

Forza Petroleum 2022 Financial and Operational Results

16.03.2023 | [Newsfile](#)

Forza Petroleum posts another record year, increasing annual revenue 172% to \$323.8 million, driven by increased production and improved oil prices

Calgary, March 16, 2023 - [Forza Petroleum Ltd.](#) (TSX: FORZ) ("Forza Petroleum" or the "Corporation") today announces its financial and operational results for the year ended December 31, 2022. All dollar amounts in this news release are in United States dollars.

2022 Financial Highlights:

- Revenue of \$323.8 million, consisting of an average realized sales price of \$78.71/barrel of oil ("bbl") on working interest oil sales of 3,445,400 bbl and \$52.6 million in recovery of carried costs
- The Corporation has received full payment in accordance with production sharing contract entitlements for all oil sales into the Kurdistan Oil Export Pipeline through September 2022
- Field operating costs, representing the Corporation's working interest share of operating expenses, of \$24.2 million (\$7.02/bbl) versus \$19.5 million (\$6.78/bbl) in 2021
- Field operating costs per bbl increased 4% versus the comparable period due to a 24% increase in costs partially offset by a 19% increase in sales volumes
- Loss of \$138.0 million (\$0.23 per common share) versus profit of \$10.3 million in 2021 (\$0.02 per common share)
- Results include a non-cash impairment expense of \$220.6 million compared to a non-cash impairment expense of \$32.4 million in 2021, in each case related to the Hawler license area
- Net cash generated from operating activities was \$112.0 million versus \$51.2 million in 2021
- Net cash used in investing activities was \$65.5 million, including payments related to drilling and facilities work in the Hawler license area and related license costs
- \$71.1 million of cash and cash equivalents as at December 31, 2022

2022 Operations Highlights:

- Average gross (100%) oil production of 14,500 bbl/d (working interest 9,400 bbl/d) versus 12,200 bbl/d (working interest 7,900 bbl/d) for the year ended December 31, 2021
- Nine wells were drilled, sidetracked or recompleted during 2022, including three in the Zey Gawra field, four in the Demir Dagħ field and one in the Ain al Safra field, together with conversion of a previously drilled Zey Gawra well for water disposal
- Hawler facilities were further developed during the year by continuing construction of the gathering system to serve the western flank of the Hawler license area and civil works for drilling pads and additional flowlines throughout the area

2023 Operations Update:

- Average gross (100%) oil production of 13,700 bbl/d (working interest 8,900 bbl/d) and 13,900 bbl/d (working interest 9,100 bbl/d) for January and February 2023, respectively.
- The Zey Gawra-10H well, drilled late in 2022, has been completed and turned over to production.
- The Ain al Safra-1 and -2 wells, which were recompleted in the Jurassic and Triassic reservoirs, respectively, in recent months, have been tested. Although the presence of oil has been confirmed in each reservoir, test results were inconclusive in part because of the influx of formation water. Data from testing and available data from offset wells is being analyzed to determine next steps.
- On January 13, 2023, Forza Petroleum spudded the Demir Dagh-15 well targeting the Cretaceous reservoir. Logging of a pilot hole is underway.
- For the balance of 2023, the Corporation plans to drill four additional wells targeting both Tertiary and Cretaceous reservoirs. Capital budgets also include extending the coverage of 3D seismic data for the Hawler license area and completing installation of processing facilities and pipelines connecting each of the Banan field and the Zey Gawra field to the Hawler production facilities at the Demir Dagh field.
- Forza Petroleum forecasts \$68.3 million of capital expenditure for 2023, down from \$80 million budgeted, resulting primarily from the rescheduling of a well targeting the Demir Dagh Jurassic reservoir into 2024.

