Longview Oil Corp. Announces Second Quarter 2013 Results

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CALGARY, Aug. 8, 2013 /CNW/ - Longview Oil Corp. ("Longview" or the "Corporation") (TSX: LNV) is pleased to announce the financial and operating results for the quarter ended June 30, 2013.

Three months ended Six months ended
June 30, 2013 June 30, 2012 June 30, 2013 June 30, 2012

Financial ($000, except as otherwise indicated) (1)
Sales excluding realized hedging $ 38,047 $ 30,574 $ 72,374 $ 71,643
per share (2) $ 0.81 $ 0.65 $ 1.54 $ 1.53
per boe $ 69.22 $ 57.13 $ 65.86 $ 62.39
Funds from operations $ 16,683 $ 10,849 $ 31,496 $ 30,421
per share (2) $ 0.36 $ 0.23 $ 0.67 $ 0.65
per boe $ 30.35 $ 20.28 $ 28.67 $ 26.50
Net income and comprehensive income $ 4,566 $ 6,164 $ 6,036 $ 11,725
per share (2) $ 0.10 $ 0.13 $ 0.13 $ 0.25
Dividends declared $ 7,032 $ 7,018 $ 14,061 $ 14,034
per share $ 0.15 $ 0.15 $ 0.30 $ 0.30
Expenditures on property, plant and equipment $ 2,375 $ 5,310 $ 16,455 $ 23,906
Payout ratio 56% 114% 97% 125%
Working capital deficit $ 4,972 $ 6,463 $ 4,972 $ 6,463
Bank indebtedness $ 117,672 $ 112,949 $ 117,672 $ 112,949
Shares outstanding at end of period (000) 46,884 46,788 46,884 46,788
Basic weighted average shares (000) 46,876 46,787 46,866 46,779

Operating (1)
Daily production
Crude oil (bbls/d) 4,302 3,947 4,280 4,221
NGLs (bbls/d) 510 539 535 582
Natural gas (mcf/d) 7,374 8,370 7,539 9,041
Total boe/d @ 6:1 6,041 5,881 6,072 6,310
Average prices (excluding hedging)
Crude oil ($/bbl) $ 84.86 $ 73.06 $ 80.73 $ 80.92
NGLs ($/bbl) $ 50.05 $ 56.93 $ 51.82 $ 55.86
Natural gas ($/mcf) $ 3.74 $ 2.02 $ 3.53 $ 2.16
Operating netback ($/boe)
Petroleum and natural gas sales $ 69.22 $ 57.13 $ 65.86 $ 62.39
Royalties (11.59) (11.87) (11.69) (12.42)
Operating expense (21.78) (22.44) (21.14) (19.95)
Operating netback $ 35.85 $ 22.82 $ 33.03 $ 30.02

(1) Boe, funds from operations, payout ratio and working capital deficit do not have a standardized meaning under GAAP. Refer to
"Non-GAAP Measures, Definitions and Abbreviations" in this press release.
(2) Based on basic weighted average shares outstanding.

Message to Shareholders

- Funds from operations increased by 54% in the second quarter of 2013 to $16.7 million from $10.8 million received in the second quarter of 2012.
-- On a per share basis, funds from operations for the second quarter of 2013 was $0.36 per share versus $0.23 per share in Q2 2012, an increase of 54%.
-- The increase in funds from operations is attributable to higher crude oil production and strengthening pricing for Canadian oil sales.

