have been strong while both condensate and natural gas prices have been favorable through 2022. We are in an extremely fortunate position of having top tier assets and economics, and with disciplined execution we have been spending approximately half of free adjusted funds flow on capital to execute our plans. This means that despite the significant moderation of natural gas pricing during the first quarter of 2023, free adjusted funds flow is reduced but still highly positive. We have hedged approximately 35% of projected natural gas production for this summer with floor and ceiling prices of C\$4.17/Mcf and \$7.31/Mcf (hedged and exported volumes converted to an AECO equivalent price). We have less than 2% exposure to AECO prices this summer due our hedges and our diversified sales portfolio. Due to our high condensate weighting, our execution economics remain very strong. As such, we will continue with our capital execution plans unchanged while still returning free adjusted funds flow to shareholders and reducing net debt.

Full year production and capital spending guidance is reaffirmed at 79,000 - 83,000 Boe/d and \$425 to \$450 million, respectively. Due to the continued efficiency gains mentioned above and strong well performance our first quarter volumes are still expected to fall within our previous guidance range of 71,000 - 74,000, but likely near the bottom of the range due to unplanned outages at three separate third party midstream facilities which impacted quarterly production by 1,500 Boe/d. All repairs were completed and the facilities are now back online. Daily production levels have currently reached 78,000 Boe/d due to a number of new wells commencing production, however we are temporarily prevented from increasing production further due to the ongoing restrictions on the NGTL pipeline network in the Upstream James River Area. The restrictions are expected to subside through mid-March, and the remaining three quarters of the year are each expected to average well over 80,000 Boe/d.

We intend to continue our track record of carefully directing free adjusted funds flow towards a prudent balance of return to shareholders and debt reduction, while investing in production growth until our existing facilities are filled and debottlenecked to maximum efficiency. NuVista has an exceptional business plan that maximizes free adjusted funds flow and the return of capital to shareholders when our existing facilities are debottlenecked and filled to maximum efficiency at production levels of approximately 100,000 to 105,000 Boe/d. With facilities optimized, returns are enhanced further with corporate netbacks which are expected to grow by approximately \$2-\$3/Boe due to the efficiencies of scale which will reduce our unit operating, transportation, and interest expenses.

NuVista has top quality assets and a management team focused on relentless improvement. We have the necessary foundation and liquidity to continue adding significant value for our shareholders. We will continue to adjust to the 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 will be available at www.nuvistaenergy.com on March 8, 2023. NuVista's financial statements, notes to the financial statements and management's discussion and analysis for the year ended December 31, 2022, will be filed on SEDAR (www.sedar.com) under [NuVista Energy Ltd.](#) on March 8, 2023 and can also be accessed on NuVista's website.

FINANCIAL AND OPERATING HIGHLIGHTS

(\$ thousands, except otherwise stated)	Three months ended December 31			Year ended December 31		
	2022	2021	% Change	2022	2021	% C
FINANCIAL						
Petroleum and natural gas revenues	455,868	323,355	41	1,745,975	885,290	97
Cash provided by operating activities	226,688	110,063	106	844,816	338,578	150
Adjusted funds flow ⁽³⁾	256,983	151,665	69	892,801	320,974	178
Per share, basic	1.16	0.67	73	3.94	1.42	177
Per share, diluted	1.12	0.64	75	3.78	1.38	174
Net earnings	159,372	113,159	41	631,045	264,672	138
Per share, basic	0.72	0.50	44	2.78	1.17	138
Per share, diluted	0.69	0.48	44	2.67	1.14	134
Capital expenditures ⁽¹⁾	72,743	86,402	(16)	419,476	288,846	45
Net proceeds on property dispositions	-	(1,034)	(100)	-	92,544	(100)
Net debt ⁽³⁾				171,805	480,275	(64)
OPERATING						
Daily Production						
Natural gas (MMcf/d)	259.3	202.7	28	239.6	183.5	31
Condensate (Bbls/d)	25,112	21,072	19	22,591	16,465	37
NGLs (Bbls/d)	5,918	6,028	(2)	6,162	5,298	16
Total (Boe/d)	74,252	60,888	22	68,690	52,345	31
Condensate & NGLs weighting	42	% 45	%	42	% 42	%
Condensate weighting	34	% 35	%	33	% 31	%
Average realized selling prices ⁽⁵⁾						

