



TAPSTONE ENERGY

Tapstone Energy Reports Second Quarter 2018 Financial and Operational Results

Oklahoma City, August 14, 2018 -- Tapstone Energy, LLC ("Tapstone" or the "Company") today announced financial and operational results for the quarter ended June 30, 2018. Financial and operational highlights of note for the quarter include the following:

- Net loss of \$21.5 million, adjusted EBITDA of \$37.5 million and unhedged adjusted EBITDA \$45.6 million for the second quarter
- NW Stack production of 17.8 MBoe per day in the second quarter, increased 8% quarter-over-quarter and 73% year-over-year; Production mix of 22% oil, 43% liquids in the NW Stack
- Total Company second quarter production of 30.1 MBoe per day, increased 1% quarter-over-quarter and 15% year-over-year; Production mix of 18% oil, 44% liquids
- Excluding production related to the divested Verden assets, second quarter production was 29.4 MBoe per day, an increase of 6% quarter-over-quarter and 22% year-over-year; Production mix of 19% oil, 45% liquids
- Tapstone increases 2018 guidance for full year production and capital expenditures

Second Quarter 2018 Results

Tapstone reported a net loss of \$21.5 million for the second quarter of 2018, which includes \$25.3 million of unrealized, non-cash, mark-to-market losses on derivative contracts in future periods. Adjusted earnings before interest, income taxes, depreciation, depletion and amortization ("Adjusted EBITDA") for the second quarter of 2018 was \$37.5 million. Unhedged Adjusted EBITDA for the second of 2018 was \$45.6 million. Adjusted EBITDA and Unhedged Adjusted EBITDA are Non-GAAP financial measures and are described in the attached table under "Non-GAAP Financial Information and Reconciliation." See Second Quarter 2018 Financial Report for a full explanation of Adjusted EBITDA and Unhedged Adjusted EBITDA.

Note on Presentation of Reported Results

Reported second quarter 2018 results and the comparable 2017 periods include production and the associated cash flows from the Company's Verden asset in Central Oklahoma through April 30, 2018. Tapstone announced the divestiture of its Verden assets on March 6, 2018 and the divestiture was closed on April 30, 2018.

Please refer to the supplemental table provided at the end of this release, which illustrates the pro forma impact of results from the first quarter of 2017 through the second quarter of 2018, adjusted for the Company's Verden divestiture and the Company's adoption of a new revenue recognition standard in accordance with Accounting Standard Codification (ASC) 606, which occurred in the first quarter of 2018.

Operational Highlights

Tapstone's production volumes in the second quarter of 2018 averaged 30.1 thousand barrels of oil equivalent ("MBoe") per day, compared to 29.9 MBoe per day in the first quarter of 2018. For the second quarter of 2018, the Company's total production mix was 18% oil, 56% natural gas and 26% natural gas liquids ("NGLs").

Oil, natural gas and NGLs revenues, excluding settlements of derivative contracts, for the second quarter of 2018 totaled \$61.9 million. Realized prices in the second quarter of 2018 were \$65.75 per barrel (“Bbl”) for oil, \$1.28 per thousand cubic feet (“Mcf”) for natural gas and \$24.39 per Bbl for NGLs, excluding the impact of settlements of derivative contracts. These amounts are not directly comparable to realized prices in second quarter 2017 due to the impact of ASC 606 adoption.

The Company reported a net loss on derivative contracts of \$33.4 million during the second quarter, which consisted of a \$8.1 million realized loss and a \$25.3 million unrealized mark-to-market loss.

Production expense, which includes lease operating expense and workover expenses, was \$10.6 million in the second quarter of 2018, or \$3.89 per Boe. Second quarter production expense included \$3.76 per Boe of lifting costs and \$0.12 per Boe of workover expenses.

General and Administrative expense in the second quarter of 2018 was \$3.8 million which includes \$0.5 million of non-cash, non-recurring costs, primarily related to non-cash equity compensation expense. Excluding these costs results in a general and administrative expense of \$3.3 million, or \$1.20 per Boe for the second quarter.

