



TAPSTONE ENERGY

Tapstone Energy Reports First Quarter 2019 Financial and Operational Results

Oklahoma City, May 7, 2019 - Tapstone Energy, LLC ("Tapstone" or the "Company") today announced financial and operational results for the quarter ended March 31, 2019. Financial and operational highlights of note for the quarter include the following:

- Net loss of \$41.9 million and adjusted EBITDA of \$42.3 million for the first quarter of 2019
- Total Company production of 32.5 MBoe per day in the first quarter, increased 1% quarter-over-quarter and 17% year-over-year; Total Company production mix was 21% oil, 45% liquids
- Total Company oil production of 6.6 MBbls per day in the first quarter, increased 13% quarter-over-quarter and 22% year-over-year
- NW Stack production of 22.6 MBoe per day in the first quarter, increased 5% quarter-over-quarter and 37% year-over-year; NW Stack production mix was 24% oil, 44% liquids
- NW Stack oil production of 5.5 MBbls per day in the first quarter, increased 20% quarter-over-quarter and 43% year-over-year
- Borrowing base reduced to \$360 million from \$400 million during Spring redetermination

First Quarter 2019 Financial Results

Tapstone reported a net loss of \$41.9 million for the first quarter of 2019, which includes \$42.4 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 first quarter of 2019 was \$42.3 million. Adjusted EBITDA is a Non-GAAP financial measure and is described in the attached table under "Non-GAAP Financial Information and Reconciliation." See First Quarter 2019 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 first quarter of 2019 totaled \$61.3 million. Realized prices in the first quarter of 2019 were \$52.48 per barrel ("Bbl") for oil, \$1.72 per thousand cubic feet ("Mcf") for natural gas and \$18.64 per Bbl for NGLs excluding the impact of derivative contracts.

The Company reported a net loss on derivative contracts of \$39.6 million during the first quarter, which consisted of a \$2.9 million realized gain and a \$42.4 million unrealized, non-cash, mark-to-market loss.

Production expense, which includes lease operating expense and workover expenses, was \$13.4 million in the first quarter of 2019, or \$4.59 per barrels of oil equivalent ("Boe"). First quarter production expense included \$4.34 per Boe of lifting costs and \$0.25 per Boe of workover expenses.

General and Administrative expense in the first quarter of 2019 was \$5.0 million which includes \$0.4 million of non-cash equity compensation expense. Excluding these costs results in a general and administrative expense of \$4.6 million, or \$1.57 per Boe for the first 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. Revenue generated by these third-party volumes, classified as transportation revenue, was \$0.7 million for the first quarter of 2019. Transportation cost of service, which represents the total cost incurred to operate the midstream system, was \$1.6 million.

Operational Highlights

Tapstone's production volumes in the first quarter of 2019 averaged 32.5 thousand barrels of oil equivalent ("MBoe") per day, compared to 32.0 MBoe per day in the fourth quarter of 2018 and 29.9 MBoe per day for the first quarter of 2018. For the first quarter of 2019, the Company's total production mix was 21% oil, 55% natural gas and 24% NGLs.

NW Stack

For the first quarter, the Company spud six operated wells, while operating two rigs. Also, in the quarter, the Company had 11 operated wells that obtained first production, of which seven were in the Upper Meramec formation and four were in the Osage formation. Five of the wells were extended laterals and eight of the wells were infill wells drilled to complete full development in multiple sections. The first quarter 11-well set had an average initial production rate of approximately 766 Boe per day on a two-stream basis at 48% oil.

NW Stack production in the first quarter of 2019 averaged 22.6 MBoe per day compared to 21.6 MBoe per day in the previous quarter. The first quarter production mix was 24% oil, 56% natural gas and 20% NGLs.

NW Stack production expense, which includes lease operating expense and workover expenses, was \$7.2 million in the first quarter of 2019, or \$3.52 per Boe. First quarter production expense included \$3.37 per Boe of lifting costs and \$0.15 per Boe of workover expenses.

The Company has successfully achieved its well cost targets averaging \$7.0 million for a 2-mile Upper Meramec well and \$4.3 million for a 1-mile Osage well during the first quarter of 2019. A recent 2-mile Upper Meramec well has reported drilling and completions capital cost of \$6.0 million.

