



# TAPSTONE ENERGY

## Tapstone Energy Reports Third Quarter 2018 Financial and Operational Results

Oklahoma City, November 9, 2018 -- Tapstone Energy, LLC ("Tapstone" or the "Company") today announced financial and operational results for the quarter ended September 30, 2018. Financial and operational highlights of note for the quarter include the following:

- Net loss of \$19.0 million, adjusted EBITDA of \$39.0 million and unhedged adjusted EBITDA of \$51.3 million for the third quarter
- NW Stack production of 19.3 MBoe per day in the third quarter, increased 9% quarter-over-quarter and 90% year-over-year; Production mix of 21% oil, 43% liquids in the NW Stack
- Total Company third quarter production of 30.5 MBoe per day, increased 1% quarter-over-quarter and 19% year-over-year; Production mix of 18% oil, 45% liquids
- Acquired NW Stack assets for an estimated final adjusted purchase price of approximately \$59 million; of which \$50 million was funded through common equity

### **Third Quarter 2018 Results**

Tapstone reported a net loss of \$19.0 million for the third quarter of 2018, which includes \$21.8 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 third quarter of 2018 was \$39.0 million. Unhedged Adjusted EBITDA for the third quarter of 2018 was \$51.3 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 Third Quarter 2018 Financial Report for a full explanation of Adjusted EBITDA and Unhedged Adjusted EBITDA.

### **Note on Presentation of Reported Results**

Reported third 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 third 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.

### **NW Stack Acquisition**

As previously announced, Tapstone acquired assets from two undisclosed sellers in the NW Stack located in Blaine, Dewey and Major counties, Oklahoma. The acquisition closed on September 4, 2018 for a purchase price of approximately \$69 million, with an estimated final adjusted purchase price of approximately \$59 million. The acquisition was funded with \$50 million of new common equity and the remainder was funded with revolver borrowings.

The acquired assets include 29 operated horizontal wells, net production of approximately 4,000 barrels of oil equivalent ("Boe") per day and approximately 50 future drilling locations. The transaction includes

approximately 35,000 total net leasehold acres, of which approximately 25,000 net acres are held by production. The acquisition includes interests in a total of 172 wells. Both the producing and non-producing assets acquired are within Tapstone's existing NW Stack core development area. The Company spud its first well on the newly acquired undeveloped leasehold in October 2018 and will continue to incorporate acquired locations into the drill schedule.

### **Operational Highlights**

Tapstone's production volumes in the third quarter of 2018 averaged 30.5 thousand barrels of oil equivalent ("MBoe") per day, compared to 30.1 MBoe per day in the second quarter of 2018. For the third quarter of 2018, the Company's total production mix was 18% oil, 55% natural gas and 27% natural gas liquids ("NGLs").

Oil, natural gas and NGLs revenues, excluding settlements of derivative contracts, for the third quarter of 2018 totaled \$69.5 million. Realized prices in the third quarter of 2018 were \$67.41 per barrel ("Bbl") for oil, \$1.43 per thousand cubic feet ("Mcf") for natural gas and \$29.04 per Bbl for NGLs, excluding the impact of settlements of derivative contracts. These amounts are not directly comparable to realized prices in third quarter 2017 due to the impact of ASC 606 adoption.

The Company reported a net loss on derivative contracts of \$34.2 million during the third quarter, which consisted of a \$12.3 million realized loss and a \$21.8 million unrealized mark-to-market loss.

Production expense, which includes lease operating expense and workover expenses, was \$11.4 million in the third quarter of 2018, or \$4.07 per Boe. Third quarter production expense included \$3.93 per Boe of lifting costs and \$0.14 per Boe of workover expenses.

General and Administrative expense in the third quarter of 2018 was \$3.9 million which includes \$0.4 million of non-cash equity compensation expense. Excluding these costs results in a general and administrative expense of \$3.5 million, or \$1.25 per Boe for the third 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 third quarter 2018. Revenue generated by these third-party volumes, classified as transportation revenue, was \$0.7 million for the third quarter of 2018. Transportation cost of service, which represents the total cost incurred to operate the midstream system, was \$1.4 million.