Tapstone’s Wheeler Midstream system in the Texas Panhandle collects revenues from third parties for their share of volumes that flow through the system, which represent 19% of the gross system throughput in second quarter 2018. Revenue generated by these third-party volumes, classified as transportation revenue, was \$0.7 million for the second quarter of 2018. Transportation cost of service, which represents the total cost incurred to operate the midstream system, was \$1.3 million.

NW Stack

During the second quarter of 2018, the Company operated four rigs and spud 11 operated wells, of which four were extended laterals. For the quarter, the Company had 10 operated wells that obtained first production, of which four were extended laterals. The second quarter 10-well set had an average initial production rate of approximately 870 barrel of oil equivalent (“Boe”) per day on a two-stream basis, at 31% oil. Within the 10-well set, this initial rate includes peak IP30 day rates for nine wells and a current weekly rate for one well. The one well with a weekly rate has continued to increase in production during early flowback and has yet to establish a peak 30-day rate.

NW Stack production in the second quarter of 2018 averaged 17.8 MBoe per day compared to 16.5 MBoe per day in the previous quarter. The second quarter production mix was 22% oil, 56% natural gas and 22% NGLs.

NW Stack production expense before taxes, which includes lifting and workover expenses, for the second quarter of 2018 was \$2.58 per Boe. Second quarter production expense included \$2.57 per Boe of lifting expense \$0.01 per Boe of workover expense.

Due to recent improvements in drilling and completion design, the Company has successfully achieved well cost targets of \$8.5 million for a 2-mile Upper Meramec well and \$5.0 million for a 1-mile Osage well, during the second quarter. More recent results have demonstrated the Company’s ability to realize well costs of \$8.0 million for a 2-mile Upper Meramec well and \$4.5 million for a 1-mile Osage well.

Legacy Properties

The Company’s Legacy properties in the Anadarko Basin are in the following areas: the Stiles Ranch Field located in Wheeler County, Texas; the Verden Field located in Caddo and Grady Counties, Oklahoma; the Kansas producing properties located in Barber, Harper and Reno Counties, Kansas; and the Mocane-Laverne Field in Beaver, Harper and Ellis Counties, Oklahoma.

The Company’s Legacy properties produced 12.3 MBoe per day during the second quarter of 2018 compared to 13.4 MBoe per day in the previous quarter, representing an 8% sequential decline. The production mix for the second quarter of 2018 was 14% oil, 55% natural gas and 31% NGLs. Pro forma to exclude volumes from the divested Verden assets, which closed on April 30, the Company’s Legacy

properties produced 11.6 MBoe per day during the second quarter of 2018, representing an increase of 2% quarter-over-quarter. The increase in Legacy properties production is due to three Kansas wells obtaining first production during the quarter. The divestiture of the Verden properties on April 30, 2018, consisting of 95% gas, increased the liquids percentage mix compared to the prior quarter.

Legacy property production expense before taxes was \$5.78 per Boe in the second quarter. Second quarter production expense included \$5.49 per Boe of lifting and \$0.29 per Boe of workover expense. The Legacy properties' production expense receives the benefit from removing the fees associated with Tapstone's throughput volumes on Tapstone's wholly owned Wheeler Midstream system in Stiles Ranch.

Verden Asset Sale

As announced previously, Tapstone closed the sale of its Verden properties, associated with a portion of its Legacy fields in Caddo and Grady County, Oklahoma, on April 30, 2018, with net proceeds of \$60.2 million. The effective date of the transaction is January 1, 2018. The divestiture included approximately 12.9 million cubic feet equivalent ("Mmcf") per day of net production in 2017, consisting of 95% natural gas. Since the transaction closed during the second quarter of 2018, production and cash flows related to the divested properties are included in Company's reported financials through the April 30 closing date and excluded thereafter.