Three months ended Six months ended
June 30, June 30,

($000) 2013 2012 % change 2013 2012 % change
Cash provided by operating activities $ 15,308 $ 13,238 16 % $ 30,951 $ 32,013 (3) %
Changes in non-cash working capital 2,698 (1,416) (291) % 3,151 277 1,038 %
Interest on bank indebtedness (1,336) (1,219) 10 % (2,706) (2,273) 19 %
Expenditures on decommissioning liability 13 246 (95) % 100 404 (75) %
Funds from operations $ 16,670 $ 10,603 57 % $ 31,396 $ 30,017 5 %
Dividends declared 7,032 7,018 - % 14,061 14,034 - %
Capital expenditures (1) 2,375 5,310 (55) % 16,455 23,906 (31) %
Payout ratio (2) 56% 116% 97% 126%

(1) Capital expenditures includes expenditures on property, plant and equipment and expenditures on exploration and evaluation assets.
(2) Payout ratio is calculated as cash dividends declared and capital expenditures divided by funds from operations.

- Our payout ratio during the second quarter of 2013 was 56% as compared to the corresponding period in 2012 which was 114%.
-- The payout ratio for the first six months of 2013 was 97% versus 125% in the first half of 2012.
-- Preservation of a sustainable payout ratio is the cornerstone of our business strategy which is based on the maintenance of a solid balance sheet while funding our dividend payments and capital expenditure programs primarily with funds from operations.

- Crude oil production increased by 9% in the second quarter of 2013 to 4,302 bbls/d from 3,947 bbls/d in Q2 2012.
-- The gains in crude oil production are the result of our successful drilling and completion programs that have been entirely focused on the continuing development of our light oil assets.
-- Total production rose by 3% to 6,041 boe/d in Q2 2013 from 5,881 boe/d in Q2 2012 as gains in higher value crude oil production more than offset reductions in natural gas and NGL production.

- Crude oil revenue, which comprised 87% of total revenue in the second quarter of 2013, increased by 27% to $33.2 million from $26.2 million in Q2 2012.
-- The WTI/Canadian oil price differential narrowed significantly in the second quarter of 2013 to $3.16/bbl as compared to $10.20/bbl in 2012.
-- The price of WTI increased slightly in the second quarter of 2013 averaging $94.23/bbl versus $93.51/bbl last year and the Canadian/US dollar was relatively unchanged.
-- WTI oil prices have strengthened further heading into the third quarter of 2013 and the WTI/Canadian oil price differential remains at levels significantly below those experienced last year.

- Operating netbacks increased by 57% from $22.82/bbl in Q2 2012 to $35.85/bbl in the second quarter of 2013.
-- Both operating costs and royalty expenses were held constant with prior year levels as ongoing cost reduction efforts are offsetting inflationary pressures seen throughout the Western Canadian sedimentary basin.

- Our Q2 2013 capital program experienced delays due to extreme spring break-up conditions which continue to hamper our ability to drill and complete wells throughout SE Saskatchewan and Alberta.
-- We spud 2 gross (1.5 net) wells in SE Saskatchewan late in the second quarter of 2013 that were rig released in July.

Commodity Hedging Program

- Longview's hedging program for calendar 2013 and 2014 includes crude oil hedges of 1,000 bbls/d at $90.29/bbl for January to December 2013 and 1,000 bbls/d at $93.00/bbl for February to December 2013 as well as 2,000 bbls/d at $94.84/bbl for January to December 2014.

- The Corporation will continue to hedge a portion of its production in the future in order to provide stability to cash flow in order to fund our dividend payments and capital expenditure program.

Looking Forward

- Longview's business strategy is to provide shareholders with attractive long term returns that combine both income and moderate growth by exploiting our assets in a financially disciplined manner and by acquiring additional long-life oil and gas assets of a similar nature. Longview has a base decline rate of approximately

19% which allows the Company to maintain production with a modest level of capital expenditures, as demonstrated during 2012 and 2011.

- Our 2013 capital program is designed to maintain production at 2012 levels while maintaining a sustainable payout ratio. Our planned capital program for the second half of 2013 is $21.5 million and will be focused on further development of the Midale formation in Southeast Saskatchewan where we have an extensive land base, high working interest and existing infrastructure. In addition, we plan on continuing to advance our waterflood projects across Alberta during the second half of 2013 through the drilling of several injection wells and further enhancement of water injection facilities.