Natural gas (\$/Mcf)	7.55	6.09	24	7.39	4.63	60
Condensate (\$/Bbl)	109.69	96.15	14	118.34	84.35	40
NGLs (\$/Bbl) ⁽⁴⁾	41.28	42.38	(3	) 54.90	35.38	55
Netbacks (\$/Boe)						
Petroleum and natural gas revenues	66.73	57.73	16	69.64	46.34	50
Realized loss on financial derivatives	(1.17	) (6.69	) (83	) (6.56	) (6.05	) 8
Interest	0.01	-	-	-	-	-
Royalties	(7.94	) (4.89	) 62	(7.92	) (3.41	) 132
Transportation expenses	(5.33	) (5.20	) 3	(5.16	) (5.27	) (2
Operating expenses	(11.94	) (10.53	) 13	(11.67	) (10.65	) 10
Operating netback ⁽²⁾	40.36	30.42	33	38.33	20.96	83
Corporate netback ⁽²⁾	37.62	27.08	39	35.60	16.81	112
SHARE TRADING STATISTICS						
High (\$/share)	14.67	7.71	90	14.67	7.71	90
Low (\$/share)	10.22	5.06	102	6.94	0.89	680
Close (\$/share)	12.48	6.96	79	12.48	6.96	79
Average daily volume (thousands of shares)	649	827	(22	) 1,067	1,133	(6
Common shares outstanding (thousands of shares)				219,346	227,578	(4

NOTES:

Non-GAAP financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar (1) measures presented by other companies where similar terminology is used. Reference should be made to the section entitled "Non-GAAP and Other Financial Measures".

Non-GAAP ratio that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented (2) by other companies where similar terminology is used. Reference should be made to the section entitled "Non-GAAP and Other Financial Measures".

(3) Capital management measure. Reference should be made to the section entitled "Non-GAAP and Other Financial Measures".

(4) Natural gas liquids ("NGLs") include butane, propane and ethane revenue and sales volumes, and sulphur revenue.

(5) Product prices exclude realized gains/losses on financial derivatives.

Detailed Summary of Corporate Reserves Data

The following table provides summary reserve information based upon the GLJ Report using the published 3 Consultants' Average January 1, 2023 price forecast:

	Natural Gas ⁽²⁾	Natural Gas Liquids	Oil ⁽³⁾	Total
Reserves category ⁽¹⁾	Company Gross Interest (MMcf)	Company Gross Interest (MBbls)	Company Gross Interest (MBbls)	Company Gross Interest (MBoe)
Proved				
Developed producing	543,465	52,081	-	142,658
Developed non-producing	62,853	6,270	-	16,746
Undeveloped	699,144	64,195	-	180,719
Total proved	1,305,462	122,546	-	340,123
Total probable	1,053,462	88,713	-	264,290
Total proved plus probable	2,358,924	211,259	-	604,413

NOTES:

(1) Numbers may not add due to rounding.

(2) Includes conventional natural gas and shale gas.

(3) Includes light and medium crude oil.

The following table is a summary reconciliation of the 2022 year end working interest reserves with the working interest reserves reported in the 2021 year end reserves report:

Company Gross Interest	Natural Gas ⁽¹⁾⁽³⁾ (MMcf)	Liquids ⁽¹⁾ (MBbls)	Oil ⁽¹⁾⁽⁴⁾ (MBbls)	Total Oil Equivalent ⁽¹⁾ (MBoe)
Total proved				
Balance, December 31, 2021	1,259,308	115,041	-	324,925
Exploration and development ⁽²⁾	112,472	11,273	-	30,018
Technical revisions	19,788	6,669	3	9,970
Acquisitions	-	-	-	-
Dispositions	-	-	-	-
Economic Factors	1,355	55	-	281
Production	(87,461)	(10,492)	(3)	(25,072)
Balance, December 31, 2022	1,305,462	122,546	-	340,123
Total proved plus probable				
Balance, December 31, 2021	2,242,908	193,723	-	567,541
Exploration and development ⁽²⁾	180,419	19,182	-	49,252
Technical revisions	20,774	8,758	3	12,224
Acquisitions	-	-	-	-
Dispositions	-	-	-	-
Economic Factors	2,284	87	-	468
Production	(87,461)	(10,492)	(3)	(25,072)
Balance, December 31, 2022	2,358,924	211,258	-	604,413

NOTES:

(1) Numbers may not add due to rounding.