Quarterly Production

	Three Months Ended				12 Months Ended	Three Months Ended	
	March 31 2017	June 30 2017	September 30 2017	December 31 2017	December 31 2017	March 31 2018	June 30 2018
NW Stack							
Oil (MBbls/d)	1.5	2.3	2.1	3.4	2.3	3.8	3.9
Gas (MMcf/d)	28.1	36.3	37.9	44.8	36.8	53.6	60.4
NGLs (MBbls/d)	1.5	2.0	1.8	2.9	2.0	3.7	3.9
Total (MBoe/d)⁽¹⁾	7.7	10.3	10.2	13.7	10.5	16.5	17.8
Legacy Properties							
Oil (MBbls/d)	2.4	2.2	2.0	1.8	2.1	1.6	1.7
Gas (MMcf/d)	58.0	54.7	53.1	52.1	54.5	48.2	40.6
NGLs (MBbls/d)	4.6	4.4	4.6	4.1	4.4	3.7	3.8
Total (MBoe/d)⁽¹⁾	16.6	15.8	15.4	14.5	15.6	13.4	12.3
Total Company							
Oil (MBbls/d)	3.9	4.5	4.1	5.1	4.4	5.5	5.5
Gas (MMcf/d)	86.1	91.0	91.0	97.0	91.3	101.8	101.0
NGLs (MBbls/d)	6.1	6.4	6.4	6.9	6.4	7.4	7.7
Total (MBoe/d)⁽¹⁾	24.3	26.1	25.6	28.2	26.0	29.9	30.1

(1) May not sum or recalculate due to rounding

Second Quarter 2018 Capital Expenditures

Capital expenditures ("Capex"), excluding acquisition costs, for the second quarter of 2018 totaled \$68.8 million, which included \$62.6 million for drilling and completion development capex, \$3.7 million for leasehold and seismic and \$2.5 million of other capex. The Company also reported \$4.7 million of capital expenditures during the second quarter related to asset acquisition within the NW Stack area. Including this acquisition, total capital expenditures in second quarter totaled \$73.5 million

Net Debt and Liquidity

The Company ended second quarter 2018 with a net debt balance of \$463.2 million, which included \$1.3 million of cash, \$170.0 million of credit facility borrowings and \$294.5 million of senior unsecured notes. The Company purchased \$5.5 million principal amount of its senior notes for \$4.9 million in cash, including accrued interest. The Company has concluded its program to repurchase its senior unsecured

notes. Net debt is a Non-GAAP financial measure and is described in the attached table under "Non-GAAP Financial Information and Reconciliation."

2018 Guidance

The Company has increased its 2018 guidance for capital expenditures and production. Tapstone plans to spend in the range of approximately \$220 million to \$235 million of drilling and completion development capex and approximately \$15 million of leasehold, seismic, midstream and corporate capex.

Based on this capital program, the Company has increased its projected full year production growth in the range of 25% to 27%, averaging approximately 29,850 boe per day to 30,350 boe per day. The growth rate calculation excludes divested production volumes from the Verden asset sale.

The increase in 2018 capex and full year production is primarily related to recent improvements in drilling and completion activities, which have reduced operational cycle times, and an increase in working interests, due to an acquisition within the NW Stack during the second quarter of 2018. Given the improvement and efficiency demonstrated in the first half of 2018, the company plans to reduce its operated rig count to three rigs from four during the third quarter 2018.

Financial Derivative Positions as of August 15, 2018

	<u>Q3-2018</u>	<u>Q4-2018</u>	<u>FY-2019</u>	<u>FY-2020</u>
Oil Swaps				
Hedge Volumes (Bbls/d)	5,082	5,250	5,351	1,749
Weighted Average Price (\$/Bbl)	\$56.15	\$56.10	\$56.89	\$55.78
Gas Swaps				
Hedge Volumes (MMBtu/d)	57,500	71,500	18,164	9,000
Weighted Average Price (\$/MMBtu)	\$3.01	\$2.99	\$2.86	\$2.73
NGL Swaps				
Hedge Volumes (Bbls/d)	6,153	6,490	3,250	0
Weighted Average Price (\$/Bbl)	\$29.90	\$30.43	\$31.19	NA

Conference Call Information

Tapstone management will host a conference call to discuss its 2018 second quarter operational and financial results on Tuesday, August 15, at 9:00 AM Central Time.

Dial Information:

Participant Dial-In (Toll Free): 1-877-842-4284

Participant Dial-In (International): 1-412-317-5468

*Please ask to be joined into the "Tapstone Energy call."