Interim Financial Statements and MD&A

- This press release should be read in conjunction with Longview's unaudited interim financial statements for the three and six months ended June 30, 2013 together with the notes thereto, and Management's Discussion and Analysis for the three and six months ended June 30, 2013 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and posted on our website at www.longviewoil.com and filed under our profile on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain information regarding Longview set forth in this press release, including management's assessment of the Corporation's future plans and operations, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward looking statements. Such statements represent Longview's internal projections, estimates or beliefs concerning, among other things, an outlook on the estimated amounts and timing of capital expenditures or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. These statements are only predictions and actual events or results may differ materially. Although Longview believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause Longview's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Longview.

In particular, forward-looking statements included in this press release include, but are not limited to, statements with respect to Longview's business strategy; the Corporation's hedging program; ; the Corporation's 2013 capital program; the Corporation's anticipated drilling, development and recompletion activities; and the Corporation's plans to advance its waterflood projects in Alberta. In addition, statements relating to "reserves" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future.

These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the Corporation's control, including the impact of general economic conditions; volatility in market prices for crude oil and natural gas; industry conditions; volatility of commodity prices; currency fluctuation; imprecision of reserve estimates; liabilities inherent in crude oil and natural gas operations; environmental risks; incorrect assessments of the value of acquisitions and exploration and development programs; competition from other producers; the lack of availability of qualified personnel or management; changes in tax laws, royalty regimes and incentive programs relating to the oil and gas industry; changes to legislation and regulations and how they are interpreted and enforced; hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; unexpected drilling results; changes or fluctuations in production levels; delays in anticipated timing of drilling and completion of wells; stock market volatility; ability to access sufficient capital from internal and external sources and the other risks considered under "Risk Factors" in Longview's Annual Information Form, which is available on www.sedar.com and www.longviewoil.com.

With respect to forward-looking statements contained in this press release, Longview has made assumptions regarding: current commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; the price of oil and natural gas; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; royalty rates; future operating costs; that the Corporation will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Corporation's conduct and results of operations will be consistent with its expectations; that the Corporation will have the ability to develop the Corporation's properties in the manner currently contemplated; current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated; and the estimates of the Corporation's production and reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide shareholders with a more complete perspective on Longview's future operations and such information may not be appropriate for other purposes. Longview's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that the Corporation will derive there from. Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this press release and the Corporation disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Non-GAAP Measures, Definitions and Abbreviations

The Corporation discloses several financial measures in this press release that do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS" or "GAAP"), such as funds from operations and payout ratio. Management believes that these financial measures are useful supplemental information to analyze operating performance and provide an indication of the results generated by the Corporation's principal business activities. Longview's method of calculating these measures may differ from other companies, and accordingly, they may not be comparable to similar measures used by other companies. Please see the Corporation's most recent management's discussion and analysis, which is available on www.sedar.com for additional information about these financial measures.

"Boe" may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (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. Given that the value ratio based on the current price of crude oil as compared to natural gas 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.

"Funds from operations" represents cash provided by operating activities, adjusted for expenditures on decommissioning liability, changes in non-cash working capital and interest on bank indebtedness.

"Payout ratio" is calculated as cash dividends declared and capital expenditures divided by funds from operations."Funds from operations" represents cash provided by operating activities, adjusted for expenditures on decommissioning liability, changes in non-cash working capital and interest on bank indebtedness

"Working capital deficit" includes trade and other receivables, prepaid expenses and deposits, trade and other accrued liabilities and due to parent.

The following abbreviations used in this press release have the meanings set forth below:

bbls	barrels	mcf	thousand cubic feet
bbls/d	barrels per day	mcf/d	thousand cubic feet pe
boe	barrels of oil equivalent of natural gas, on the basis of 1 bbl of oil for 6 mcf of natural gas		
boe/d	barrels of oil equivalent per day		

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