(2) Reserve additions for drilling extensions, infill drilling and improved recovery.

(3) Includes conventional natural gas and shale gas.

(4) Includes light, medium crude oil.

The following table summarizes the future development capital included in the GLJ Report:

(\$ thousands, undiscounted)	Proved	Proved plus probable
2023	281,554	311,686
2024	289,903	307,437
2025	310,475	310,475
2026	236,170	308,906
2027	126,524	195,200
Remaining	-	877,679
Total (undiscounted)	1,244,626	2,311,383

NOTE:

(1) Numbers may not add due to rounding.

The following table outlines NuVista's corporate finding, development and acquisition ("FD&A") costs in more

detail:

	2023-2024 Average ⁽¹⁾
	Proved plus
	Probable
Finding and development costs (\$/Boe)	\$8.98
Finding, development and acquisition costs (\$/Boe)	\$9.97

NOTE:

F&D costs and FD&A are used as a measure of capital efficiency. The calculation for F&D costs includes all exploration and development capital for that period as outlined in the Company's year-end financial statements plus the change in future development capital for that period. This total capital including the change in the future development capital is then divided by the change in reserves for that period including revisions for that (1) same period. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during the year in estimated future development costs generally will not reflect total finding and development costs related to reserve additions for the year. FD&A costs are calculated in the same manner except in addition to exploration and development capital and the change in future development capital, acquisition capital is also included in the calculation.

Summary of Corporate Net Present Value Data

The estimated net present values of future net revenue before income taxes associated with NuVista's reserves effective December 31, 2022 and based on published 3 Consultants' Average price forecast as at January 1, 2023 as set forth below are summarized in the following table:

The estimated future net revenue contained in the following table does not necessarily represent the fair market value of the reserves. There is no assurance that the forecast price and cost assumptions contained in the GLJ Report will be attained and variations could be material. The recovery and reserve estimates described herein are estimates only. Actual reserves may be greater or less than those calculated.

Reserves category ⁽¹⁾ (\$ thousands)	Before Income Taxes				
	Discount Factor (%/year)				
	0%	5%	10%	15%	20%
Proved					
Developed producing	3,324,502	2,549,242	2,077,288	1,771,462	1,560,148
Developed non-producing	457,688	338,598	273,298	232,791	205,163
Undeveloped	4,173,617	2,692,581	1,907,069	1,439,479	1,134,965
Total proved	7,955,808	5,580,421	4,257,655	3,443,732	2,900,276
Probable	6,969,572	3,290,671	1,869,241	1,204,961	846,101
Total proved plus probable	14,925,380	8,871,092	6,126,896	4,648,694	3,746,377

NOTE:

(1) Numbers may not add due to rounding.

The following table is a summary of pricing and inflation rate assumptions based on published 3 Consultants' Average forecast prices and costs as at January 1, 2023:

Year	AECO Gas (\$Cdn/ MMBtu)	NYMEX Gas (\$US/ MMBtu)	Midwest Gas at Chicago (\$US/ MMBtu)	Edmonton C5+ (\$Cdn/Bbl)	Edmonton Propane (\$Cdn/Bbl)	Edmonton Butane (\$Cdn/Bbl)	WTI Cushing Oklahoma (\$US/Bbl)	Edmonton Par Price 40 API (\$Cdn/Bbl)
Forecast								
2023	4.23	4.74	4.50	106.22	39.80	53.88	80.33	103.77
2024	4.40	4.50	4.29	101.35	39.13	52.67	78.50	97.74