Conference Call Replay:

A replay will be available for 90 days, beginning one hour after the end of the live conference call, until Friday, September 14, 2018. Dial information for the conference call replay is listed below:

US Toll Free: 1-877-344-7529

International Toll: 1-412-317-0088

Canada Toll Free: 1-855-669-9658

Replay Access Code: 10121976

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Tapstone Energy, LLC Condensed Consolidated Balance Sheets (Unaudited) (In thousands)

	June 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,289	\$ 2,180
Accounts receivable, net of allowance	8,573	14,087
Production receivable	22,274	19,948
Derivative contracts	124	1,374
Prepaid expenses	2,739	1,362
Total current assets	<u>34,999</u>	<u>38,951</u>
Oil and natural gas properties, using the full cost method:		
Proved oil and natural gas properties	1,366,581	1,273,059
Unproved oil and natural gas properties	103,584	122,312
Less: accumulated depreciation, depletion, amortization and impairment	<u>(771,522)</u>	<u>(728,118)</u>
Oil and natural gas properties, net	698,643	667,253
Other property, plant and equipment	136,140	136,111
Less: accumulated depreciation	<u>(27,799)</u>	<u>(24,152)</u>
Other property, plant and equipment, net	108,341	111,959
Derivative contracts	20	157
Credit facility issuance costs, net	4,875	3,582
Total assets	<u><u>\$ 846,878</u></u>	<u><u>\$ 821,902</u></u>
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	\$ 26,020	\$ 26,014
Production payable	13,487	3,822
Accrued liabilities	30,335	32,914
Derivative contracts	34,880	13,994
Accrued interest payable	3,729	3,339
Other current liabilities	1,710	1,617
Total current liabilities	<u>110,161</u>	<u>81,700</u>
Long-term debt, net	455,908	447,402
Derivative contracts	11,772	2,472
Asset retirement obligations	7,373	7,739
Other long-term liabilities	694	-
Total liabilities	<u>585,908</u>	<u>539,313</u>
Commitments and contingencies (Note 13)		
Members' equity	260,970	282,589
Total liabilities and members' equity	<u><u>\$ 846,878</u></u>	<u><u>\$ 821,902</u></u>

Tapstone Energy, LLC Condensed Consolidated Statement of Operations (Unaudited) (In thousands)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenues				
Oil sales	\$ 33,138	\$ 19,406	\$ 62,766	\$ 37,183
Natural gas sales	11,728	22,974	27,249	43,229
Natural gas sales, related parties	-	-	-	3,097
NGL sales	17,050	11,099	32,082	22,645
Transportation revenue	748	879	1,504	1,777
Total revenues	<u>62,664</u>	<u>54,358</u>	<u>123,601</u>	<u>107,931</u>
Expenses				
Production expense	10,633	20,374	21,916	40,121
Production taxes	1,893	1,408	3,741	2,889
Transportation cost of service	1,287	1,318	2,954	2,821
Depreciation and depletion - oil and natural gas	22,455	14,181	43,474	27,041
Depreciation and amortization - other	2,061	2,073	4,126	4,138
Accretion of asset retirement obligation	128	123	262	243
General and administrative	3,767	4,058	8,283	8,892
Losses on disposition of assets, net	197	38	426	846
Total expenses	<u>42,421</u>	<u>43,573</u>	<u>85,182</u>	<u>86,991</u>
Income from operations	<u>20,243</u>	<u>10,785</u>	<u>38,419</u>	<u>20,940</u>
Other income (expense)				
Interest expense	(9,013)	(6,116)	(18,383)	(9,384)
Gain (loss) on derivative contracts, net	(33,396)	12,526	(43,309)	22,410
Gain on debt extinguishment	611	-	611	-
Other income, net	39	(170)	40	(165)
Total other expense, net	<u>(41,759)</u>	<u>6,240</u>	<u>(61,041)</u>	<u>12,861</u>
Net income (loss)	<u>\$ (21,516)</u>	<u>\$ 17,025</u>	<u>\$ (22,622)</u>	<u>\$ 33,801</u>