### ***NW Stack***

For the third quarter, the Company spud 11 operated wells, of which seven were extended laterals while operating three rigs. Also, in the quarter, the Company had 11 operated wells that obtained first production, of which five were extended laterals. Nine of these wells were infill wells drilled to complete full development in multiple sections. The third quarter 11-well set had an average initial production rate of approximately 675 barrel of oil equivalent ("Boe") per day on a two-stream basis, at 38% oil. Within the 11-well set, this initial rate includes peak IP30 day rates for six wells and a current weekly rate for five wells. The five wells with weekly rates have continued to increase in production during early flowback and have yet to establish peak 30-day rates.

NW Stack production in the third quarter of 2018 averaged 19.3 MBoe per day compared to 17.8 MBoe per day in the previous quarter. Acquired assets in NW Stack are estimated to have added approximately 1.3 MBoe per day to third quarter production. Total deferred volumes from simultaneous operations due to the infill wells drilled in the third quarter, reduced volumes by approximately 1.4 MBoe per day. The third quarter production mix was 21% oil, 57% natural gas and 22% NGLs.

NW Stack production expense before taxes for the third quarter of 2018 was \$2.82 per Boe, all of which was lifting expense.

Due to recent improvements in drilling and completion design, the Company has successfully surpassed its 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 and third quarters of 2018. The Company is reducing its well cost targets to \$7.3 million for a 2-mile Upper Meramec oil well and \$4.5 million for a 1-mile Osage oil 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 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 11.1 MBoe per day during the third quarter of 2018 compared to 12.3 MBoe per day in the previous quarter, representing a 9% sequential decline, however third quarter production excluded 0.2 MBoe per day due to divested assets. The production mix for the third quarter of 2018 was 13% oil, 52% natural gas and 35% NGLs.

Legacy property production expense before taxes was \$6.25 per Boe in the third quarter. Third quarter production expense included \$5.86 per Boe of lifting and \$0.39 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.

### **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	September 30 2018
<b>NW Stack</b>								
Oil (MBbls/d)	1.5	2.3	2.1	3.4	2.3	3.8	3.9	4.1
Gas (MMcf/d)	28.1	36.3	37.9	44.8	36.8	53.6	60.4	65.9
NGLs (MBbls/d)	1.5	2.0	1.8	2.9	2.0	3.7	3.9	4.2
<b>Total (MBoe/d)<sup>(1)</sup></b>	<b>7.7</b>	<b>10.3</b>	<b>10.2</b>	<b>13.7</b>	<b>10.5</b>	<b>16.5</b>	<b>17.8</b>	<b>19.3</b>
<b>Legacy Properties</b>								
Oil (MBbls/d)	2.4	2.2	2.0	1.8	2.1	1.6	1.7	1.5
Gas (MMcf/d)	58.0	54.7	53.1	52.1	54.5	48.2	40.6	34.9
NGLs (MBbls/d)	4.6	4.4	4.6	4.1	4.4	3.7	3.8	3.9
<b>Total (MBoe/d)<sup>(1)</sup></b>	<b>16.6</b>	<b>15.8</b>	<b>15.4</b>	<b>14.5</b>	<b>15.6</b>	<b>13.4</b>	<b>12.3</b>	<b>11.1</b>
<b>Total Company</b>								
Oil (MBbls/d)	3.9	4.5	4.1	5.1	4.4	5.5	5.5	5.6
Gas (MMcf/d)	86.1	91.0	91.0	97.0	91.3	101.8	101.0	100.8
NGLs (MBbls/d)	6.1	6.4	6.4	6.9	6.4	7.4	7.7	8.1
<b>Total (MBoe/d)<sup>(1)</sup></b>	<b>24.3</b>	<b>26.1</b>	<b>25.6</b>	<b>28.2</b>	<b>26.0</b>	<b>29.9</b>	<b>30.1</b>	<b>30.5</b>

(1) May not sum or recalculate due to rounding

### **Third Quarter 2018 Capital Expenditures**

Capital expenditures ("Capex"), excluding acquisition costs, for the third quarter of 2018 totaled \$70.6 million, which included \$66.5 million for drilling and completion development capex, \$3.3 million for leasehold and seismic and \$0.8 million of other capex.

### **Net Debt and Liquidity**

The Company ended the third quarter 2018 with a net debt balance of \$504.5 million, which included \$3.0 million of cash, \$213.0 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."

On November 5, 2018 the Company announced that the borrowing base under its revolving credit facility was increased by its bank group from \$310 million to \$400 million during the recently concluded fall

redetermination. Including this increase to the borrowing base, pro forma liquidity at the end of the quarter would have been approximately \$188 million.

