



TAPSTONE ENERGY

Tapstone Energy Reports Fourth Quarter and Full Year 2018 Financial Results and Operational Update; Announces 2019 Guidance

Oklahoma City, March 12, 2019 - Tapstone Energy, LLC ("Tapstone" or the "Company") today announced financial and operational results for the quarter and full year ended December 31, 2018. Financial and operational highlights of note for fourth quarter and full year 2018 include the following:

- Net income of \$123.7 million for the fourth quarter and \$82.1 million for the full year
- Adjusted EBITDA for the fourth quarter of \$41.4 million and \$156.5 million for full year; unhedged adjusted EBITDA of \$48.4 million for the fourth quarter and \$187.6 million for the full year
- NW Stack production of 21.6 MBoe per day in the fourth quarter, increased 12% quarter-over-quarter and 58% year-over-year
- Total company fourth quarter production of 32.0 MBoe per day, increased 5% quarter-over-quarter and increased 14% year-over-year
- 2018 year end proved reserves reached 166 MMBoe with proved PV10 of \$960 million, increased \$341 million year-over-year

Note on Presentation of Reported Results

Reported full year 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.

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 fourth 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 Standards Codification ("ASC") 606, which occurred in the first quarter of 2018.

Financial Results

2018 Fourth Quarter Results

The Company reported net income of \$123.7 million for the fourth quarter of 2018. Adjusted earnings before interest, income taxes, depreciation, depletion and amortization ("Adjusted EBITDA") for the fourth quarter of 2018 was \$41.4 million compared to \$39.0 million for the third quarter of 2018, an increase of 6%. Unhedged Adjusted EBITDA for the fourth quarter of 2018 was \$48.4 million. Adjusted EBITDA is a Non-GAAP financial measure and is described in the attached table under "Non-GAAP Financial Information and Reconciliation." See Full Year 2018 Financial Report for a full explanation of Adjusted EBITDA.

Oil, natural gas and natural gas liquids ("NGLs") revenues, excluding settlements of derivative contracts, for the fourth quarter of 2018 totaled \$68.4 million. Realized prices in the fourth quarter of 2018 were \$56.71 per barrel ("Bbl") for oil, \$2.20 per thousand cubic feet ("Mcf") for natural gas and \$21.34 per Bbl for NGLs, excluding the impact of settlements of derivative contracts. These amounts are not directly comparable to realized prices for the fourth quarter of 2017 due to the impact of ASC 606.

The Company recorded a net gain on derivative contracts of \$115.7 million during the fourth quarter, which consisted of a \$7.0 million realized loss and a \$122.7 million unrealized mark-to-market gain for future periods.

Production expense, which includes lease operating expense and workover expenses, was \$12.3 million in the fourth quarter of 2018, or \$4.18 per barrel of oil equivalent (“Boe”). Fourth quarter production expense included \$4.08 per Boe of lifting costs and \$0.10 per Boe of workover expenses.

General and Administrative expense for the fourth quarter of 2018 was \$4.3 million which includes \$0.4 million of non-cash equity compensation expense and \$0.1 million of non-recurring costs. Excluding these costs results in a general and administrative expense of \$3.7 million, or \$1.27 per Boe for fourth quarter 2018.

Tapstone’s midstream system in the Texas Panhandle collects revenues from third parties for their share of volumes that flow through the system, which represent approximately 20% of the gross system throughput. Revenues generated by these third-party volumes, classified as transportation revenue, were \$0.7 million for the fourth quarter of 2018. Transportation cost of service, which represents the cost incurred to operate the midstream system, was \$1.4 million.

2018 Full Year Results

The Company reported net income of \$82.1 million for the 2018 full year. Adjusted EBITDA for the 2018 full year was \$156.5 million compared to \$120.9 million for 2017, an increase of 29%. Unhedged Adjusted EBITDA for the full year 2018 was \$187.6 million. Adjusted EBITDA is a Non-GAAP financial measure and is described in the attached table under “Non-GAAP Financial Information and Reconciliation.” See Full Year 2018 Financial Report for a full explanation of Adjusted EBITDA.

Oil, natural gas and NGLs revenues, excluding settlements of derivative contracts, for the 2018 full year totaled \$260.0 million. Realized prices in the 2018 full year \$62.46 per Bbl for oil, \$1.66 per Mcf for natural gas and \$24.36 per Bbl for NGLs, excluding the impact of settlements of derivative contracts. These amounts are not directly comparable to realized prices for the full year 2017 due to the impact of ASC 606.

The Company reported a net gain on derivative contracts of \$38.2 million during the 2018 full year, which consisted of a \$31.1 million realized loss and a \$69.3 million unrealized mark-to-market gain for future periods.