Tapstone Energy, LLC Condensed Consolidated Statement of Cash Flows (Unaudited) (In thousands)

	Six Months Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (22,622)	\$ 33,801
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	47,600	31,179
Accretion of asset retirement obligations	262	243
Losses on disposition of assets, net	426	846
Gain on debt extinguishment	(611)	-
Debt issuance costs and senior note discount amortization	1,701	1,152
Equity compensation	897	1,124
(Gain) loss on derivative contracts, net	43,309	(22,410)
Settlements on derivative contracts	(11,735)	867
Changes in operating assets and liabilities increasing (decreasing) cash:		
Receivables	3,188	3,656
Receivables, related parties	-	782
Other current assets	(1,377)	(1,119)
Other assets and liabilities, net	10,074	3,852
Accounts payable and accrued expenses	(6,622)	306
Accrued expenses, related parties	-	(604)
Net cash provided by operating activities	<u>64,490</u>	<u>53,675</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures - other property, plant and equipment	(1,611)	(1,980)
Capital expenditures - oil and natural gas properties	(125,694)	(106,475)
Acquisition of producing properties	(4,743)	-
Proceeds from sale of assets	60,379	-
Net cash used in investing activities	<u>(71,669)</u>	<u>(108,455)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Credit facility borrowings	73,000	35,000
Credit facility payments	(60,000)	(315,000)
Purchase of senior notes	(4,721)	-
Debt issuance costs	(1,991)	(579)
Proceeds from issuance of senior notes, net of discount and deferred cost	-	291,057
Deferred public offering costs paid	-	(513)
Capital contributions	-	50,000
Net cash provided by financing activities	<u>6,288</u>	<u>59,965</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(891)	5,185
CASH AND CASH EQUIVALENTS, beginning of period	2,180	529
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 1,289</u>	<u>\$ 5,714</u>

Non-GAAP Financial Information and Reconciliation

	Three Months Ended June 30,	
	2018	2017
Net income (loss)	\$ (21,516)	\$ 17,025
Adjusted for		
Interest expense	9,013	6,116
Depreciation and depletion - oil and natural gas	22,455	14,181
Depreciation and amortization - other	2,061	2,073
Accretion of asset retirement obligation	128	123
MTM losses (gains) on derivative contracts	25,318	(11,029)
Losses on disposition of assets, net	197	38
Gain on extinguishment of debt	(611)	-
Public offering organizational costs	56	63
Equity compensation expense	409	977
A&D costs	9	-
Adjusted EBITDA	<u>\$ 37,518</u>	<u>\$ 29,567</u>
Settlements on derivative contracts	8,078	(1,497)
Unhedged Adjusted EBITDA	<u>\$ 45,596</u>	<u>\$ 28,070</u>

	June 30, 2018
Long-term debt, net	\$ 455,908
Adjusted for	
Add: Unamortized debt issuance and discount costs	8,592
Less: Cash and cash equivalents	1,289
Net debt	<u>\$ 463,211</u>

The following table presents historical periods, adjusted to exclude production volumes and associated cash flows associated with the divested Verden assets, and presents fiscal year 2017 in accordance with ASC 606. The Company's reported financials reflect ASC 606 adoption in 1Q2018 and closing of Verden assets on April 30, 2018.

