

U.S. Energy Corp. Announces Completion of Asset Divestitures and Provides Liquidity Update

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HOUSTON, Jan. 10, 2024 - [U.S. Energy Corp.](#) (Nasdaq: USEG, "U.S. Energy" or the "Company"), a growth-focused energy company engaged in the operation of high-quality producing oil and natural gas assets, today announced it had completed a series of non-core asset divestitures.

HIGHLIGHTS

- All-cash proceeds of approximately \$7.2 million;
- Divested assets averaged approximately 200 barrels of oil equivalent per day (83% oil) from July-September 2023, or 12% of USEG total production over the same period;
- All proceeds used to reduce existing debt, leaving USEG materially debt-free¹;
- No changes to the Company's existing \$20.0 million borrowing base;
- Represents the majority of USEG's non-operated assets.

MANAGEMENT COMMENTARY

"Throughout the fourth quarter, we executed on a series of asset divestitures representing the majority of U.S. Energy's non-operated assets," stated Ryan Smith, Chief Executive Officer of [U.S. Energy Corp.](#) "The assets divested represent legacy USEG properties, primarily in current non-core focus areas, and will allow the Company to realize immediate additional corporate overhead savings. With proceeds going directly towards debt reduction, U.S. Energy now sits in a position of increased liquidity across all measures and meaningful portions of our 2024 oil production hedged at an average price in the low \$80's. As we enter 2024, we look forward to focusing our capital allocation efforts on the Company's highest rate of return growth initiatives, maintaining a strong balance sheet, and driving shareholder returns."

BALANCE SHEET AND LIQUIDITY UPDATE

The below table provides an overview of U.S. Energy's debt and cash balances, as well as the Company's hedge position, at both September 30, 2023 and December 31, 2023.

	As of	
	9/30/2023	12/31/2023
(\$000's)		
Debt Outstanding	\$ (12,000)	\$ (5,000)
Add: Cash	1,974	3,358
Add: MtM Hedging (Loss) / Gain ²	(348)	2,059
Net (Debt) / Net Cash Position	\$ (10,374)	\$ 417
Net Liquidity ³	\$ 9,626	\$ 20,417

HEDGING PROGRAM UPDATE

The following table reflects the hedged volumes under U.S. Energy's commodity derivative contracts and the average fixed prices at which production is hedged for full year 2024, as of January 9, 2024:

Swaps

Period	Commodity	Volume (Bbls)	Avg Price (\$/Bbl)
Q1 2024	Crude Oil	53,000	\$84.07
Q2 2024	Natural Gas	48,600	\$81.76
Q3 2024	Crude Oil	45,000	\$79.80
Q4 2024	Crude Oil	40,720	\$78.15

ABOUT U.S. ENERGY

We are a growth company focused on consolidating high-quality producing assets in the United States with the potential to optimize production and generate free cash flow through low-risk development while maintaining an attractive shareholder returns program. More information about U.S. Energy Corp. can be found at www.usnrg.com.

1. Net debt/net cash calculation arrived at by taking debt outstanding plus cash plus value of commodity derivative portfolio.
2. 12/31/2023 hedge position valued as of January 9, 2024.
3. Liquidity calculated by taking the difference between the Company's current \$20.0 million borrowing base and the Company's net debt/cash positions.

FORWARD-LOOKING STATEMENTS

Certain of the matters discussed in this communication which are not statements of historical fact constitute forward-looking statements within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995, that involve a number of risks and uncertainties. Words such as "strategy," "expects," "continues," "plans," "anticipates," "believes," "would," "will," "estimates," "intends," "projects," "goals," "targets" and other words of similar meaning are intended to identify forward-looking statements but are not the exclusive means of identifying these statements.

Important factors that may cause actual results and outcomes to differ materially from those contained in such forward-looking statements include, without limitation, risks associated with the integration of the recently acquired assets; the Company's ability to recognize the expected benefits of the acquisitions and the risk that the expected benefits and synergies of the acquisition may not be fully achieved in a timely manner, or at all; the amount of the costs, fees, expenses and charges related to the acquisitions; the Company's ability to comply with the terms of its senior credit facilities; the ability of the Company to retain and hire key personnel; the business, economic and political conditions in the markets in which the Company operates; fluctuations in oil and natural gas prices, uncertainties inherent in estimating quantities of oil and natural gas reserves and projecting future rates of production and timing of development activities; competition; operating risks; acquisition risks; liquidity and capital requirements; the effects of governmental regulation; adverse changes in the market for the Company's oil and natural gas production; dependence upon third-party vendors; risks associated with COVID-19, the global efforts to stop the spread of COVID-19, potential downturns in the U.S. and global economies due to COVID-19 and the efforts to stop the spread of the virus, and COVID-19 in general; economic uncertainty relating to increased inflation and global conflicts; the lack of capital available on acceptable terms to finance the Company's continued growth; and other risk factors included from time to time in documents U.S. Energy files with the Securities and Exchange Commission, including, but not limited to, its Form 10-Ks, Form 10-Qs and Form 8-Ks. Other important factors that may cause actual results and outcomes to differ materially from those contained in the forward-looking statements included in this communication are described in the Company's publicly filed reports, including, but not limited to, the Company's Annual Report on Form 10-K for the year ended December 31, 2022. These reports and filings are available at www.sec.gov.

The Company cautions that the foregoing list of important factors is not complete. All subsequent written and oral forward-looking statements attributable to the Company or any person acting on behalf of any Sale Agreement Parties are expressly qualified in their entirety by the cautionary statements referenced above. Other unknown or unpredictable factors also could have material adverse effects on U.S. Energy's future results. The forward-looking statements included in this press release are made only as of the date hereof. U.S. Energy cannot guarantee future results, levels of activity, performance or achievements. Accordingly, you should not place undue reliance on these forward-looking statements. Finally, U.S. Energy undertakes

no obligation to update these statements after the date of this release, except as required by law, and takes no obligation to update or correct information prepared by third parties that are not paid for by U.S. Energy. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

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