

ENERPLUS RESOURCES FUND

Form 6-K

May 15, 2003

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Report of Foreign Issuer pursuant to Rule 13-a-16 or 15d-16
of the Securities Exchange Act of 1934**

FOR THE MONTH OF MAY, 2003

COMMISSION FILE NUMBER 1-15150

**The Dome Tower
Suite 3000, 333 7 Avenue S.W.
Calgary, Alberta
Canada T2P 2Z1**

(403) 298-2200

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F o Form 40-F ý

Edgar Filing: ENERPLUS RESOURCES FUND - Form 6-K

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1)

Yes ☐ No ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7)

Yes ☐ No ☒

Indicate by check mark whether, by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the securities Exchange Act of 1934.

Yes ☐ No ☒

EXHIBIT INDEX

EXHIBIT 1 ENERPLUS ANNOUNCES FIRST QUARTER RESULTS FOR 2003

EXHIBIT 1

FOR IMMEDIATE RELEASE

May 14, 2003

Enerplus Resources Fund

TSX - ERF.un

NYSE - ERF

ENERPLUS ANNOUNCES FIRST QUARTER RESULTS FOR 2003

Enerplus Resources Fund (Enerplus) is pleased to announce the results for the first quarter of 2003.

Highlights:

The Fund paid \$1.07 per trust unit (\$89.1 million) in cash distributions to Unitholders with respect to the first quarter and retained \$0.70 per trust unit (\$58.2 million) to reduce bank debt incurred on acquisition and development spending. This represents a 60% payout ratio.

The Fund experienced significantly higher prices for its crude oil, natural gas and NGLs during the first quarter of 2003 when compared to the first quarter of 2002. Natural gas prices increased 166%, crude oil prices increased 54% and NGL prices increased 100% during this time period.

Daily production volumes increased by 8% over the same period in 2002 to average 67,893. With the additional production volumes acquired from the PCC acquisition late in the quarter, Enerplus expects to achieve its annual production outlook of 68,900 BOE/day for 2003.

Edgar Filing: ENERPLUS RESOURCES FUND - Form 6-K

Acquisition activities during the quarter added approximately 4,800 BOE of daily production and 23 MMBOE of established reserves to the Fund, replacing over 90% of the Fund's 2003 expected production.

Enerplus continued with its active development program, investing \$36.7 million in development drilling and facility enhancements for the three months ended March 31, 2003. During the quarter, Enerplus drilled 52 gross wells (19.8 net wells) with a 92% success rate.

Subsequent to the first quarter, Enerplus internalized its management structure by acquiring the shares of the management company, Enerplus Global Energy Management Company, from an indirect subsidiary of El Paso Corporation, for cash consideration of \$48.9 million before costs incurred in connection with the acquisition.

Enerplus Resources Fund achieved strong financial and operational results during the first quarter of 2003. Above-average commodity prices combined with operational results in line with expectations resulted in cash flows increasing 165% over the same period in 2002. Unitholders benefited from this increase through a rise in monthly cash distributions and the retention of cash flow that fully funded the first quarter's capital development spending and partially funded acquisitions. These activities have maintained the strength of the Fund's balance sheet and positioned the Fund to take advantage of acquisition opportunities as they arise.

Acquisition activities to date have replaced over 90% of the Fund's 2003 expected production. As we move into the second quarter, a relatively large number of assets and companies have been placed on the market. As with all opportunities, we remain highly selective and continue to proactively focus on transactions where we can add incremental value through the application of

technical or commercial advantages, leveraging our technical expertise to add new core properties in areas consistent with our historic value creation efforts.

Through the first quarter, Enerplus continued with its operating initiatives to build on our ability to create value for our Unitholders. We have moved to further enhance the skill sets within each of our business units by hiring additional highly skilled personnel, utilizing the services of a consulting group to fast track our operating initiatives and selectively reducing staff where necessary. While these initiatives have resulted in higher general and administrative costs during the quarter compared to the prior year, we believe our Unitholders will benefit over the longer-term through improved optimization of the Fund's portfolio of assets.