Production expense, which includes lease operating expense and workover expenses, was \$45.7 million in the 2018 full year, or \$4.09 per Boe. Production expense for 2018 included \$3.96 per Boe of lifting costs and \$0.13 per Boe of workover expenses.

General and Administrative expense during 2018 was \$16.4 million which includes \$1.8 million of non-cash equity compensation and \$0.5 million of non-recurring costs. Excluding these costs results in a general and administrative expense of \$14.2 million, or \$1.27 per Boe, for 2018.

Tapstone’s midstream system in the Texas Panhandle collects revenues from third parties for their share of volumes that flow through the system, which represent approximately 20% of the gross system throughput. Revenues generated by these third-party volumes, classified as transportation revenue, were \$3.0 million for the 2018 full year. Transportation cost of service, which represents the cost incurred to operate the midstream system, was \$5.8 million.

Operational Highlights

Tapstone’s production volumes in the fourth quarter of 2018 averaged 32.0 thousand barrels of oil equivalent (“MBoe”) per day, compared to 30.5 MBoe per day in the third quarter of 2018. For the fourth quarter of 2018, the Company's total production mix was 19% oil, 56% natural gas and 25% NGLs.

NW Stack

During the fourth quarter of 2018, the Company spud 12 operated wells, of which five were extended laterals while operating three rigs. Also, in the quarter, the Company had nine operated wells that obtained first production, of which five were extended laterals. The fourth quarter nine-well set had an average initial production rate of approximately 808 Boe per day on a two-stream basis, at 33% oil.

The NW Stack produced 21.6 MBoe per day during the fourth quarter of 2018 compared to 19.3 MBoe per day in the previous quarter, representing a 12% sequential increase. The production mix for the fourth quarter of 2018 was 21% oil, 58% natural gas and 21% NGLs, consistent with the previous quarter.

NW Stack production expense before taxes for the fourth quarter of 2018 was \$3.31 per Boe, of which \$3.20 was lifting expense and \$0.10 was workover expense.

The Company successfully achieved its well cost targets of \$7.3 million for a 2-mile Upper Meramec well and \$4.5 million for a 1-mile Osage well during the fourth quarter of 2018. Due to continuing improvements in drilling performance and material reductions in bid prices for equipment and services, the Company is reducing its current well cost targets to \$7.0 million for a 2-mile Upper Meramec well and \$4.3 million for a 1-mile Osage well.

During the fourth quarter of 2018, Tapstone acquired assets in the NW Stack located in Woodward and Dewey counties, Oklahoma. The acquisition closed on November 19, 2018 for an estimated adjusted purchase price of approximately \$8.6 million. The acquired assets include five operated horizontal wells with net production of approximately 650 Boe per day. The transaction includes approximately 15,000 total net leasehold acres, of which approximately 4,300 net acres are held by production. The acquisition includes interests in a total of 18 wells.

Tapstone successfully closed on multiple asset acquisitions during 2018. The total combined estimated net purchase price of \$74 million, of which \$50 million funded through of common equity. These NW Stack acquisitions have been de-leveraging transactions, expanded the Company's core development area and increased future potential drilling locations. The Company is actively developing on the acquired acreage with strong initial production results. Utilizing full section development of the Upper Meramec, Tapstone is currently drilling and completing four wells and plans to incorporate additional future drilling locations from the acquired acreage into the 2019 development plan.

Legacy Producing 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 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 10.4 MBoe per day during the fourth quarter of 2018 compared to 11.1 MBoe per day in the previous quarter, representing a 7% sequential decline. The production mix for the fourth quarter of 2018 was 13% oil, 53% natural gas and 34% NGLs, consistent with the previous quarter.

Legacy property production expense before taxes was \$6.00 per Boe in the fourth quarter of 2018. Fourth quarter production expense included \$5.91 per Boe of lifting and \$0.09 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.

Tapstone divested of its Legacy Verden assets and 155 wellbores in the Mocane-Laverne Field for total combined proceeds of approximately \$62 million during 2018. The Company used the proceeds to reduce outstanding borrowings under its revolving credit facility.