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 9.9 MBoe per day during the first quarter of 2019 compared to 10.4 MBoe per day in the previous quarter, representing a 5% sequential decline. The production mix for the first quarter of 2019 was 13% oil, 53% natural gas and 34% NGLs. The Company operated a drilling rig in the Stiles Ranch Field at the end of first quarter 2019 and plans to drill two wells.

Legacy property production expense before taxes was \$7.03 per Boe in the first quarter of 2019. First quarter production expense included \$6.56 per Boe of lifting and \$0.47 per Boe of workover expense. The Legacy properties' production expense receives the benefit of lower fees than otherwise incurred 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 2018 | June 30 2018 | September 30 2018 | December 31 2018 | December 31 2018 | March 31 2019 |
| NW Stack | | | | | | |
| Oil (MBbls/d) | 3.8 | 3.9 | 4.1 | 4.6 | 4.1 | 5.5 |
| Gas (MMcf/d) | 53.6 | 60.4 | 65.9 | 75.4 | 63.9 | 76.5 |
| NGLs (MBbls/d) | 3.7 | 3.9 | 4.2 | 4.5 | 4.1 | 4.4 |
| Total (MBoe/d)⁽¹⁾ | 16.5 | 17.8 | 19.3 | 21.6 | 18.8 | 22.6 |
| Legacy Properties⁽²⁾ | | | | | | |
| Oil (MBbls/d) | 1.6 | 1.7 | 1.5 | 1.3 | 1.5 | 1.2 |
| Gas (MMcf/d) | 48.2 | 40.6 | 34.9 | 33.1 | 39.1 | 31.1 |
| NGLs (MBbls/d) | 3.7 | 3.8 | 3.9 | 3.6 | 3.7 | 3.5 |
| Total (MBoe/d)⁽¹⁾ | 13.4 | 12.3 | 11.2 | 10.4 | 11.8 | 9.9 |
| Total Company | | | | | | |
| Oil (MBbls/d) | 5.5 | 5.5 | 5.6 | 5.9 | 5.6 | 6.6 |
| Gas (MMcf/d) | 101.8 | 101.0 | 100.8 | 108.5 | 103.0 | 107.6 |
| NGLs (MBbls/d) | 7.4 | 7.7 | 8.1 | 8.1 | 7.8 | 7.9 |
| Total (MBoe/d)⁽¹⁾ | 29.9 | 30.1 | 30.5 | 32.0 | 30.6 | 32.5 |

(1) May not sum or recalculate due to rounding

(2) Excludes Verden

First Quarter 2019 Capital Expenditures

Capital expenditures (“capex”), excluding acquisition costs, for the first quarter of 2019 totaled \$58.0 million, which included \$54.4 million for drilling and completion development, \$2.6 million for leasehold and seismic and \$1.0 million of other capex. The Company expects capex to be substantially lower in the second half of 2019.

Net Debt and Liquidity

The Company ended the first quarter 2019 with a net debt of \$570.1 million, which included \$1.4 million of cash, \$277.0 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.”

During the recent spring redetermination, the Company’s borrowing base of its revolving credit facility, was reduced by \$40 million to \$360 million. Pro forma for the reduction in the Company’s borrowing base, liquidity at the end of the quarter would have been approximately \$82 million.

2019 Guidance

The Company provided 2019 Guidance on March 12, 2019. The Company estimates spending \$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 estimates 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 2018 production volumes of 29,920 Boe per day, which excludes 2018 production volumes from the Verden asset sale.

The Company is currently marketing non-core assets, the proceeds of which will be used to reduce outstanding borrowings under its revolving credit facility.

Financial Derivative Positions as of April 30, 2019

| | <u>Q2-2019</u> | <u>Q3-2019</u> | <u>Q4-2019</u> | <u>FY-2019</u> | <u>FY-2020</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Oil Swaps | | | | | |
| Hedge Volumes (Bbls/d) | 5,225 | 5,475 | 5,475 | 5,351 | 3,299 |
| Weighted Average Price (\$/Bbl) | \$56.78 | \$56.99 | \$56.99 | \$56.89 | \$58.15 |
| Gas Swaps | | | | | |
| Hedge Volumes (MMBtu/d) | 59,500 | 59,500 | 59,500 | 66,068 | 51,486 |
| Weighted Average Price (\$/MMBtu) | \$2.89 | \$2.89 | \$2.89 | \$2.99 | \$2.75 |
| NGL Swaps | | | | | |
| Hedge Volumes (Bbls/d) | 5,705 | 5,705 | 5,705 | 5,705 | 4,300 |
| Weighted Average Price (\$/Bbl) | \$33.35 | \$33.35 | \$33.41 | \$33.44 | \$33.88 |
| Natural Gas Basis Swaps (Panhandle) | | | | | |
| Hedge Volumes (MMBtu/d) | 45,000 | 45,000 | 45,000 | 44,575 | 10,000 |
| Weighted Average Price (\$/MMBtu) | (\$0.61) | (\$0.61) | (\$0.61) | (\$0.61) | (\$0.45) |