2025	4.21	4.31	4.10	98.94	39.74	51.42	76.95	95.27
2026	4.27	4.40	4.19	100.19	39.86	51.61	77.61	95.28
2027	4.34	4.49	4.26	101.74	40.47	52.39	79.16	97.07
2028	4.43	4.58	4.35	103.78	41.28	53.44	80.75	99.01
2029	4.51	4.67	4.44	105.85	42.11	54.51	82.36	100.99
2030	4.60	4.76	4.54	107.97	42.95	55.60	84.01	103.01
2031	4.69	4.86	4.61	110.13	43.81	56.71	85.69	105.07
2032	4.79	4.95	4.71	112.33	44.47	57.56	87.40	106.69
2033	4.89	5.05	4.81	114.58	45.35	58.71	89.15	108.83
2034	4.98	5.15	4.91	116.87	46.26	59.88	90.93	111.00
2035	5.08	5.26	5.01	119.21	47.19	61.08	92.75	113.22
2036	5.18	5.36	5.11	121.59	48.13	62.30	94.60	115.49
2037	5.29	5.47	5.21	124.03	49.09	63.55	96.50	117.80
2038+	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr

NOTE:

(1) Costs are inflated at 2.3% in 2024 and 2% per annum thereafter.

(2) Exchange rate used to generate the benchmark reference prices in this table.

(3) NuVista's future realized gas prices are forecasted based on a combination of various benchmark prices in addition to the AECO benchmark in order to reflect the favorable price diversification to other markets which NuVista has undertaken. Pricing at these markets has been accounted for in the GLJ Report. Additional information on NuVista's gas marketing diversification will be available in our corporate presentation.

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.

This press release contains a number of oil and gas metrics prepared by management, including F&D costs, FD&A costs, recycle ratio, reserves replacement and DCET costs, which does not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies. Such metrics have been included herein to provide readers with additional measures to evaluate NuVista's performance on a comparable basis with prior periods; however, such measures are not reliable indicators of the future performance of NuVista and future performance may not compare to the performance in previous periods. Details of how F&D costs, FD&A costs and recycle ratios are calculated are set forth under the heading "Non-GAAP and Other Financial Measures - Non-GAAP Ratios". Reserves replacement is calculated as reserves divided by estimated production. DCET includes all capital spent to drill, complete equip and tie-in a well.

Any references in this press 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.

Reference to current strip prices for 2023 in this press release reflect February 15, 2023 pricing: WTI US\$77.85/Bbl, NYMEX US\$3.20/MMBtu, AECO 7A Index \$2.94/GJ, 1.34 CAD:USD FX; 2024 pricing: WTI US\$73.51/Bbl, NYMEX US\$3.62/MMBtu, AECO \$2.95/GJ, 1.33 CAD:USD FX.

This press release discloses NuVista's drilling locations in two categories: (i) undeveloped proved plus probable (2P) drilling locations; and (ii) undeveloped contingent resources (2C) drilling locations. Undeveloped 2P drilling locations are derived from a report prepared by GLJ, NuVista's independent qualified reserves evaluator, evaluating NuVista's reserves as of December 31, 2022 (the "GLJ Report"), and account for undeveloped drilling locations that have associated proved and/or probable reserves, as

applicable. Undeveloped 2C drilling locations are derived from a report prepared by GLJ evaluating NuVista's contingent resources as of December 31, 2022 ("GLJ Contingent Resource Report"), and account for undeveloped drilling locations that have associated contingent resources based on a best estimate of such contingent resources. There is no certainty that we will drill all drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. In the case of the contingent resources estimated in the GLJ Contingent Resource Report, contingencies include: (i) further delineation of interest lands; (ii) corporate commitment, and; (iii) final development plan. To further delineate interest lands additional wells must be drilled and tested to demonstrate commercial rates on the resource lands. Reserves are only assigned in close proximity to demonstrated productivity. As continued delineation drilling occurs, a portion of the contingent resources are expected to be reclassified as reserves. Confirmation of corporate intent to proceed with remaining capital expenditures within a reasonable timeframe is a requirement for the assessment of reserves. Finalization of a development plan includes timing, infrastructure spending and the commitment of capital.

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.

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

Reference	Total Boe/d	Natural Gas %	Condensate %	NGLs %
Q4 2022 production - actual	74,252	58%	34%	8%
Q4 2022 production guidance	72,000 - 74,000	62%	30%	8%
2022 annual production - actual	68,690	58%	33%	9%
2022 annual production guidance	68,000 - 69,000	59%	32%	9%
Q1 2023 production guidance	71,000 - 74,000	61%	30%	9%
2023 annual production guidance	79,000 - 83,000	62%	29%	9%

Reserves advisories

The reserves estimates prepared herein have been evaluated by an independent qualified reserves evaluator in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities and the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and are effective as of December 31, 2022. All reserves information has been presented on a gross basis, which is the Company's working interest share before deduction of royalties and without including any royalty interests of the Company. The reserves have been categorized accordance with the reserves definitions as set out in the COGE Handbook.