### **2018 Guidance**

The Company is increasing 2018 drilling and completion capital expenditures guidance. Tapstone plans to spend in the range of approximately \$240 million to \$255 million of drilling and completion development capex and approximately \$15 million of leasehold, seismic, midstream and corporate capex.

The Company has updated its projected full year production volumes averaging approximately 30,000 boe per day to 30,350 boe per day with a projected full year production growth in the range of 25% to 27%. The growth rate calculation excludes divested production volumes from the Verden asset sale.

### **Financial Derivative Positions as of November 3, 2018**

	<u>Q4-2018</u>	<u>FY-2019</u>	<u>FY-2020</u>
<b>Oil Swaps</b>			
Hedge Volumes (Bbls/d)	5,250	5,351	2,300
Weighted Average Price (\$/Bbl)	\$56.08	\$56.89	\$57.59
<b>Gas Swaps</b>			
Hedge Volumes (MMBtu/d)	71,500	40,665	9,000
Weighted Average Price (\$/MMBtu)	\$2.99	\$2.88	\$2.73
<b>NGL Swaps</b>			
Hedge Volumes (Bbls/d)	6,490	5,705	4,305
Weighted Average Price (\$/Bbl)	\$30.43	\$33.45	\$33.88
<b>PEPL Swaps</b>			
Hedge Volumes (Bbls/d)	0	40,000	0
Weighted Average Price (\$/Bbl)	NA	-\$0.62	NA

### **Conference Call Information**

Tapstone management will host a conference call to discuss its 2018 third quarter operational and financial results on Monday, November 12, 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 Tuesday, February 12, 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: 10123533

### **Contact Information**

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

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 2,962	\$ 2,180
Accounts receivable, net of allowance	8,396	14,087
Production receivable	26,552	19,948
Derivative contracts	-	1,374
Prepaid expenses	2,118	1,362
Total current assets	<u>40,028</u>	<u>38,951</u>
Oil and natural gas properties, using the full cost method:		
Proved oil and natural gas properties	1,514,879	1,273,059
Unproved oil and natural gas properties	87,334	122,312
Less: accumulated depreciation, depletion, amortization and impairment	<u>(794,810)</u>	<u>(728,118)</u>
Oil and natural gas properties, net	807,403	667,253
Other property, plant and equipment	136,267	136,111
Less: accumulated depreciation	<u>(29,812)</u>	<u>(24,152)</u>
Other property, plant and equipment, net	106,455	111,959
Derivative contracts	8	157
Credit facility issuance costs, net	4,592	3,582
Total assets	<u>\$ 958,486</u>	<u>\$ 821,902</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 29,498	\$ 26,014
Production payable	15,684	3,822
Accrued liabilities	33,781	32,914
Derivative contracts	48,439	13,994
Accrued interest payable	10,405	3,339
Other current liabilities	1,249	1,617
Total current liabilities	<u>139,056</u>	<u>81,700</u>
Long-term debt, net	\$ 499,364	\$ 447,402
Derivative contracts	19,919	2,472
Asset retirement obligations	6,588	7,739
Other long-term liabilities	689	-
Total liabilities	<u>665,616</u>	<u>539,313</u>
Commitments and contingencies		
Members' equity	292,870	282,589
Total liabilities and members' equity	<u>\$ 958,486</u>	<u>\$ 821,902</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues				
Oil sales	\$ 34,582	\$ 17,849	\$ 97,348	\$ 55,032
Natural gas sales	13,266	22,421	40,515	65,650
Natural gas sales, related parties	-	-	-	3,097
NGL sales	21,607	13,132	53,689	35,777
Transportation revenue	744	833	2,247	2,610
Total revenues	70,199	54,235	193,799	162,166
Expenses				
Production expense	11,414	21,623	33,330	61,744
Production taxes	3,100	1,483	6,841	4,372
Transportation cost of service	1,364	1,431	4,319	4,251
Depreciation and depletion - oil and natural gas	23,311	15,086	66,785	42,127
Depreciation and amortization - other	2,046	2,076	6,172	6,215
Accretion of asset retirement obligation	121	128	383	370
General and administrative	3,857	7,880	12,140	16,772
Losses on disposition of assets, net	(21)	66	404	912
Total expenses	45,192	49,773	130,374	136,763
Income from operations	25,007	4,462	63,425	25,403
Other income (expense)				
Interest expense	(10,003)	(7,955)	(28,386)	(17,340)
Gain (loss) on derivative contracts, net	(34,177)	(14,155)	(77,486)	8,255
Gain on debt extinguishment	-	-	611	-
Other income, net	199	(221)	239	(386)
Total other expense, net	(43,981)	(22,331)	(105,022)	(9,471)
Net income (loss)	\$ (18,974)	\$ (17,869)	\$ (41,597)	\$ 15,932