Conference Call Information

Tapstone management will host a conference call to discuss its 2019 first quarter operational and financial results on Wednesday, May 8, 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, August 8, 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: 10128611

Contact Information

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

| | <u>March 31, 2019</u> | <u>December 31, 2018</u> |
|--|-----------------------|--------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,409 | \$ 2,544 |
| Accounts receivable, net of allowance | 9,736 | 6,507 |
| Production receivable | 24,344 | 25,764 |
| Derivative contracts | 5,330 | 35,605 |
| Prepaid expenses | 1,625 | 2,397 |
| Total current assets | <u>42,444</u> | <u>72,817</u> |
| Oil and natural gas properties, using the full cost method: | | |
| Proved oil and natural gas properties | 1,673,698 | 1,593,928 |
| Unproved oil and natural gas properties | 57,897 | 82,145 |
| Less: accumulated depreciation, depletion, amortization and impairment | (849,886) | (821,653) |
| Oil and natural gas properties, net | <u>881,709</u> | <u>854,420</u> |
| Other property, plant and equipment | 136,602 | 136,409 |
| Less: accumulated depreciation | (33,751) | (31,785) |
| Other property, plant and equipment, net | <u>102,851</u> | <u>104,624</u> |
| Derivative contracts | 7,790 | 18,752 |
| Credit facility issuance costs, net | 4,437 | 4,854 |
| Operating lease right of use asset | 3,992 | - |
| Total Assets | <u>\$ 1,043,223</u> | <u>\$ 1,055,467</u> |
| LIABILITIES AND MEMBERS' EQUITY | | |
| Current Liabilities | | |
| Accounts payable | \$ 40,128 | \$ 46,064 |
| Production payable | 11,602 | 13,615 |
| Accrued liabilities | 27,169 | 29,596 |
| Derivative contracts | 1,199 | - |
| Accrued interest payable | 10,829 | 3,274 |
| Other current liabilities | 1,767 | 1,380 |
| Total current liabilities | <u>92,694</u> | <u>93,929</u> |
| Long-term debt, net | 564,306 | 536,827 |
| Asset retirement obligations | 7,043 | 6,915 |
| Operating lease liability | 2,812 | - |
| Other long-term liabilities | 687 | 687 |
| Total liabilities | <u>667,542</u> | <u>638,358</u> |
| Commitments and contingencies | | |
| Members' equity | 375,681 | 417,109 |
| Total liabilities and member's equity | <u>\$ 1,043,223</u> | <u>\$ 1,055,467</u> |

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

| | Three Months Ended March 31, | |
|--|-------------------------------------|-------------------|
| | 2019 | 2018 |
| Revenues | | |
| Oil sales | \$ 31,333 | \$ 29,629 |
| Natural gas sales | 16,666 | 15,521 |
| NGL sales | 13,291 | 15,032 |
| Transportation revenue | 690 | 755 |
| Total revenues | <u>61,980</u> | <u>60,937</u> |
| Expenses | | |
| Production expense | 13,421 | 11,282 |
| Production taxes | 2,905 | 1,848 |
| Transportation cost of service | 1,632 | 1,668 |
| Depreciation and depletion – oil and natural gas | 28,282 | 21,020 |
| Depreciation and amortization – other | 2,036 | 2,065 |
| Accretion of asset retirement obligation | 122 | 134 |
| General and administrative | 5,034 | 4,516 |
| Loss on disposition of assets, net | 28 | 229 |
| Total Expenses | <u>53,460</u> | <u>42,762</u> |
| Income from operations | <u>8,520</u> | <u>18,175</u> |
| Other income (expense) | | |
| Interest expense | (10,854) | (9,370) |
| Loss on derivative contracts, net | (39,566) | (9,913) |
| Other income (expense), net | 37 | 1 |
| Total other income (expense), net | <u>(50,383)</u> | <u>(19,282)</u> |
| Net loss | <u>\$ (41,863)</u> | <u>\$ (1,107)</u> |