	1Q17		2Q17		3Q17		4Q17		1Q18		2Q18	
	NW	Total	NW	Total	NW	Total	NW	Total	NW	Total	NW	Total
	Stack	Company	Stack	Company	Stack	Company	Stack	Company	Stack	Company	Stack	Company
Production												
Oil (Bbl/d)	1,510	2,290	3,800	2,254	2,115	4,369	2,061	1,882	3,942	3,362	1,655	5,017
Gas (Mcf/d)	28,143	46,579	74,722	43,947	43,347	79,617	37,862	41,530	79,392	44,834	38,152	82,987
NGLS (Bbl/d)	4,464	4,583	6,047	1,967	4,438	6,405	1,290	4,553	6,343	2,862	4,012	6,929
Total (Boe/d)	7,665	14,635	22,300	10,266	13,777	24,043	10,161	13,356	23,517	13,696	12,031	25,726
Production Mix												
Oil	19.7%	15.6%	17.0%	22.0%	15.3%	18.2%	20.3%	14.1%	16.8%	24.5%	13.8%	19.5%
Gas	61.2%	53.0%	55.8%	52.4%	52.4%	55.2%	62.1%	51.8%	56.3%	54.6%	52.9%	53.8%
NGLS	19.1%	31.3%	27.1%	19.2%	27.1%	26.6%	17.6%	34.1%	27.0%	20.9%	33.8%	26.7%
Liquids	38.8%	47.0%	44.2%	41.1%	47.6%	44.8%	37.9%	48.2%	43.7%	45.4%	47.1%	46.2%
Index Price												
WTI (\$/Bbl)	\$ 51.91	\$ 51.91	\$ 51.91	\$ 48.28	\$ 48.28	\$ 48.28	\$ 48.20	\$ 48.20	\$ 55.40	\$ 55.40	\$ 55.40	\$ 62.87
Henry Hub (\$/Mcf)	\$ 3.32	\$ 3.32	\$ 3.32	\$ 3.18	\$ 3.18	\$ 3.18	\$ 3.00	\$ 3.00	\$ 2.93	\$ 2.93	\$ 2.93	\$ 3.00
Henry Hub (\$/Mcf)	\$ 3.32	\$ 3.32	\$ 3.32	\$ 3.18	\$ 3.18	\$ 3.18	\$ 3.00	\$ 3.00	\$ 2.93	\$ 2.93	\$ 2.93	\$ 3.00
Realized Unhedged Price												
Oil (\$/Bbl)	\$ 47.88	\$ 48.18	\$ 48.06	\$ 45.39	\$ 44.46	\$ 44.94	\$ 45.29	\$ 44.76	\$ 45.04	\$ 53.04	\$ 51.87	\$ 52.65
Gas (\$/Mcf)	\$ 2.14	\$ 2.21	\$ 2.19	\$ 1.79	\$ 2.00	\$ 1.90	\$ 1.75	\$ 1.87	\$ 1.82	\$ 1.62	\$ 1.81	\$ 1.71
NGLS (\$/Bbl)	\$ 22.97	\$ 17.68	\$ 18.96	\$ 20.78	\$ 15.09	\$ 16.84	\$ 24.03	\$ 18.57	\$ 20.11	\$ 26.29	\$ 22.60	\$ 24.13
Tons & Gating Diff												
Oil (\$/Bbl)	(\$2.94)	(\$2.66)	(\$2.77)	(\$2.51)	(\$2.83)	(\$2.67)	(\$2.57)	(\$2.73)	(\$2.64)	(\$2.41)	(\$2.28)	(\$2.54)
Gas (\$/Mcf)	(\$0.98)	(\$0.60)	(\$0.75)	(\$0.99)	(\$0.58)	(\$0.77)	(\$0.91)	(\$0.64)	(\$0.77)	(\$0.94)	(\$0.65)	(\$0.81)
NGLS (\$/Bbl)	(\$3.14)	(\$1.94)	(\$2.23)	(\$3.03)	(\$1.80)	(\$2.18)	(\$3.54)	(\$1.89)	(\$2.36)	(\$3.19)	(\$1.97)	(\$2.48)
Revenues (\$M)												
Unhedged Oil	\$ 6,508	\$ 9,930	\$ 16,438	\$ 9,310	\$ 8,555	\$ 17,865	\$ 8,587	\$ 7,749	\$ 16,336	\$ 16,403	\$ 7,899	\$ 24,302
Unhedged Gas	\$ 5,425	\$ 9,276	\$ 14,701	\$ 5,918	\$ 7,883	\$ 13,801	\$ 6,106	\$ 7,160	\$ 13,267	\$ 6,688	\$ 6,338	\$ 13,026
Unhedged NGLS	\$ 3,026	\$ 7,291	\$ 10,317	\$ 3,719	\$ 6,994	\$ 9,813	\$ 3,957	\$ 7,778	\$ 11,735	\$ 6,921	\$ 8,350	\$ 15,271