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

	<b><u>Nine Months Ended September 30,</u></b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ (41,597)	\$ 15,932
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	72,957	48,342
Accretion of asset retirement obligations	383	370
Losses on disposition of assets, net	404	912
Write-off of deferred public offering costs	-	3,686
Gain on debt extinguishment	(611)	-
Debt issuance costs and senior note discount amortization	2,532	2,054
Equity compensation	1,322	2,236
(Gain) loss on derivative contracts, net	77,486	(8,255)
Settlements on derivative contracts	(24,071)	2,161
Changes in operating assets and liabilities increasing (decreasing) cash:		
Receivables	(973)	(2,245)
Receivables, related parties	-	782
Other current assets	(758)	(815)
Other assets and liabilities, net	16,685	12,917
Accounts payable and accrued expenses	(5,349)	4,678
Accrued expenses, related parties	-	(604)
Net cash provided by operating activities	<u>98,410</u>	<u>82,151</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures - other property, plant and equipment	(1,788)	(2,752)
Capital expenditures - oil and natural gas properties	(190,181)	(165,118)
Acquisition of producing properties	(66,329)	-
Proceeds from sale of assets	61,041	368
Net cash used in investing activities	<u>(197,257)</u>	<u>(167,502)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Credit facility borrowings	188,000	65,000
Credit facility payments	(132,000)	(315,000)
Purchase of senior notes	(4,721)	-
Debt issuance costs	(2,043)	(1,278)
Proceeds from issuance of senior notes, net of discount and deferred costs	-	291,057
Deferred public offering costs paid	-	(513)
Capital contributions	50,393	50,000
Net cash provided by financing activities	<u>99,629</u>	<u>89,266</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	782	3,915
CASH AND CASH EQUIVALENTS, beginning of period	2,180	529
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 2,962</u>	<u>\$ 4,444</u>



## Non-GAAP Financial Information and Reconciliation

	<b>Three Months Ended</b>	
	<b>September 30,</b>	
	<b>2018</b>	<b>2017</b>
Net income (loss)	\$ (18,974)	\$ (17,869)
Adjusted for		
Interest expense	10,003	7,955
Depreciation and depletion - oil and natural gas	23,311	15,086
Depreciation and amortization - other	2,046	2,076
Accretion of asset retirement obligation	121	128
MTM losses (gains) on derivative contracts	21,841	15,448
Losses on disposition of assets, net	(21)	66
Gain on extinguishment of debt	-	-
Public offering organizational costs	83	3,711
Equity compensation expense	425	1,114
A&D costs	149	-
Adjusted EBITDA	<u>\$ 38,984</u>	<u>\$ 27,715</u>
Settlements on derivative contracts, net	12,336	(1,294)
Unhedged Adjusted EBITDA	<u>\$ 51,320</u>	<u>\$ 26,421</u>

