Penn Virginia Reduces 2020 Capital Budget by 30%

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HOUSTON, March 17, 2020 - Penn Virginia Corp. ("Penn Virginia" or the "Company") (NASDAQ:PVAC) today announced the Company has reduced its 2020 capital budget and increased its 2020 oil hedge positions.

2020 Development Plans Update

The Company has reduced its 2020 capital budget by approximately 30% from its original budget. Penn Virginia's drilling rig and completion contracts are structured to provide ongoing flexibility, generally requiring approximately 30 days' notice for cancelation. Penn Virginia currently expects to have one active rig beginning in April and through the balance of 2020. The Company plans to provide a detailed update to its 2020 guidance by its first quarter 2020 earnings release. Penn Virginia may further reduce its revised capital budget based on market conditions.

Hedging Update

Penn Virginia recently restructured its oil hedge positions to move hedge positions from the second half of 2021 into the second and the fourth quarters of 2020. As a result, Penn Virginia is currently hedged for more than 80% of its expected 2020 oil production under its reduced drilling program. In addition to these hedges, the Company has also mitigated additional oil price exposure below $30 per barrel on 250,000 barrels of oil per month for the second and the third quarters of 2020 using put spreads. These hedge positions provide additional downside protection between $20 - $30 per barrel WTI but allow for full upside price exposure. As of March 13, 2020, the mark-to-market value of the Company's commodity hedge position was approximately $109 million.

John A. Brooks, President and Chief Executive Officer of Penn Virginia commented, "In response to the recent volatility in oil prices, we have reduced our capital budget by approximately 30% to ensure we maintain capital discipline. This is clearly a challenging time for the industry, but we believe Penn Virginia is well positioned to weather this storm. With our strong balance sheet, significant hedge position, low-cost structure, and short-term nature of our service contracts, we believe we can operate within cash flow in 2020 even in a $30 - $35 WTI oil environment. We will continue to monitor the environment, having significant flexibility to further adjust our capital as warranted."

Year-End 2019 Proved Reserves

Penn Virginia's total proved reserves as of December 31, 2019 were approximately 133.1 million barrels of oil equivalent ("MMBOE"). The proved reserves were calculated in accordance with Securities and Exchange Commission ("SEC") guidelines using the pricing of $55.67 per barrel for crude oil and $2.58 per million British Thermal Units (MMBtu) for natural gas.

The Company's standardized measure of total proved reserves was $1.5 billion and the standardized measure of total proved developed (“PD”) reserves was $1.0 billion as of December 31, 2019. The value of the Company's total proved reserves, utilizing the SEC price guidelines, discounted at 10% and before tax ("PV-10 value")[(1)], was $1.6 billion as of December 31, 2019. The PV-10 value[(1)] of the Company's PD reserves utilizing the SEC price guidelines was $1.0 billion as of December 31, 2019[(1)]. Using strip pricing and anticipated differentials as of March 13, 2020 (see the Appendix of this release for pricing information), the PV-10 value[(1)] of the Company's PD reserves at December 31, 2019 was $610 million before giving effect to hedges.

As of December 31, 2019, Penn Virginia had cash of $7.8 million and total debt of $562.4 million. The ratio of the PV-10 value[(1)] of the Company’s PD reserves adjusted for March 13, 2020 strip pricing and anticipated differentials, after giving effect to the Company’s hedge position, to the Company’s net debt[(2)] at year-end of approximately $555 million, yields a ratio of approximately 1.3x[(3)].

The tables below set forth Penn Virginia's oil and natural gas hedge positions as of March 13, 2020:

Swaps	WTI - Oil Volumes (Bbls Per Day)	WTI - Average Price ($/barrel)	MEH - Oil Volumes (Bbls Per Day)	MEH - Average Price ($/barrel)
1Q - 2020	15,648	[illegible]	[illegible]	$61.03
2Q - 2020	11,560	[illegible]	[illegible]	$61.03
3Q - 2020	8,630	[illegible]	[illegible]	$61.03
4Q - 2020	9,804	[illegible]	[illegible]	$61.03
1Q - 2021	5,000	$51.60	-	-
2Q - 2021	4,945	$51.60	-	-

Collars	WTI - Oil Volumes (Bbls Per Day)	WTI Floor Price ($/barrel)	WTI Ceiling Price ($/barrel)
2Q - 2020	5,297	[illegible]	[illegible]
3Q - 2020	6,891	[illegible]	[illegible]
4Q - 2020	2,000	[illegible]	[illegible]
1Q - 2021	1,667	[illegible]	[illegible]
2Q - 2021	1,648	[illegible]	[illegible]

Sold Puts	WTI - Oil Volumes (Bbls Per Day)	WTI Put Price ($/barrel)
2Q – 2020	912	$44.00
4Q – 2020	5,087	$43.50
1Q - 2021	6,667	$42.00
2Q - 2021	6,593	$42.00

Put Spreads	WTI - Oil Volumes (Bbls Per Day)	WTI Put Price ($/barrel)	WTI Short Put Price ($/barrel)
2Q – 2020	8,242	[illegible]	[illegible]
3Q – 2020	8,152	[illegible]	[illegible]

Collars	Henry Hub - Gas Volumes (MMBtu/d)	Henry Hub Floor Price ($/MMBtu)	Henry Hub Ceiling Price ($/MMBtu)
1Q - 2020	7,297	[illegible]	[illegible]
2Q - 2020	12,901	[illegible]	[illegible]
3Q - 2020	12,804	[illegible]	[illegible]
4Q - 2020	12,804	[illegible]	[illegible]

About Penn Virginia Corporation

Penn Virginia Corp. is a pure-play independent oil and gas company engaged in the development and production of oil, natural gas liquids, or NGLs, and natural gas, with operations in the Eagle Ford shale in south Texas. For more information, please visit our website at www.pennvirginia.com. The information on the Company's website is not part of this release.