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

| | Three Months Ended March 31, | |
|---|-------------------------------------|-----------------|
| | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss | \$ (41,863) | \$ (1,107) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation, depletion and amortization | 30,318 | 23,085 |
| Accretion of asset retirement obligations | 122 | 134 |
| Loss on disposition of assets, net | 28 | 229 |
| Debt issuance costs and senior discount amortization | 896 | 922 |
| Equity compensation, net of amount capitalized | 413 | 488 |
| Loss on derivative contracts, net | 39,566 | 9,913 |
| Settlements on derivative contracts, net | 2,870 | (3,656) |
| Changes in operating assets and liabilities | | |
| Increasing (decreasing) cash: | | |
| Receivables | (1,808) | 3,307 |
| Other current assets | 772 | (230) |
| Other assets and liabilities, net | 7,081 | 15,793 |
| Accounts payable and accrued expenses | (8) | (10,348) |
| Net cash provided by operating activities | <u>38,387</u> | <u>38,530</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditures – other property, plant and equipment | (313) | (805) |
| Capital expenditures – oil and natural gas properties | (67,199) | (67,350) |
| Acquisition of oil and gas properties | 955 | 6,200 |
| Proceeds from sale of assets | 35 | 5 |
| Net cash used in investing activities | <u>(66,522)</u> | <u>(61,950)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Credit facility borrowings | 36,000 | 34,000 |
| Credit facility payments | (9,000) | (8,000) |
| Debt issuance costs paid | - | (75) |
| Net cash provided by financing activities | <u>27,000</u> | <u>25,925</u> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (1,135) | 2,505 |
| CASH AND CASH EQUIVALENTS, beginning of period | 2,544 | 2,180 |
| CASH AND CASH EQUIVALENTS, end of period | <u>\$ 1,409</u> | <u>\$ 4,685</u> |

Non-GAAP Financial Information and Reconciliation

| | Three Months Ended | |
|--|---------------------------|-------------|
| | 2019 | 2018 |
| Net loss | \$ (41,863) | \$ (1,107) |
| Adjusted for | | |
| Interest expense | 10,854 | 9,370 |
| Depreciation and depletion – oil and natural gas | 28,282 | 21,020 |
| Depreciation and amortization – other | 2,036 | 2,065 |
| Accretion of asset retirement obligation | 122 | 134 |
| MTM loss on derivative contracts | 42,436 | 6,257 |
| Loss on disposition of assets, net | 28 | 229 |
| Public offering organizational costs | - | 17 |
| Equity compensation expense | 413 | 488 |
| A&D costs | 25 | 82 |
| Adjusted EBITDA | \$ 42,333 | \$ 38,555 |
| Settlements on derivative contracts, net | (2,870) | 3,656 |
| Unhedged Adjusted EBITDA | \$ 39,463 | \$ 42,211 |

| | March 31, 2019 |
|---|-----------------------|
| Long-term debt, net | \$ 564,306 |
| Adjusted for | |
| Add: Unamortized debt issuance and discount costs | 7,194 |
| Less: Cash and cash equivalents | (1,409) |
| Net debt | \$ 570,091 |