	<b>September 30, 2018</b>
Long-term debt, net	\$ 499,364
Adjusted for	
Add: Unamortized debt issuance and discount costs	8,136
Less: Cash and cash equivalents	(2,962)
Net debt	<u>\$ 504,538</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		3Q18	
	NW	Total	NW	Total	NW	Total	NW	Total	NW	Total	NW	Total	NW	Total
	Stack	Company	Stack	Company	Stack	Company	Stack	Company	Stack	Company	Stack	Company	Stack	Company
<b>Production</b>														
Oil (Mbbbl)	136	206	342	205	192	398	190	173	363	309	152	462	344	139
Gas (MMcf)	2,533	4,192	6,725	3,201	3,945	7,245	3,483	3,821	4,125	4,820	3,510	7,635	4,820	3,304
NGL (MMbbl/d)	132	412	544	179	404	583	165	419	584	263	320	633	334	668
Total (Mboe)	690	1,317	2,007	934	1,254	2,188	935	1,229	2,164	1,260	1,107	2,667	1,482	2,505
<b>Revenue Deductions</b>														
Oil (\$/Bbl)	(400)	(549)	(949)	(514)	(546)	(1,060)	(487)	(472)	(959)	(747)	(424)	(1,170)	(766)	(355)
Gas (\$/Mcf)	(2,486)	(2,295)	(5,015)	(3,275)	(2,295)	(5,570)	(3,171)	(2,462)	(5,639)	(3,990)	(2,281)	(6,171)	(4,333)	(3,636)
NGL (\$/Bbl/d)	(1,414)	(799)	(1,313)	(543)	(729)	(1,221)	(853)	(728)	(1,372)	(839)	(728)	(1,568)	(1,066)	(642)
Total Revenue Deductions	(3,300)	(3,877)	(7,277)	(4,332)	(3,569)	(7,901)	(4,241)	(3,727)	(7,969)	(5,476)	(3,433)	(8,909)	(6,185)	(3,020)
<b>Production</b>														
Oil (Bbl/d)	1,510	2,290	3,800	2,254	2,115	4,369	2,061	1,862	3,942	3,362	1,655	5,017	3,826	1,540
Gas (Mcf/d)	28,143	46,579	74,722	36,270	43,347	79,617	37,862	41,530	44,834	38,152	82,987	53,557	36,708	90,265
NGL (Bbl/d)	1,862	4,438	6,042	1,862	4,438	6,405	1,790	4,533	6,343	2,862	4,012	6,828	3,214	7,428
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	25,276	16,467	11,372
<b>Index Price</b>														
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
Henry Hub (\$/Mcf)	\$ 3.12	\$ 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
NGL (\$/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
<b>Differentials</b>														
Oil (\$/Bbl)	\$ 1.10	\$ 1.07	\$ 1.08	\$ 0.39	\$ 0.39	\$ 0.68	\$ 0.34	\$ 0.71	\$ 0.52	\$ (0.05)	\$ 0.75	\$ 0.21	\$ 0.02	\$ 0.79
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
NGL (\$/Bbl)	\$ 0.80	\$ (0.63)	\$ (0.29)	\$ 0.93	\$ 0.08	\$ 0.30	\$ 0.46	\$ (0.05)	\$ 0.15	\$ 2.32	\$ (0.01)	\$ 0.94	\$ 1.32	\$ (0.14)
<b>Realized Unhedged Price</b>														
Oil (\$/Bbl)	\$ 47.88	\$ 48.18	\$ 48.06	\$ 45.99	\$ 44.46	\$ 44.94	\$ 45.29	\$ 44.76	\$ 45.04	\$ 53.04	\$ 51.87	\$ 52.65	\$ 60.62	\$ 59.52
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
NGL (\$/Bbl)	\$ 22.97	\$ 17.68	\$ 18.96	\$ 20.78	\$ 15.09	\$ 16.84	\$ 24.03	\$ 18.57	\$ 20.11	\$ 28.29	\$ 22.60	\$ 24.13	\$ 23.76	\$ 21.11
<b>Items &amp; Gearing Off</b>														
Oil (\$/Bbl)	(\$2,944)	(\$2,661)	(\$2,777)	(\$2,511)	(\$2,833)	(\$2,677)	(\$2,577)	(\$2,733)	(\$2,664)	(\$2,411)	(\$2,278)	(\$2,244)	(\$2,222)	(\$2,332)
Gas (\$/Mcf)	(\$0,989)	(\$0,753)	(\$0,753)	(\$0,999)	(\$0,583)	(\$0,777)	(\$0,941)	(\$0,664)	(\$0,777)	(\$0,941)	(\$0,653)	(\$0,799)	(\$0,653)	(\$0,799)
NGL (\$/Bbl)	(\$3,144)	(\$1,944)	(\$2,233)	(\$3,033)	(\$1,800)	(\$2,188)	(\$3,544)	(\$1,889)	(\$2,366)	(\$3,199)	(\$1,977)	(\$2,488)	(\$3,199)	(\$1,944)