Liquidity Outlook:

- The Corporation expects cash on hand as of December 31, 2022 and cash receipts from net revenues from sales, exclusively made to the Kurdistan Regional Government at the tie-in to the Kurdistan Oil Export Pipeline, will fund its forecasted capital expenditures and operating and administrative costs through the end of March 2024 and the \$76.2 million in deferred purchase consideration, falling due at end of March 2023, owing in connection with the original acquisition of the Hawler license area.
- Management is engaged with the principal shareholder to discuss funding support for the Group's near-term projected cash outflows. Management expects that a \$10 million facility from the shareholder can be promptly arranged, if needed.

CEO's Comment

Commenting today, Forza Petroleum's Chief Executive Officer, Shane Cloninger, stated:

"I am proud to announce another year-on-year increase in production, allowing the company to realize record financial results in 2022. This outstanding achievement is a testament to the hard work and dedication of our entire team.

"The continued development of the Hawler license area resulted in the addition of proved oil reserves which more than offset those produced during the year, resulting in a replacement ratio of 157%. Benefiting from higher production and a strengthened market, Forza Petroleum booked \$323.8 million of revenue in 2022, a record high for the Corporation. The \$112 million of cash generated in 2022 positions the Corporation to settle in full the \$76.2 million deferred liability related to our original acquisition of the Hawler license area in 2011.

"In the year ahead, wells drilled in existing reservoirs provide the ability to increase production, while further 3D seismic enables us to refine existing targets and unlock potential new opportunities within the license. Planning is also underway to reduce the flaring of by-product gas, and previously announced investments in facilities and pipelines should permit intra-field transportation of oil by road tankers to be discontinued.

"Our team remains focused on executing the projects needed to accommodate incremental production and reducing both the costs and environmental impact of our operations."

Selected Financial Results

Financial results are prepared in accordance with International Financial Reporting Standards ("IFRS") and the reporting currency is US dollars. The following table summarizes selected financial highlights for Forza Petroleum for the three- and twelve-month periods ended December 31, 2022 and December 31, 2021.

(\$ in millions unless otherwise indicated)	Three Months Ended December 31		Twelve Months Ended December 31	
	2022	2021	2022	2021
Revenue	57.6	57.7	323.8	187.8
Working Interest (WI) Production (bbl)	814,700	763,200	3,442,000	2,886,600
Average WI Production per day (bbl/d)	8,900	8,300	9,400	7,900
Working Interest Oil Sales (bbl)	816,100	762,300	3,445,400	2,885,300
Average Realized Sales Price (\$/bbl)	59.09	63.37	78.71	54.52
Operating Expense	10.2	9.3	37.2	30.1
Operating Expense (\$/bbl)	12.53	12.25	10.80	10.42
Field Operating Costs (\$/bbl) ⁽¹⁾	8.14	7.96	7.02	6.78
(Loss) / Profit	(215.4) (22.8) (138.0) 10.3
Basic and Diluted (Loss) / Earnings per Share (\$/sh)	(0.36) (0.04) (0.23) 0.02
Net Cash generated from Operating Activities	28.3	21.4	112.0	51.2
Net Cash used in Investing Activities	(10.9) (16.2) (65.5) (34.7
Capital Additions ⁽²⁾	18.7	20.5	58.9	45.8
Cash and Cash Equivalents	71.1	24.7	71.1	24.7
Total Assets	448.2	587.7	448.2	587.7
Total Liabilities	117.4	120.9	117.4	120.9
Total Equity	330.7	466.8	330.7	466.8

(1) Field operating costs represent Forza Petroleum's working interest share of gross operating costs and exclude the partner share of operating costs carried by Forza Petroleum.

(2) Excludes non-cash additions / (credits) relating to the change in estimates used to calculate the decommissioning obligation.