The recovery and reserve estimates contained herein are estimates only and there is no guarantee that the estimated reserves will be recovered.

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; our plans to continue to balance debt repayment, increasing adjusted funds flow through

disciplined production and growth; NuVista's financial strength entering into 2023; our ability to continue to deliver on our value-adding growth strategy, reduce net debt and return capital to shareholders; our ESG plans and commitment targets and expected results from our ESG initiatives; our expectations regarding the startup of the cogeneration project at our Wembley Gas Plant and anticipated timing thereof; the anticipated benefits of a partner approved cogeneration project; our expectation that infrastructure investment in our assets is largely behind us; our expectation regarding continued production growth and achieving anticipated half-cycle returns; the quality of NuVista's assets; the expected depth and quality in undeveloped reserves; our ability to create both short and long term value for our shareholders; our expectations regarding free adjusted funds flow in 2023; guidance with respect to 2023 capital expenditures amounts, spending timing and allocation; guidance with respect to 2023 production and production mix; expectations with respect to future net debt to adjusted funds flow ratio; the expected benefits of our financial commodity hedges and diversified natural gas sales portfolio; plans to direct additional available adjusted funds flow towards a disciplined balance of return of capital to shareholders and debt reduction; future commodity prices; anticipated increases in well costs; anticipated timing and completion of a new pad in the Pipestone area and the anticipated benefits thereof; expectations regarding 2023 free adjusted funds flow; plans to maximize free adjusted funds flow and the return of capital to shareholders; the ability to re-evaluate the uses of free adjusted funds flow and anticipating outcomes thereof; the future capacity of our facilities and positive impact to corporate netbacks; that we will generate free adjusted funds flow while reducing net debt; NuVista's future realized gas prices; the effect of our financial, commodity, and natural gas risk management strategy and market diversification; the satisfaction of the NCIB and the anticipated effects of common share repurchases thereunder; the anticipated timing of completion of the NCIB; 2023 drilling and completion plans, timing and expected results; our ability to manage the capital program in an inflationary price environment and the ability to continue adding significant value and improvement. Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

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, including European tensions, 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 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.

This press release also contains future-oriented financial information and financial outlook information (collectively, "FOFI") about NuVista's prospective results of operations including, without limitation, its ability to repay debt, expectations with respect to future net debt to adjusted funds flow ratios, projected adjusted funds flows at current strip prices, capital expenditures and corporate netbacks, which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth 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. NuVista's actual results, performance or achievement could differ materially from those expressed in, or implied by, these FOFI, or if any of them do so, what benefits NuVista will derive therefrom. NuVista has included the FOFI 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.

These forward-looking statements and FOFI are made as of the date of this press release and NuVista

disclaims any intent or obligation to update any forward-looking statements and FOFI, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities law.

Non-GAAP and other financial measures

This press release uses various specified financial measures (as such terms are defined in National Instrument 52-112 - Non-GAAP Disclosure and Other Financial Measures Disclosure ("NI 51-112")) including "non-GAAP financial measures", "non-GAAP ratios", "capital management measures" and "supplementary financial 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.

These 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 press release.

(1) Free adjusted funds flow

Free adjusted funds flow is adjusted funds flow less capital and asset retirement expenditures. Refer to disclosures under the headings "Adjusted funds flow" and "Capital expenditures" for a description of each component of free adjusted funds flow, which components 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.

The following tables set out our free adjusted funds flows compared to the most directly comparable GAAP measure of cash provided by operating activities less cash used in investing activities for the period:

	Three months ended December 31		Year ended December 31	
(\$ thousands)	2022	2021	2022	2021
Cash provided by operating activities	226,688	110,063	844,816	330,000
Cash used in investing activities	(79,310)	(42,620)	(442,091)	(100,000)
Excess cash provided by operating activities over cash used in investing activities	147,378	67,443	402,725	160,000
Adjusted funds flow	256,983	151,665	892,801	320,000
Capital expenditures	(72,743)	(86,402)	(419,476)	(200,000)
Asset retirement expenditures	(1,223)	(809)	(9,302)	(5,000)
Free adjusted funds flow	183,017	64,454	464,023	200,000

(2) 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.