Quarterly and Annual Production

	Three Months Ended				12 Months Ended	Three Months Ended				12 Months Ended
	March 31 2017	June 30 2017	September 30 2017	December 31 2017	December 31 2017	March 31 2018	June 30 2018	September 30 2018	December 31 2018	December 31 2018
NW Stack										
Oil (MBbls/d)	1.5	2.3	2.1	3.4	2.3	3.8	3.9	4.1	4.6	4.1
Gas (MMcfd)	28.1	36.3	37.9	44.8	36.8	53.6	60.4	65.9	75.4	63.9
NGLs (MBbls/d)	1.5	2.0	1.8	2.9	2.0	3.7	3.9	4.2	4.5	4.1
Total (MBoe/d)⁽¹⁾	7.7	10.3	10.2	13.7	10.5	16.5	17.8	19.3	21.6	18.8
Legacy Properties										
Oil (MBbls/d)	2.4	2.2	2.0	1.8	2.1	1.6	1.7	1.5	1.3	1.5
Gas (MMcfd)	58.0	54.7	53.1	52.1	54.5	48.2	40.6	34.9	33.1	39.1
NGLs (MBbls/d)	4.6	4.4	4.6	4.1	4.4	3.7	3.8	3.9	3.6	3.7
Total (MBoe/d)⁽¹⁾	16.6	15.8	15.4	14.5	15.6	13.4	12.3	11.2	10.4	11.8
Total Company										
Oil (MBbls/d)	3.9	4.5	4.1	5.1	4.4	5.5	5.5	5.6	5.9	5.6
Gas (MMcfd)	86.1	91.0	91.0	97.0	91.3	101.8	101.0	100.8	108.5	103.0
NGLs (MBbls/d)	6.1	6.4	6.4	6.9	6.4	7.4	7.7	8.1	8.1	7.8
Total (MBoe/d)⁽¹⁾	24.3	26.1	25.6	28.2	26.0	29.9	30.1	30.5	32.0	30.6

(1) May not sum or recalculate due to rounding

2018 Capital Expenditures

Capital expenditures ("capex"), excluding acquisition costs, for the 2018 fourth quarter totaled \$67.8 million, which included \$64.2 million for drilling and completion development capex primarily in NW Stack, \$2.9 million for leasehold and seismic and \$0.7 million of other capex. Drilling and completion development capex decreased 4% compared to the previous quarter. Capex, excluding acquisition costs, for the 2018 full year totaled \$269.1 million, which included \$251.2 million for drilling and completion development capex primarily in NW Stack, \$12.1 million for leasehold and seismic and \$5.8 million of other capex.

Net Debt and Liquidity

The Company's credit facility borrowing base was increased to \$400.0 million in conjunction with the November 2018 redetermination. The Company ended 2018 with a net debt balance of \$542.0 million, which included \$2.5 million of cash, \$250.0 million of credit facility borrowings and \$294.5 million of 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." Available liquidity at the end of 2018 was \$150.4 million, adjusted for outstanding letters of credit of \$2.3 million and \$2.5 million of cash.

2019 Guidance

In 2018, Tapstone averaged an operated rig count of 3.3 rigs and drilled 43 gross wells and 37 net wells. The Company achieved continued efficiencies in operational cycle times and decreased per well capital costs. Given the improvement and efficiency demonstrated in the first half of 2018, the Company was able to decrease its operated rig count to 3 rigs in August 2018.

In order to manage liquidity in 2019, Tapstone is currently operating two rigs in the NW Stack and will continue at this rig pace throughout the year. The Company plans to add a third operated rig in its Stiles Ranch asset during the second quarter of 2019 to drill two to four wells. The Stiles Ranch wells will receive the production expense benefit of utilizing the Company's wholly owned Wheeler Midstream system on Tapstone's throughput volumes.

The Company estimates spending in the range of approximately \$180 million to \$200 million of drilling and completion development capex. The Company has also budgeted for approximately \$10 to \$15 million of leasehold, seismic, midstream and corporate capex.

The Company expects full year production growth in the range of 4% to 10%, averaging approximately 31,000 boe per day to 33,000 boe per day based on this capital program. The growth rate is based on 29,920 boe per day, which excludes 2018 production volumes from the Verden asset sale.

Year End 2018 Estimated Proved Reserves

The Company's total estimated SEC proved reserves at December 31, 2018 were 166.3 million barrels of oil equivalent ("MMBoe"), an increase of 16.0 MMBoe, or 11%, compared to year end 2017 proved reserves. This increase in reserves added \$341 million in PV10 value for a total year end PV10 value for proved reserves of \$960 million at SEC Pricing of \$65.56 per barrel of oil and \$3.10 per million British thermal unit ("MMBtu") of natural gas. Year end 2018 proved reserves were comprised of 15% oil, 57% natural gas and 28% NGLs. Approximately 44% of the Company's 2018 year end proved reserves were classified as proved developed.

	Year End 2018 Proved Reserves at SEC Pricing ^{(1) (2)}				PV10 (\$MM) ^{(2) (3)}
	Oil (MBbls)	NGL (MBbls)	Natural Gas (MMcf)	Total Equivalent (MBoe) ⁽⁴⁾	YE 2018 SEC Pricing ⁽¹⁾
NW Stack					
Developed	5,304	8,701	131,657	35,949	\$320
Undeveloped	13,809	15,973	241,674	70,061	\$349
Total Proved	19,113	24,674	373,331	106,009	\$668
Legacy Properties					
Developed	3,338	13,630	122,193	37,333	\$191
Undeveloped	3,225	7,945	70,976	23,000	\$101
Total Proved	6,563	21,575	193,170	60,333	\$292
Total Company					
Developed	8,642	22,331	253,851	73,282	\$511
Undeveloped	17,035	23,917	312,650	93,060	\$450
Total Proved	25,677	46,249	566,501	166,343	\$960

(1) SEC pricing remains flat for reserve life at \$65.56 per Bbl & \$3.10 per MMBtu.