Transportation Revenue	-	899	899	-	879	879	-	833	833	-	806	806
Realized Hedge Gains	-	-	(630)	-	-	1,496	-	1,294	-	3,001	(2,082)	-
Total Revenues	\$ 14,959	\$ 27,396	\$ 41,725	\$ 18,947	\$ 23,412	\$ 43,855	\$ 18,650	\$ 23,520	\$ 43,464	\$ 30,012	\$ 23,394	\$ 51,319
Direct Expenses (\$M)												
Production Expense	4,071	6,821	10,892	3,977	6,567	10,544	5,021	6,680	11,701	3,611	6,620	10,230
Production Taxes	332	961	1,293	424	782	1,207	434	852	1,266	676	886	1,561
Transportation Cost of Service	-	1,503	1,503	-	1,318	1,318	-	1,431	1,431	-	1,535	1,535
Adjusted General & Administrative	-	-	3,948	-	-	3,019	-	3,056	3,056	-	3,029	3,029
Total Expenses	\$ 4,403	\$ 9,285	\$ 17,636	\$ 4,401	\$ 8,668	\$ 16,088	\$ 5,455	\$ 8,962	\$ 17,474	\$ 4,286	\$ 9,041	\$ 16,356
Other Income (Expense) (\$M)												
Other income (expense), net	\$ -	\$ -	\$ 5	\$ -	\$ -	\$ (168)	\$ -	\$ -	\$ (221)	\$ -	\$ -	\$ (46)
Adjusted EBITDA												
Settlements on derivative contracts	-	-	630	-	-	(1,497)	-	-	(1,294)	-	-	2,087
Unhedged Adjusted EBITDA												
Adjusted EBITDA	\$ 24,724	\$ 24,724	\$ 24,724	\$ 24,724	\$ 24,724	\$ 24,724	\$ 24,724	\$ 24,724	\$ 24,724	\$ 24,724	\$ 24,724	\$ 24,724
Unit Revenues & Expenses (\$/Boe)												
Revenue												
Unhedged Production	\$ 21.69	\$ 20.12	\$ 20.66	\$ 20.28	\$ 17.97	\$ 18.96	\$ 19.95	\$ 18.46	\$ 19.11	\$ 23.82	\$ 20.41	\$ 22.22
Transportation	-	0.68	0.45	-	0.70	0.40	-	0.68	0.39	0.73	0.34	0.34
Hedge Gain (Loss)	-	(0.31)	(0.31)	-	-	0.68	-	-	0.60	-	-	(0.88)
Total Revenue	\$ 21.69	\$ 20.80	\$ 20.79	\$ 20.28	\$ 18.67	\$ 20.04	\$ 19.95	\$ 19.14	\$ 20.09	\$ 23.82	\$ 21.14	\$ 21.68
Direct Expenses												
Production Expense	5.90	5.18	5.43	4.26	5.24	4.82	5.37	5.44	5.41	2.87	5.98	4.32
Production Taxes	0.48	0.73	0.64	0.45	0.62	0.55	0.46	0.69	0.59	0.54	0.80	0.66
Transportation Cost of Service	-	1.14	0.75	-	1.05	0.60	-	1.16	0.66	-	1.39	0.65
Adjusted General & Administrative	-	-	1.97	-	-	1.38	-	-	1.41	-	-	1.28
Total Expenses	\$ 6.38	\$ 7.05	\$ 8.79	\$ 4.71	\$ 6.91	\$ 7.35	\$ 5.84	\$ 7.29	\$ 8.08	\$ 3.40	\$ 8.17	\$ 6.91
Other Income (Expense) (\$M)												
Other income (expense), net	\$ -	\$ -	\$ 0.00	\$ -	\$ -	\$ (0.08)	\$ -	\$ -	\$ (0.10)	\$ -	\$ -	\$ (0.02)
Cash Margin												
Cash Margin	\$ 15.30	\$ 13.75	\$ 12.00	\$ 15.57	\$ 11.76	\$ 12.61	\$ 14.11	\$ 11.85	\$ 11.91	\$ 20.42	\$ 12.97	\$ 14.75