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

	Three months ended December 31		Year ended December 31	
(\$ thousands)	2022	2021	2022	2021
Cash used in investing activities	(79,310)	(42,620)	(442,091)	(176,258)
Changes in non-cash working capital	6,567	(44,254)	22,615	(15,249)
Other receivable expenditures	-	(562)	-	(4,795)
Property dispositions	-	1,034	-	(92,544)
Capital expenditures	(72,743)	(86,402)	(419,476)	(288,846)

Non-GAAP ratios

NI 52-112 defines a non-GAAP ratio as a financial measure that: (i) is in the form of a ratio, fraction, percentage or similar representation; (ii) has a non-GAAP financial measure as one or more of its components; and (iii) is not disclosed in the financial statements of the entity. Set forth below is a description of the non-GAAP ratios used in this press release.

These non-GAAP ratios 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 ratios should not be construed as alternatives to or more meaningful than the most directly comparable IFRS measures as indicators of NuVista's performance.

Non-GAAP ratios presented on a "per Boe" basis may also be considered to be supplementary financial measures (as such term is defined in NI 51-112).

(1) Operating netback and corporate netback ("netbacks"), per Boe

NuVista calculated netbacks per Boe by dividing the netbacks by total production volumes sold in the period. Each of operating netback and corporate netback are non-GAAP financial measures. Operating netback is calculated as petroleum and natural gas revenues including realized financial derivative gains/losses, less royalties, transportation and operating expenses. Corporate netback is operating netback less general and administrative, deferred share units, interest and lease finance expense.

Management believes both operating and corporate netbacks are key industry benchmarks and measures of operating performance for NuVista that assists management and investors in assessing NuVista's profitability, and are commonly used by other petroleum and natural gas producers. The measurement on a Boe basis assists management and investors with evaluating NuVista's operating performance on a comparable basis.

(2) F&D costs

NuVista calculated F&D costs as the sum of development costs plus the change in future development costs ("FDC") for the period when appropriate, divided by the change in reserves within the applicable reserves category, excluding those reserves acquired or disposed.

NuVista calculated TP+PA 3-year average F&D costs as the arithmetical average of the F&D costs over the last three completed financial years.

(3) FD&A costs

NuVista calculated FD&A costs are calculated as the sum of development costs plus net acquisition costs plus the change in FDC for the period when appropriate, divided by the change in reserves within the applicable reserves category, inclusive of changes due to acquisitions and dispositions.

(4) Recycle Ratio

NuVista calculates recycle ratio as the sum of changes in reserves (exploration and development, technical revisions, acquisitions, dispositions and economic factors) divided by annual production for the applicable period and reserve category.

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.

Please refer to Note 18 "Capital Management" in NuVista's financial statements for additional disclosure net debt and adjusted funds flow, and net debt to annualized fourth quarter adjusted funds flow ratio, each of which are capital management measures used by the Company in this press release.

NuVista calculated annualized fourth quarter adjusted funds flow ratio by dividing net debt by the annualized adjusted funds flow for the fourth quarter.

Supplementary financial measures

This press release may contain certain supplementary financial measures. NI 52-112 defines a supplementary financial measure as a financial measure that: (i) is intended to be disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of an entity; (ii) is not disclosed in the financial statements of the entity; (iii) is not a non-GAAP financial measure; and (iv) is not a non-GAAP ratio.

NuVista calculates: (i) "adjusted funds flow per share" by dividing adjusted funds flow for a period by the number of weighted average common shares of NuVista for the specified period; (ii) "operating netback per share" by dividing operating netback for a period by the number of weighted average common shares of NuVista for the specified period; (iii) "corporate netback per share" by dividing operating netback for a period by the number of weighted average common shares of NuVista for the specified period; (iv) "net debt to adjusted funds flow" by dividing the net debt at the end of a period by the adjusted funds flow for such period; and (v) "net present value per share" is the net present value (discounted at 10%) in the reserve category divided by the basic common shares outstanding at the end of the period.

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