Juniors fall short in meeting production forecasts

Large and midsized public oil and gas companies in Canada are doing a better job of meeting production forecasts than juniors, according 2018 year-end reconciliations. The Alberta Securities Commission published those and other results in its latest Oil & Gas Review.

Senior public issuers slightly overestimated their technical reserves while intermediates slightly underestimated them. Juniors fell short of their forecasts at year-end with a negative 4-percent revision.

The results for seniors and juniors skewed negatively because of outliers. A senior disproportionately influenced its peer group's outcome 42 percent with downward revisions, while one junior accounted for 21 percent of the slide in its group.

Craig Burns, manager petroleum at the ASC, confirmed the disproportionate influences were negative. The published review did not address that.

In its analysis, the ASC summed gross proved-plus-probable reserves by group as disclosed under Item 4.1(2)(c) of Form 51-101F1. The review is at https://www.albertasecurities.com/-/media/ASC-Documents-part-1/Publications/2019_Oil_and_Gas_Review_Report.ashx.

Pipeline constraints in Canada and the rise of take-or-pay contracts have hurt juniors more than larger integrated companies, observers say.