Tapstone Energy Appendix - Quarterly Financials

| | 1Q18 | | | 2Q18 | | | 3Q18 | | | 4Q18 | | | 1Q19 | | |
|--|-----------|-----------|---------------|-----------|-----------|---------------|-----------|-----------|---------------|-----------|-----------|---------------|-----------|-----------|---------------|
| | NW Stack | Legacy | Total Company | NW Stack | Legacy | Total Company | NW Stack | Legacy | Total Company | NW Stack | Legacy | Total Company | NW Stack | Legacy | Total Company |
| As of 3/31/2019 | | | | | | | | | | | | | | | |
| Production | | | | | | | | | | | | | | | |
| Oil (Mbbbl) | 344 | 139 | 483 | 351 | 150 | 501 | 379 | 135 | 514 | 420 | 121 | 541 | 492 | 105 | 597 |
| Gas (MMcf) | 4,820 | 3,304 | 8,124 | 5,499 | 3,351 | 8,850 | 6,058 | 3,163 | 9,222 | 6,935 | 3,044 | 9,979 | 6,887 | 2,801 | 9,688 |
| NGUs (MMbbls) | 334 | 334 | 668 | 351 | 347 | 698 | 388 | 356 | 744 | 414 | 329 | 742 | 397 | 316 | 713 |
| Total (Mboe) | 1,482 | 1,023 | 2,505 | 1,618 | 1,056 | 2,674 | 1,776 | 1,018 | 2,795 | 1,990 | 957 | 2,947 | 2,037 | 888 | 2,925 |
| Revenue Deductions | | | | | | | | | | | | | | | |
| Oil (\$/Bbl) | (766) | (355) | (1,120) | (806) | (452) | (1,258) | (885) | (407) | (1,292) | (1,015) | (357) | (1,372) | (1,191) | (309) | (1,500) |
| Gas (\$/Mcf) | (4,353) | (2,032) | (6,386) | (5,016) | (2,075) | (7,091) | (5,435) | (2,019) | (7,454) | (6,482) | (1,889) | (8,371) | (6,860) | (1,830) | (8,690) |
| NGUs (\$/Bbl) | (1,066) | (647) | (1,714) | (1,200) | (612) | (1,811) | (1,270) | (555) | (1,825) | (1,311) | (494) | (1,805) | (1,380) | (460) | (1,840) |
| Total Revenue Deductions | (6,185) | (3,034) | (9,220) | (7,022) | (3,138) | (10,160) | (7,589) | (2,981) | (10,571) | (8,809) | (2,739) | (11,548) | (9,431) | (2,599) | (12,030) |
| Production | | | | | | | | | | | | | | | |
| Oil (Bbl/d) | 3,826 | 1,540 | 5,367 | 3,856 | 1,653 | 5,509 | 4,118 | 1,467 | 5,585 | 4,566 | 1,316 | 5,882 | 5,467 | 1,167 | 6,633 |
| Gas (Mcf/d) | 53,557 | 36,708 | 90,265 | 60,432 | 36,824 | 97,256 | 65,851 | 34,384 | 100,236 | 75,381 | 33,084 | 108,464 | 76,522 | 31,122 | 107,644 |
| NGUs (Bbls/d) | 3,714 | 3,714 | 7,428 | 3,853 | 3,815 | 7,668 | 4,215 | 3,872 | 8,087 | 4,498 | 3,573 | 8,070 | 4,411 | 3,511 | 7,922 |
| Total (Boe/d) | 16,467 | 11,372 | 27,838 | 17,781 | 11,605 | 29,386 | 19,307 | 11,070 | 30,378 | 21,627 | 10,403 | 32,029 | 22,631 | 9,865 | 32,496 |
| Index Price | | | | | | | | | | | | | | | |
| WTI (\$/Bbl) | \$ 62.87 | \$ 62.87 | \$ 62.87 | \$ 67.88 | \$ 67.88 | \$ 67.88 | \$ 69.50 | \$ 69.50 | \$ 69.50 | \$ 58.81 | \$ 58.81 | \$ 58.81 | \$ 55.06 | \$ 55.06 | \$ 55.06 |
| Henry Hub (\$/Mcf) | \$ 3.00 | \$ 3.00 | \$ 3.00 | \$ 2.80 | \$ 2.80 | \$ 2.80 | \$ 2.90 | \$ 2.90 | \$ 2.90 | \$ 3.64 | \$ 3.64 | \$ 3.64 | \$ 3.15 | \$ 3.15 | \$ 3.15 |