- Revenue increased to \$323.8 million in 2022 versus \$187.8 million in 2021 due primarily to a 44% increase in realized average oil sales prices and a 19% increase in oil sales volumes. Gross (working interest) sales of oil in 2022 were 3,445,400 barrels versus 2,885,300 barrels for 2021. Sales volumes in 2022 benefited from the completion of new wells. The average oil sales price realized in 2022 was \$78.71 per barrel versus \$54.52 for 2021. In addition to oil sales, revenue for 2022 includes the recovery of \$52.6 million of carried costs.
- Operating expense, which includes the Corporation's carry of partner costs, increased to \$37.2 million in 2022 versus \$30.1 million in 2021. The increase in operating expense is attributable to increased security, personnel, consumables, and diesel costs, partially offset by lower operational workover costs. The increased security costs were due to increased activity and a higher rate that was implemented during the second quarter of 2021. Diesel, personnel and consumable costs have increased due to both higher prices and rates and increased activity. Operating expenses on a per barrel basis increased in 2022 versus 2021. A 24% increase in operating expense was partially offset by a 19% increase in oil sales volumes.
- General and administration expense increased to \$8.2 million in 2022 versus \$5.7 million in 2021 due primarily to higher 2021 performance related bonuses paid in the first quarter of 2022 then were previously accrued, an increase in costs associated with the long-term incentive plan, and accrual of an end of service payment to the former Chief Executive Officer of the Corporation. Of this general and administration expense, 45% is cost recoverable from the Corporation's oil and gas operations.

- Loss for the year ended December 31, 2022 was \$138.0 million compared to a profit of \$10.3 million for 2021. The increased loss is primarily attributable to an increase in the impairment expense of \$188.2 million compared with 2021, a \$15.7 million gain recorded on the deconsolidation of OP Congo SA in 2021, an \$11.0 million increase in depletion, and a \$7.1 million increase in operating expense, partially offset by an \$80.4 million increase in net revenue. The increase in the impairment expense results from the impairment assessment and is mainly attributed to a decrease in proved plus probable oil reserves, a lower near term oil production profile and a higher discount rate, partially offset by higher projected realized oil prices.
- Sales volumes in Q4 2022 were 7% higher versus Q4 2021 due primarily to production from new wells, offset by declines at the Zey Gawra field. Sales volumes in Q4 2022 were 9% lower versus Q3 2022 due to declines at the Zey Gawra and Demir Dag fields.
- Cash generated from operating activities was \$112.0 million in 2022 compared to \$51.2 million in 2021. The increase mainly relates to higher crude oil sales revenue received during the period, partially offset by an increase in cash payments relating to operating expenses.
- Cash used in investing activities was \$65.5 million in 2022 compared to \$34.7 million in 2021 due to higher drilling activities in 2022.
- Capital expenditures in 2022, which excludes non-cash adjustments to decommissioning obligations, totalled \$58.9 million compared to \$45.8 million in 2021. In 2022, \$49.8 million was invested in drilling activities in the Hawler license area at the Ain al Safra, Demir Dag, and Zey Gawra fields. Expenditures also included \$5.1 million of facilities expenditures and \$4.1 million invested in studies and directly attributable support costs.
- Cash and cash equivalents increased to \$71.1 million at December 31, 2022 from \$24.7 million at December 31, 2021 reflecting \$112.0 million generated from operating activities partially offset by \$65.5 million used in investing activities.
- The Corporation is obligated to make a further payment to the seller of the Hawler license area in the amount of \$76.2 million. In accordance with a forbearance agreement entered with the seller of the Hawler license area, the full amount is forecast to become payable at the end of March 2023.
- As at March 15, 2023, there are outstanding: (i) 600,306,357 common shares, and (ii) unvested Long Term Incentive Plan awards which are expected to result in the issuance of up to an additional 13,629,978 common shares upon vesting.

Regulatory Filings

This announcement coincides with the filing with the Canadian securities regulatory authorities of Forza Petroleum's audited condensed consolidated financial statements for the three and twelve months ended December 31, 2022 and the related management's discussion and analysis thereon. Copies of these documents filed by Forza Petroleum may be obtained via www.sedar.com and the Corporation's website, www.forzapetroleum.com.