(2) Proved reserve amounts do not reflect the economic benefit of the wholly owned Wheeler Midstream system and may not sum or recalculate due to rounding.

(3) PV-10 is a non-GAAP financial measure and generally differs from standardized measure, the most directly comparable GAAP financial measure, because it does not include the effects of income taxes on future net cash flows. Excluded from PV-10 above is the present value of future Texas margin tax discounted at 10% totaling \$2.5 million.

(4) Equivalent Boe are calculated using an energy equivalent ratio of six Mcf of natural gas to one Bbl of oil.

Financial Derivative Positions as of March 10, 2019

	Q1-2019	Q2-2019	Q3-2019	Q4-2019	FY-2019	FY-2020
Oil Swaps						
Hedge Volumes (Bbls/d)	5,225	5,225	5,475	5,475	5,351	2,305
Weighted Average Price (\$/Bbl)	\$56.78	\$56.78	\$56.99	\$56.99	\$56.89	\$57.59
Gas Swaps						
Hedge Volumes (MMBtu/d)	86,139	59,500	59,500	59,500	66,068	49,134
Weighted Average Price (\$/MMBtu)	\$3.18	\$2.89	\$2.89	\$2.89	\$2.99	\$2.74
NGL Swaps						
Hedge Volumes (Bbls/d)	5,707	5,706	5,705	5,705	5,706	4,303
Weighted Average Price (\$/Bbl)	\$33.66	\$33.35	\$33.35	\$33.41	\$33.44	\$33.88
Natural Gas Basis Swaps (Panhandle)						
Hedge Volumes (MMBtu/d)	43,278	45,000	45,000	45,000	45,000	10,027
Weighted Average Price (\$/MMBtu)	(\$0.61)	(\$0.61)	(\$0.61)	(\$0.61)	(\$0.61)	(\$0.45)

Conference Call Information

Tapstone management will host a conference call to discuss its fourth quarter and full year 2018 operational and financial results on Wednesday, March 13, 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 Thursday, June 13, 2019. 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: 10126199

Contact Information

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Tapstone Energy, LLC Consolidated Balance Sheets (In thousands)

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,544	\$ 2,180
Accounts receivable, net of allowance	6,507	14,087
Production receivable	25,764	19,948
Derivative contracts	35,605	1,374
Prepaid expenses	2,397	1,362
Total current assets	<u>72,817</u>	<u>38,951</u>
Oil and natural gas properties, using the full cost method:		
Proved oil and natural gas properties	1,593,928	1,273,059
Unproved oil and natural gas properties	82,145	122,312
Less: accumulated depreciation, depletion, amortization and	(821,653)	(728,118)
Oil and natural gas properties, net	<u>854,420</u>	<u>667,253</u>
Other property, plant and equipment	136,409	136,111
Less: accumulated depreciation	(31,785)	(24,152)
Other property, plant and equipment, net	<u>104,624</u>	<u>111,959</u>
Derivative Contracts	18,752	157
Credit facility issuance costs, net	4,854	3,582
Total Assets	<u>\$ 1,055,467</u>	<u>\$ 821,902</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 46,064	\$ 26,014
Production payable	13,615	3,822
Accrued liabilities	29,596	32,914
Derivative contracts	-	13,994
Accrued interest payable	3,274	3,339
Other current liabilities	1,380	1,617
Total current liabilities	<u>93,929</u>	<u>81,700</u>
Long-term debt, net	536,827	447,402
Derivative contracts	-	2,472
Asset retirement obligations	6,915	7,739
Other long-term liabilities	687	-
Total liabilities	<u>638,358</u>	<u>539,313</u>
Members' equity	417,109	282,589
Total liabilities and member's equity	<u>\$ 1,055,467</u>	<u>\$ 821,902</u>