Forward-Looking Statements

This communication contains certain "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Statements that are not historical facts are forward-looking statements, and such statements include, words such as "anticipate," "forward," "outlook," "expects," "intends," "plans," "believes," "future," "potential," "may," "possible," "should," "would," "could" and variations of such words or similar expressions, including the negative thereof, to identify forward-looking statements. Because such statements include assumptions, risks, uncertainties and contingencies, actual results may differ materially from those expressed or implied by such forward-looking statements. These risks, uncertainties and contingencies include, but are not limited to, the following: our ability to realize the desired benefits of hedges and predict commodity price changes; the effect of commodity and financial derivative arrangements with other parties, and counterparty risk related to the ability of these parties to meet their future obligations; any decline in and volatility of expected and realized commodity prices for oil, NGLs, and natural gas; our ability to comply with our credit agreement and maintain or increase our borrowing base; the uncertainties inherent in projecting future rates of production for our wells and the extent to which actual production differs from that estimated in our proved oil and gas reserves; actions by our service providers; and other risks set forth in our filings with the SEC. Additional information concerning these and other factors can be found in our press releases and public filings with the SEC. Many of the factors that will determine our future results are beyond the ability of management to control or predict. In addition, readers should not place undue reliance on forward-looking statements, which reflect management's views only as of the date hereof. The statements in this communication speak only as of the date of communication. We undertake no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law.

Footnote:

1) PV-10 value is a non-GAAP measure reconciled to Standardized Measure at the end of this release.
2) Net debt is a non-GAAP financial measure reconciled to Principle Amount of Long-Term Debt at the end of this release.
3) For information to calculate the ratio see table at the end of this release.

Reconciliation of GAAP "Standardized Measure of Discounted Future Net Cash Flows" to Non-GAAP "PV-10"

Non-GAAP PV-10 value is the estimated future net cash flows from estimated proved reserves discounted at an annual rate of 10 percent before giving effect to income taxes. The standardized measure of discounted future net cash flows is the after-tax estimated future cash flows from estimated proved reserves discounted at an annual rate of 10 percent, determined in accordance with generally accepted accounting principles (GAAP). We use non-GAAP PV-10 value as one measure of the value of our estimated proved reserves and to compare relative values of proved reserves amount exploration and production companies without regard to income taxes. We believe that securities analysts and rating agencies use PV-10 value in similar ways. Our management believes PV-10 value is a useful measure for comparison of proved reserve values among companies because, unlike standardized measure, it excludes future income taxes that often depend principally on the characteristics of the owner of the reserves rather than on the nature, location, and quality of the reserves themselves.

	December 31,	
	2019	2018
	(in thousands)	
Standardized measure of future discounted cash flows – Proved reserves	$ 1,488,882	$ 1,623,890
Present value of future income taxes discounted at 10% – Proved reserves	111,214	145,462
SEC PV-10 – Proved reserves	$ 1,600,096	$ 1,769,352

Reconciliation of SEC PV-10 and Adjusted PV-10 (non-GAAP) – Proved Developed Reserves

	Decembe 2019 (in thous
Standardized measure of future discounted cash flows (total proved reserves)	$ 1,488,8
Less: Future discounted cash flows attributable to proved undeveloped reserves	(512,21
Standardized measure of future discounted cash flows (proved developed reserves)	976,66
Add: Present value of future income taxes attributable to proved developed reserves discounted at 10%	35,354
PV-10 of proved developed reserves	$ 1,012,0
Less: Adjustment for strip pricing as of March 13, 2020 for proved developed reserves	(290,13
Less: Adjustment for change in anticipated differentials as of March 13, 2020 for proved developed reserves	(111,50
SEC PV-10 of proved developed reserves using strip pricing and anticipated differentials as of March 13, 2020	$ 610,37

NYMEX pricing used in the calculation of PV-10 value at strip and as further adjusted for anticipated differentials as of March 13, 2020.

Year	[illegible]
2020	[illegible]
2021	[illegible]
2022	[illegible]
2023	[illegible]
2024	[illegible]

The table below sets forth the calculation of the ratio of PV-10 of proved developed reserves adjusted for strip pricing, anticipated differentials and commodity hedge value to net debt.

Net Debt(2) (12/31/2019)	$555 mill
PV-10 of Proved Developed Reserves (12/31/2019) Adjusted for Strip Pricing and Differentials (03/13/2020)	$610 mill
Mark-to-Market of Commodity Hedges (03/13/2020)	$109 mill
Ratio	1.3x

Net Debt

Net debt, excluding unamortized discount and debt issuance costs is a non-GAAP financial measure that is defined as total principal amount of long-term debt less cash and cash equivalents. The most comparable financial measure to net debt, excluding unamortized discount and debt issuance costs under GAAP is principal amount of long-term debt. Net debt is used by management as a measure of our financial leverage. Net debt, excluding unamortized discount and debt issuance costs should not be used by investors or others as the sole basis in formulating investment decisions as it does not represent the Company's actual indebtedness.

	December 31, 2019	September 30, 2019	De
	(in thousands)		
Credit Facility	$ 362,400	$ 370,400	$
Second lien term loan, excluding unamortized discount and issue costs	200,000	200,000	20
Cash and cash equivalents	(7,798)	(11,387)	(17
Net Debt	$ 554,602	$ 559,013	$

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