ABOUT FORZA PETROLEUM LIMITED

[Forza Petroleum Ltd.](http://www.forzapetroleum.com) is an international oil exploration, development and production company. The Corporation's shares are listed on the Toronto Stock Exchange and trade under the symbol "FORZ". Forza Petroleum has a 65% working interest in and operates the Hawler license area in the Kurdistan Region of Iraq, which has yielded oil discoveries in four areas, three of which are contributing to production while appraisal and development activity continues. Further information about Forza Petroleum is available at www.forzapetroleum.com or under Forza Petroleum's profile at www.sedar.com.

For additional information about Forza Petroleum, please contact:

Kevin McPhee
General Counsel and Corporate Secretary
Tel.: +41 (0) 58 702 93 00
info@forzapetroleum.com

Reader Advisory Regarding Forward-Looking Information

Certain statements in this news release constitute "forward-looking information", including statements related to forecast and budgeted work program and capital expenditure, drilling and well workover plans, development plans and schedules and chance of success, future drilling of wells and the reservoirs to be targeted, future facilities work, ultimate recoverability of current and long-term assets, possible commerciality of our projects, future expenditures and sources of financing for such expenditures, expectations that cash on hand as of December 31, 2022 and cash receipts from net revenues from sales, exclusively made to the Kurdistan Regional Government at the tie-in to the Kurdistan Oil Export Pipeline, will allow it to fund its forecasted capital expenditures and operating and administrative costs through the end of March 2024, expectations that a \$10 million facility from the principal shareholder can be promptly arranged, expectations regarding future revenue and production, the issuance of shares as a result of the vesting of Long Term Incentive Plan awards and the exercise of warrants, future requirements for additional funding, estimates for the fair value of the purchase consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011, the expected timing for settlement of liabilities including the purchase consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011, and statements that contain words such as "may", "will", "could", "should", "anticipate", "believe", "intend", "expect", "plan", "estimate", "potentially", "project", or the negative of such expressions and statements relating to matters that are not historical fact, constitute forward-looking information within the meaning of applicable Canadian securities legislation.

Although Forza Petroleum believes these statements to be reasonable, the assumptions upon which they are based may prove to be incorrect. Among other things, it is assumed that (i) global sanctions imposed in relation to the Russian invasion of Ukraine will not have an impact on the Corporation and its assets and business, and (ii) disputes between the Kurdistan Regional Government and the federal government of Iraq, including as recently embodied in the judgment of the Iraqi Federal Supreme Court dated February 15, 2022 regarding the validity of the oil and gas law of the Kurdistan Regional Government, will not materially impact the Corporation, its interests in the Hawler production sharing contract or Hawler license area operations. For more information about these assumptions and risks facing the Corporation, refer to the Corporation's Annual Information Form dated March 23, 2022 available at www.sedar.com and the Corporation's website at www.forzapetroleum.com. The Corporation will file an annual information form for the year ended December 31, 2022 on or before March 31, 2023. Further, statements including forward-looking information in this news release are made as at the date they are given and, except as required by applicable law, Forza Petroleum does not intend, and does not assume any obligation, to update any forward-looking information, whether because of new information, future events or otherwise. If the Corporation does update one or more statements containing forward-looking information, it is not obligated to, and no inference should be drawn that it will make additional updates with respect thereto or with respect to other forward-looking information. The forward-looking information contained in this news release is expressly qualified by this cautionary statement.

Reader Advisory Regarding Certain Figures

Unless provided otherwise, all production and capacity figures and volumes cited in this news release are gross (100%) values, indicating that figures (i) have not been adjusted for deductions specified in the production sharing contract applicable to the Hawler license area, and (ii) are attributed to the license area as a whole and do not represent Forza Petroleum's working interest in such production, capacity or volumes.

To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/158763>

Dieser Artikel stammt von Rohstoff-Welt.de

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/438367--Forza-Petroleum-2022-Financial-and-Operational-Results.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).