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

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Revenues				
Oil sales	30,686	26,079	128,034	81,111
Natural gas sales	21,906	23,234	62,421	88,884
Natural gas sales, related parties	-	-	-	3,097
NGL sales	15,848	16,917	69,537	52,694
Transportation revenue	706	805	2,953	3,415
Total revenues	69,146	67,035	262,945	229,201
Expenses				
Production expense	12,321	21,212	45,651	82,956
Production taxes	3,192	1,788	10,033	6,160
Transportation cost of service	1,433	1,535	5,752	5,786
Depreciation and depletion - oil and natural gas	26,931	19,805	93,716	61,932
Depreciation and amortization - other	2,031	2,071	8,203	8,286
Accretion of asset retirement obligation	335	131	718	501
General and administrative	4,283	3,786	16,423	20,558
(Gain) loss on disposition of assets, net	14	128	418	1,041
Total expenses	50,540	50,456	180,914	187,220
Income from operations	18,606	16,579	82,031	41,981
Other income (expense)				
Interest expense	(10,532)	(7,472)	(38,918)	(24,811)
Gain (loss) on derivative contracts, net	115,701	(12,396)	38,215	(4,140)
Gain on debt extinguishment	-	-	611	-
Other (expense) income, net	(39)	(45)	200	(433)
Total other expense, net	105,130	(19,913)	108	(29,384)
Net income (loss)	123,736	(3,334)	82,139	12,597

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

	Year Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 82,139	\$ 12,597
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	101,919	70,218
Accretion of asset retirement obligations	718	501
Loss on disposition of assets, net	418	1,041
Write-off of deferred public offering costs	-	3,686
Gain on debt extinguishment	(611)	-
Debt issuance costs and senior discount amortization	3,412	2,958
Equity compensation, net of amount capitalized	1,769	2,928
(Gain) loss on derivative contracts, net	(38,215)	4,140
Settlements on derivative contracts, net	(31,077)	74
Changes in operating assets and liabilities		
Increasing (decreasing) cash:		
Receivables	1,703	(10,116)
Receivables, related parties	-	782
Other current assets	(1,036)	(581)
Other assets and liabilities, net	7,746	3,522
Accounts payable and accrued expenses	(779)	3,934
Accrued expenses, related parties	-	(604)
Net cash provided by operating activities	<u>128,106</u>	<u>95,080</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures – other property, plant and equipment	(2,060)	(3,123)
Capital expenditures – oil and natural gas properties	(249,733)	(237,233)
Acquisition of producing properties	(72,556)	-
Proceeds from sale of assets	60,843	1,130
Net cash used in investing activities	<u>(263,506)</u>	<u>(239,226)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Credit facility borrowings	239,000	117,000
Credit facility payments	(146,000)	(310,000)
Purchase of senior notes	(4,721)	-
Debt issuance costs paid	(2,908)	(1,747)
Proceeds from issuance of senior notes, net of discount and deferred	-	291,057
Deferred public offering costs paid	-	(513)
Capital contributions	50,393	50,000
Net cash provided by financing activities	<u>135,764</u>	<u>145,797</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	364	1,651
CASH AND CASH EQUIVALENTS, beginning of period	2,180	529
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 2,544</u>	<u>\$ 2,180</u>

Non-GAAP Financial Information and Reconciliation

	Year ended December 31,	
	2018	2017
Net income (loss)	\$ 82,139	\$ 12,597
Adjusted for		
Interest expense	38,918	24,811
Depreciation and depletion – oil and natural gas	93,716	61,932
Depreciation and amortization – other	8,203	8,286
Accretion of asset retirement obligation	718	501
MTM (gain) loss on derivative contracts ⁽¹⁾	(69,292)	4,214
Loss (gain) on disposition of assets, net	418	1,041
Gain on extinguishment of debt	(611)	-
Public offering organizational costs	156	4,579
Equity compensation expense	1,769	2,928
A&D costs	339	-
Adjusted EBITDA	\$ 156,473	\$ 120,889
Settlements on derivative contracts, net	31,077	(74)
Unhedged Adjusted EBITDA	\$ 187,550	\$ 120,815

	Three months ended December 31,	
	2018	2017
Net income (loss)	\$ 123,736	\$ (3,335)
Adjusted for		
Interest expense	10,532	7,471
Depreciation and depletion – oil and natural gas	26,931	19,805
Depreciation and amortization – other	2,031	2,071
Accretion of asset retirement obligation	335	131
MTM (gain) loss on derivative contracts ⁽¹⁾	(122,707)	10,308
Loss (gain) on disposition of assets, net	14	129
Public offering organizational costs	-	65
Equity compensation expense	447	694
A&D costs	98	-
Adjusted EBITDA	\$ 41,417	\$ 37,339
Settlements on derivative contracts, net	7,007	2,087
Unhedged Adjusted EBITDA	\$ 48,424	\$ 39,426

- (1) Includes the effect of adjusting net loss for changes in the fair value of derivative instruments, which are recognized at the end of each accounting period because we do not designate commodity derivative instruments as cash flow hedges.