<b>Revenues (\$M)</b>	\$ 6,508	\$ 9,930	\$ 16,438	\$ 9,310	\$ 8,555	\$ 17,865	\$ 8,587	\$ 7,749	\$ 16,336	\$ 16,403	\$ 7,899	\$ 24,302	\$ 20,877	\$ 8,250
Unhedged Oil	5,425	9,276	14,701	5,918	7,883	13,801	6,106	7,160	13,267	6,888	6,338	13,026	7,556	5,891
Unhedged Gas	3,026	7,291	10,913	3,719	6,094	9,813	3,957	7,778	11,735	6,921	8,500	15,271	7,941	14,995
Transportation Revenue	-	899	899	-	879	879	-	833	833	-	806	806	-	755
Realized Hedge Gains	\$ 14,959	\$ 27,396	\$ 41,725	\$ 18,947	\$ 23,412	\$ 43,855	\$ 18,650	\$ 23,520	\$ 43,464	\$ 30,012	\$ 23,394	\$ 51,319	\$ 36,375	\$ 21,950
<b>Direct Expenses (\$M)</b>	\$ 3,846	\$ 6,486	\$ 10,332	\$ 3,981	\$ 6,232	\$ 10,213	\$ 3,543	\$ 6,402	\$ 9,945	\$ 3,844	\$ 6,334	\$ 9,878	\$ 3,675	\$ 6,463
Lifting Cost	225	335	560	(4)	316	331	1,479	277	1,746	67	286	352	9	301
Workover Expense	4,071	6,821	10,892	3,977	6,567	10,544	5,021	6,680	11,701	3,611	6,202	10,230	3,684	6,824
Production Expense	332	961	1,293	782	1,207	1,286	434	852	1,286	676	866	1,561	836	1,673
Production Taxes	-	1,503	1,503	-	1,318	1,318	-	1,431	1,431	-	1,535	1,535	-	1,668
Transportation Cost of Service	-	-	3,948	-	-	3,019	-	-	3,056	-	-	3,029	-	3,929
Adjusted General & Administrative	\$ 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
<b>Other Income (Expense) (\$M)</b>	\$ -	\$ -	\$ 5	\$ -	\$ -	\$ (168)	\$ -	\$ -	\$ (221)	\$ -	\$ -	\$ (46)	\$ -	\$ 2
Other income (expense), net	\$ -	\$ -	\$ 5	\$ -	\$ -	\$ (168)	\$ -	\$ -	\$ (221)	\$ -	\$ -	\$ (46)	\$ -	\$ 2
<b>Adjusted EBITDA</b>	\$ 24,694		\$ 27,598		\$ 25,769		\$ 34,917		\$ 36,893		\$ 37,844		\$ 38,951	
<b>Unit Revenues &amp; Expenses (\$/Boe)</b>														
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	\$ 24.54	\$ 20.71
Transportation	0.68	0.68	0.45	0.40	0.70	0.68	0.68	0.68	0.39	0.73	0.34	0.74	0.74	
Hedge Gain/Loss	(0.31)	(0.31)	(0.31)	0.28	0.28	0.68	0.68	0.68	0.60	0.60	0.60	0.60	0.60	
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
<b>Direct Expenses</b>														
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	\$ 2.48	\$ 6.32
Workover Expense	0.33	0.25	0.28	(0.00)	0.27	0.15	1.58	0.23	0.81	0.05	0.26	0.15	0.01	0.35
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	2.49	6.67
Production Taxes	0.48	0.73	0.64	0.45	0.62	0.55	0.46	0.69	0.59	0.54	0.67	0.56	0.82	0.67
Transportation Cost of Service	-	1.14	1.14	-	1.05	1.05	-	1.16	1.16	-	1.39	1.38	-	1.63
Adjusted General & Administrative	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
<b>Other Income (Expense) (\$M)</b>	\$ -	\$ -	\$ 0.00	\$ -	\$ -	\$ (0.08)	\$ -	\$ -	\$ (0.10)	\$ -	\$ -	\$ (0.02)	\$ -	\$ 0.00
Other income (expense), net	\$ -	\$ -	\$ 0.00	\$ -	\$ -	\$ (0.08)	\$ -	\$ -	\$ (0.10)	\$ -	\$ -	\$ (0.02)	\$ -	\$ 0.00
<b>Cash Margin</b>	\$ 15.30	\$ 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	\$ 13.85	\$ 12.00	\$ 14.72	\$ 11.41	\$ 12.61	\$ 14.11	\$ 11.85	\$ 11.91	\$ 20.42	\$ 12.97	\$ 14.75	\$ 21.49	\$ 12.33
	\$ 21.01	\$ 13.62	\$ 13.85	\$ 21.01	\$ 13.62	\$ 13.85	\$ 21.01	\$ 13.62	\$ 13.85	\$ 21.01	\$ 13.62	\$ 13.85	\$ 21.01	\$ 13.62