SELECTED FINANCIAL AND OPERATING RESULTS

For the three months ended March 31,	2003	2002
Average Daily Production		
Natural gas (Mcf/day)	232,911	211,713
Crude oil (bbls/day)	24,500	22,966
NGLs (bbls/day)	4,574	4,374
Total (BOE/day) (6:1)	67,893	62,626
% Natural gas	57%	56%
Reserve life index (years)	13.8	14.0
Average Selling Price Pre-Hedging		
Natural gas (per Mcf)	\$ 8.10	\$ 3.04
Crude oil (per bbl)	43.64	28.29
NGLs (per bbl)	36.34	18.15
Netback per BOE		
Oil & Gas Sales Before Hedging	\$ 46.01	\$ 21.90
Proceeds (cost) of Hedging	(3.92)	0.01
Royalties, net of ARTC	9.45	4.70
Operating Costs	5.86	5.38
Operating Netback	26.78	11.83
General and Administrative	0.99	0.60
Management Fees	0.40	0.30
Interest	0.79	0.56
Taxes	0.25	0.20
Funds Flow from Operations (1)	24.35	10.17
Financial (000 \$)		
Net Income	\$ 94,837	\$ 9,367
Funds Flow from Operations (1)	147,283	56,162
Cash Distributed	89,076	47,376
Cash Withheld for Debt Repayment	58,207	11,590

Edgar Filing: ENERPLUS RESOURCES FUND - Form 6-K

Debt Outstanding	494,643	443,798
Development Capital Spending	36,705	30,978
Acquisitions	187,441	21,205
Divestments	12,400	218
Financial per Unit		
Net Income	\$ 1.14	\$ 0.13
Funds Flow from Operations (1)	1.77	0.81
Cash Distributed	1.07	0.68
Cash Withheld for Debt Repayment	0.70	0.17
Debt/Trailing 12 month Funds Flow Ratio	1.5x	1.3x

(1) See discussion in the Management Discussion and Analysis

2003 CASH DISTRIBUTIONS PER TRUST UNIT

Production Month	Payment Month	CDN\$	US\$
January	March	\$ 0.35	\$ 0.24
February	April	0.35	0.24
March	May	0.37	0.27*
First Quarter total		\$ 1.07	\$ 0.75

* Calculated using an exchange rate of 1.3952 as of May 8, 2003

Value Creation on Existing Assets

Enerplus completed the first quarter of 2003 on track with our projections on all substantive operational parameters. First quarter average daily production volumes of 67,893 BOE/day, with an exit rate of approximately 71,000 BOE/day, positions Enerplus to meet its 2003 annual production objective of 68,900 BOE/day excluding any further acquisition or divestment activities. Operating costs during the quarter averaged \$5.86 per BOE, in line with our previous estimates, despite increasing power costs. This achievement is primarily the result of a number of in-house operating cost management initiatives. In the quarter, Enerplus spent \$36.3 million in development capital pursuing opportunities within our existing property portfolio. We continue to forecast a \$155 million capital program for the year.

Drilling Activity

Enerplus participated in 52 gross wells during the first quarter including 18 gross operated and 34 gross non-operated wells resulting in 19.8 net wells with an overall success rate of 92%. The majority of this drilling capital was directed at joint interest gas projects and east central Alberta oil. Enerplus also completed and tied in a number of wells that were drilled late in 2002. The Fund continues to expect to drill approximately 300 net wells throughout 2003.

2003 First Quarter Drilling Activity

Drilling Activity	Crude Oil Wells		Natural Gas Wells		Dry & Abandoned Wells		Total Wells	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Alberta	9.0	8.6	32.0	9.1	5.0	1.6	46.0	19.3
British Columbia			6.0	0.5			6.0	0.5
Total	9.0	8.6	38.0	9.6				