	Year ended December 31,	
	2018	2017
Long-term debt, net	\$ 536,827	\$ 447,402
Adjusted for		
Add: Unamortized debt issuance and discount costs	7,673	9,598
Less: Cash and cash equivalents	(2,544)	(2,180)
Net debt	\$ 541,956	\$ 454,820

	2017		2017		3Q17		4Q17		1Q18		2Q18		3Q18		4Q18	
	NW	Total	NW	Total	NW	Total	NW	Total	NW	Total	NW	Total	NW	Total	NW	Total
	Stock	Company	Stock	Company	Stock	Company	Stock	Company	Stock	Company	Stock	Company	Stock	Company	Stock	Company
Production																
Oil (Mbbbl)	136	206	342	205	192	398	180	172	363	309	152	462	344	139	483	351
Gas (MMcf)	2,533	4,192	6,725	3,301	3,945	7,245	3,483	3,821	7,304	4,125	7,633	4,820	3,304	8,124	5,499	150
NGLs (Mbbbl)	132	412	244	119	404	583	186	384	263	310	632	334	324	628	242	628
Total (Mboe)	690	1,317	2,007	934	1,288	2,188	935	1,229	2,164	1,260	1,107	1,882	1,023	2,505	1,818	1,056
Revenue Deductions																
Oil (\$/Bbl)	(400)	(549)	(949)	(514)	(546)	(1,000)	(487)	(472)	(959)	(747)	(424)	(1,170)	(766)	(355)	(1,120)	(806)
Gas (\$/Mcf)	(2,486)	(2,529)	(5,015)	(3,275)	(2,295)	(6,570)	(3,171)	(2,462)	(5,333)	(3,890)	(2,281)	(6,171)	(4,333)	(2,032)	(6,386)	(5,016)
NGLs (\$/Bbl)	(1414)	(879)	(1,213)	(643)	(729)	(1,271)	(583)	(729)	(839)	(729)	(1,688)	(1,066)	(647)	(1,214)	(1,811)	(1,200)
Total Revenue Deductions	(3,300)	(3,877)	(7,177)	(4,332)	(3,569)	(7,901)	(4,241)	(4,241)	(7,969)	(5,476)	(3,433)	(8,939)	(6,185)	(3,094)	(9,220)	(7,022)
Production																
Oil (Bbl/d)	1,510	2,290	3,800	2,254	2,115	4,619	2,061	1,882	3,942	3,362	1,655	5,017	3,816	1,540	5,367	3,856
Gas (Mcf/d)	28,143	46,579	74,722	36,270	43,347	79,617	37,862	41,530	79,392	44,834	38,152	82,987	53,537	36,708	90,265	60,432
NGLs (Bbl/d)	1,664	4,583	6,042	1,967	4,438	6,605	1,290	4,553	6,343	2,882	4,017	6,829	3,214	3,214	7,248	3,853
Total (Boe/d)	7,665	14,555	22,300	10,266	13,777	24,043	10,161	13,956	23,517	13,696	12,031	23,726	16,467	11,372	27,838	17,781
Index Price																
WTI (\$/Bbl)	\$ 51.91	\$ 51.91	\$ 51.91	\$ 48.28	\$ 48.28	\$ 48.28	\$ 48.20	\$ 48.20	\$ 48.20	\$ 55.40	\$ 55.40	\$ 55.40	\$ 62.87	\$ 62.87	\$ 62.87	\$ 67.88
Henry Hub (\$/Mcf)	\$ 3.32	\$ 3.32	\$ 3.32	\$ 3.18	\$ 3.18	\$ 3.18	\$ 3.00	\$ 3.00	\$ 3.00	\$ 2.93	\$ 2.93	\$ 2.93	\$ 3.00	\$ 3.00	\$ 3.00	\$ 2.80
NGLs (\$/Bbl)	\$ 26.91	\$ 18.98	\$ 20.90	\$ 24.64	\$ 16.97	\$ 19.32	\$ 28.03	\$ 20.42	\$ 22.62	\$ 31.79	\$ 24.56	\$ 27.45	\$ 28.27	\$ 22.90	\$ 25.58	\$ 29.67
Differentials																
Oil (\$/Bbl)	\$ 1.10	\$ 1.07	\$ 1.08	\$ 0.39	\$ 0.99	\$ 0.68	\$ 0.34	\$ 0.71	\$ 0.52	\$ (0.05)	\$ 0.75	\$ 0.21	\$ 0.02	\$ 0.79	\$ 0.24	\$ (0.48)
Gas (\$/Mcf)	\$ 0.19	\$ 0.50	\$ 0.38	\$ 0.40	\$ 0.60	\$ 0.51	\$ 0.34	\$ 0.48	\$ 0.41	\$ 0.37	\$ 0.48	\$ 0.42	\$ 0.53	\$ 0.60	\$ 0.56	\$ 0.70
NGLs (\$/Bbl)	\$ 0.80	\$ (0.63)	\$ (0.29)	\$ 0.83	\$ 0.08	\$ 0.30	\$ 0.46	\$ (0.09)	\$ 0.15	\$ 2.32	\$ (0.01)	\$ 0.84	\$ 1.32	\$ (0.14)	\$ 0.59	\$ (0.56)
Realized Unhedged Price																
Oil (\$/Bbl)	\$ 47.88	\$ 48.18	\$ 48.05	\$ 45.39	\$ 44.46	\$ 44.94	\$ 45.29	\$ 44.76	\$ 45.04	\$ 51.87	\$ 52.65	\$ 60.62	\$ 59.52	\$ 60.31	\$ 66.05	\$ 64.85
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	\$ 1.57	\$ 1.78	\$ 1.66	\$ 1.39
NGLs (\$/Bbl)	\$ 22.97	\$ 17.88	\$ 18.96	\$ 20.78	\$ 15.09	\$ 16.84	\$ 24.03	\$ 18.57	\$ 20.11	\$ 26.29	\$ 22.60	\$ 24.13	\$ 23.76	\$ 21.11	\$ 22.43	\$ 26.81
Term & Gaining Oil																
Oil (\$/Bbl)	(62,594)	(52,661)	(52,772)	(52,511)	(52,883)	(52,672)	(52,577)	(52,789)	(52,544)	(52,441)	(52,789)	(52,544)	(52,222)	(52,566)	(52,332)	(52,330)
Gas (\$/Mcf)	(60,989)	(50,601)	(50,775)	(50,999)	(50,589)	(50,777)	(50,911)	(50,664)	(50,777)	(50,664)	(50,811)	(50,944)	(50,800)	(50,729)	(50,861)	(50,621)
NGLs (\$/Bbl)	(53,141)	(51,194)	(52,233)	(53,039)	(51,880)	(52,218)	(53,549)	(51,889)	(52,561)	(53,119)	(51,977)	(52,489)	(53,139)	(51,949)	(52,566)	(53,442)
Revenues (\$M)	\$ 6,508	\$ 9,930	\$ 16,438	\$ 9,310	\$ 8,855	\$ 17,865	\$ 8,587	\$ 7,749	\$ 16,336	\$ 16,403	\$ 7,989	\$ 24,302	\$ 20,877	\$ 8,250	\$ 29,127	\$ 23,181
Unhedged Oil	5,425	9,276	14,701	5,918	5,788	13,801	6,106	7,160	13,676	6,888	6,838	13,026	7,556	5,891	13,448	6,526
Unhedged NGLs	3,026	7,271	10,317	3,719	6,094	9,813	3,957	7,778	11,335	6,921	15,271	7,941	7,054	9,995	9,399	7,647
Transportation Revenue	-	899	779	-	879	879	833	833	833	806	806	806	755	755	748	748
Realized Hedged Gain (Loss)	-	-	(630)	-	-	1,406	-	-	1,294	-	-	(2,827)	-	-	(3,658)	-
Total Revenues (\$M)	\$ 14,959	\$ 27,396	\$ 41,775	\$ 18,947	\$ 23,412	\$ 43,855	\$ 18,650	\$ 23,520	\$ 43,644	\$ 30,012	\$ 23,994	\$ 51,319	\$ 36,375	\$ 21,950	\$ 54,669	\$ 39,107
Direct Expenses (\$M)	\$ 3,846	\$ 6,486	\$ 10,332	\$ 3,981	\$ 6,232	\$ 10,213	\$ 3,543	\$ 6,402	\$ 9,945	\$ 3,544	\$ 6,334	\$ 9,878	\$ 3,675	\$ 6,463	\$ 10,138	\$ 4,157
Lifting Cost	225	335	500	(4)	336	331	1,479	277	1,756	67	286	352	9	361	370	341
Workover Expense	4,071	6,821	10,892	3,977	6,567	10,544	5,021	6,880	11,701	3,611	6,620	10,230	3,684	6,824	10,508	4,172
Production Expense	332	961	1,293	424	782	1,207	434	852	1,286	676	886	1,161	836	837	1,673	940
Transportation Cost of Service	-	1,503	1,503	-	1,318	1,318	-	1,431	1,431	-	1,535	1,535	-	1,668	1,668	-
Adjusted General & Administrative	-	-	3,948	-	-	3,019	-	-	3,056	-	-	3,029	-	-	3,929	-
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	\$ 4,520	\$ 9,329	\$ 17,778	\$ 5,112
Other Income (Expense) (\$M)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (168)	\$ -	\$ -	\$ (221)	\$ -	\$ -	\$ (46)	\$ -	\$ -	\$ 2	\$ -
Other income (expense), net	-	-	-	-	-	(168)	-	-	(221)	-	-	(46)	-	-	2	-
Adjusted EBITDA	\$ -	\$ -	\$ 5	\$ -	\$ -	\$ (168)	\$ -	\$ -	\$ (221)	\$ -	\$ -	\$ (46)	\$ -	\$ -	\$ 2	\$ -
Unit Revenues & Expenses (\$/Boe)																
Revenue	\$ 21.69	\$ 20.12	\$ 20.66	\$ 20.28	\$ 17.97	\$ 18.96	\$ 19.95	\$ 18.46	\$ 19.11	\$ 23.82	\$ 20.41	\$ 22.22	\$ 24.54	\$ 20.71	\$ 22.98	\$ 24.17
Unhedged Production	-	0.88	0.45	-	0.70	0.40	-	0.68	0.39	0.73	0.34	0.34	-	0.74	0.40	0.28
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hedged Gain (Loss)	-	-	(0.31)	-	-	0.88	-	-	0.60	-	-	(0.88)	-	-	1.46	-
Total Revenue	\$ 21.69	\$ 20.80	\$ 20.79	\$ 20.28	\$ 18.67	\$ 20.04	\$ 19.95	\$ 19.14	\$ 20.09	\$ 23.82	\$ 21.14	\$ 21.66	\$ 24.54	\$ 21.45	\$ 21.82	\$ 24.17
Direct Expenses																
Lifting Cost	\$ 5.58	\$ 4.92	\$ 5.15	\$ 4.26	\$ 4.97	\$ 4.67	\$ 3.79	\$ 5.21	\$ 4.60	\$ 2.81	\$ 5.72	\$ 4.17	\$ 2.98	\$ 6.32	\$ 4.05	\$ 2.57
Workover Expense	0.33	0.25	0.28	(0.00)	0.27	0.25	1.58	0.23	0.81	0.05	0.26	0.15	0.01	0.35	0.15	0.01
Production Expense	5.90	4.76	5.43	4.26	5.24	4.82	5.37	5.44	5.41	2.87	5.98	4.32	2.49	6.67	4.19	2.58
Transportation	0.48	0.73	0.64	0.45	0.62	0.55	0.46	0.69	0.59	0.54	0.80	0.66	0.56	0.82	0.67	0.58
Production Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation Cost of Service	-	1.14	0.75	-	1.05	-	-	-	1.16	-	1.39	0.66	-	1.63	0.67	1.22
Adjusted General & Administrative	-	-	1.97	-	-	1.38	-	-	1.41	-	-	1.28	-	-	1.57	-
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	\$ 3.05	\$ 9.12	\$ 7.10	\$ 3.16
Other Income (Expense) (\$M)	\$ -	\$ -	\$ 0.00	\$ -	\$ -	\$ (0.88)	\$ -	\$ -	\$ (1.01)	\$ -	\$ -	\$ (0.02)	\$ -	\$ -	\$ 0.00	\$ -
Other income (expense), net	-	-	-	-	-	(0.88)	-	-	(1.01)	-	-	(0.02)	-	-	0.00	-
Cash Margin	\$ 15.90	\$ 13.75	\$ 12.00	\$ 15.57	\$ 11.76	\$ 12.61	\$ 14.11	\$ 11.85	\$ 11.91	\$ 20.42	\$ 12.97	\$ 14.75	\$ 21.49	\$ 12.33	\$ 14.72	\$ 21.01
	\$ -	\$ -	\$ 0.00	\$ -	\$ -	\$ (0.88)	\$ -	\$ -	\$ (1.01)	\$ -	\$ -	\$ (0.02)	\$ -	\$ -	\$ 0.00	\$ -
	\$ 15.90	\$ 13.75	\$ 12.00	\$ 15.57	\$ 11.76	\$ 12.61	\$ 14.11	\$ 11.85	\$ 11.91	\$ 20.42	\$ 12.97	\$ 14.75	\$ 21.49	\$ 12.33	\$ 14.72	\$ 21.01
	\$ -	\$ -	\$ 0.00	\$ -	\$ -	\$ (0.88)	\$ -	\$ -	\$ (1.01)	\$ -	\$ -	\$ (0.02)	\$ -	\$ -	\$ 0.00	\$ -
	\$ 15.90	\$ 13.75	\$ 12.00	\$ 15.57	\$ 11.76	\$ 12.61	\$ 14.11	\$ 11.85	\$ 11.91	\$ 20.42	\$ 12.97	\$ 14.75	\$ 21.49	\$ 12.33	\$ 14.72	\$ 21.01
	\$ -	\$ -	\$ 0.00	\$ -	\$ -	\$ (0.88)	\$ -	\$ -	\$ (1.01)	\$ -	\$ -	\$ (0.02)	\$ -	\$ -	\$ 0.00	\$ -
	\$ 15.90	\$ 13.75	\$ 12.00	\$ 15.57												