| NGL area (\$/Bbl) | \$ 28.27 | \$ 22.90 | \$ 25.58 | \$ 29.67 | \$ 25.21 | \$ 27.45 | \$ 34.25 | \$ 31.00 | \$ 32.65 | \$ 26.68 | \$ 21.16 | \$ 24.21 | \$ 25.03 | \$ 18.00 | \$ 22.19 |
| Differentials | | | | | | | | | | | | | | | |
| Oil (\$/Bbl) | \$ 0.02 | \$ 0.79 | \$ 0.24 | \$ (0.48) | \$ 0.03 | \$ (0.33) | \$ (0.57) | \$ 0.05 | \$ (0.41) | \$ (0.58) | \$ 0.09 | \$ (0.43) | \$ (0.04) | \$ 0.56 | \$ 0.06 |
| Gas (\$/Mcf) | \$ 0.53 | \$ 0.60 | \$ 0.56 | \$ 0.70 | \$ 0.79 | \$ 0.73 | \$ 0.64 | \$ 0.71 | \$ 0.66 | \$ 0.53 | \$ 0.77 | \$ 0.61 | \$ 0.51 | \$ 0.59 | \$ 0.53 |
| NGUs (\$/Bbl) | \$ 1.32 | \$ (0.14) | \$ 0.59 | \$ (0.56) | \$ 1.42 | \$ 0.42 | \$ (0.44) | \$ 2.95 | \$ 1.14 | \$ 0.03 | \$ 1.01 | \$ 0.44 | \$ 0.80 | \$ 0.56 | \$ 0.97 |
| Realized Unhedged Price | | | | | | | | | | | | | | | |
| Oil (\$/Bbl) | \$ 60.62 | \$ 59.52 | \$ 60.31 | \$ 66.06 | \$ 64.85 | \$ 65.70 | \$ 67.74 | \$ 66.44 | \$ 67.40 | \$ 56.98 | \$ 55.77 | \$ 56.71 | \$ 52.68 | \$ 51.56 | \$ 52.48 |
| Gas (\$/Mcf) | \$ 1.57 | \$ 1.78 | \$ 1.66 | \$ 1.19 | \$ 1.39 | \$ 1.26 | \$ 1.36 | \$ 1.55 | \$ 1.43 | \$ 2.17 | \$ 2.25 | \$ 2.20 | \$ 1.64 | \$ 1.91 | \$ 1.72 |
| NGUs (\$/Bbl) | \$ 23.76 | \$ 21.11 | \$ 22.43 | \$ 26.81 | \$ 22.03 | \$ 24.43 | \$ 31.41 | \$ 26.49 | \$ 29.05 | \$ 23.49 | \$ 18.65 | \$ 21.34 | \$ 20.76 | \$ 15.98 | \$ 18.64 |
| Trans & Gating Diff | | | | | | | | | | | | | | | |
| Oil (\$/Bbl) | (\$2.22) | (\$2.56) | (\$2.32) | (\$2.30) | (\$3.00) | (\$2.51) | (\$2.34) | (\$3.01) | (\$2.51) | (\$2.42) | (\$2.95) | (\$2.54) | (\$2.42) | (\$2.94) | (\$2.51) |
| Gas (\$/Mcf) | (\$0.90) | (\$0.62) | (\$0.79) | (\$0.91) | (\$0.62) | (\$0.80) | (\$0.90) | (\$0.64) | (\$0.81) | (\$0.93) | (\$0.62) | (\$0.84) | (\$1.00) | (\$0.65) | (\$0.90) |
| NGUs (\$/Bbl) | (\$3.19) | (\$1.94) | (\$2.56) | (\$3.42) | (\$1.76) | (\$2.60) | (\$3.27) | (\$1.56) | (\$2.45) | (\$3.17) | (\$1.50) | (\$2.43) | (\$3.48) | (\$1.46) | (\$2.58) |
| Revenues (\$K) | | | | | | | | | | | | | | | |
| Unhedged Oil | \$ 20,877 | \$ 8,250 | \$ 29,127 | \$ 23,181 | \$ 9,752 | \$ 32,933 | \$ 25,661 | \$ 8,969 | \$ 34,630 | \$ 23,933 | \$ 6,753 | \$ 30,686 | \$ 25,919 | \$ 5,414 | \$ 31,333 |
| Unhedged Gas | 7,556 | 5,891 | 13,448 | 6,526 | 4,650 | 11,177 | 8,261 | 4,912 | 13,173 | 15,068 | 6,838 | 21,906 | 11,324 | 5,342 | 16,666 |
| Unhedged NGUs | 7,941 | 7,054 | 14,995 | 9,399 | 7,647 | 17,047 | 12,179 | 9,438 | 21,617 | 9,718 | 6,130 | 15,848 | 8,240 | 5,051 | 13,291 |
| Transportation Revenue | - | 755 | 755 | - | 748 | 748 | - | 744 | 744 | - | 706 | 706 | - | 690 | 690 |
| Realized Hedge Gain (Loss) | - | - | (3,656) | - | - | (8,078) | - | - | (12,336) | - | - | (7,007) | - | - | (2,870) |
| Total Revenues | \$ 36,375 | \$ 21,950 | \$ 54,669 | \$ 39,107 | \$ 22,797 | \$ 53,826 | \$ 46,101 | \$ 24,063 | \$ 57,827 | \$ 48,719 | \$ 20,426 | \$ 62,138 | \$ 45,483 | \$ 16,497 | \$ 64,850 |
| Direct Expenses (\$K) | | | | | | | | | | | | | | | |
| Lifting Cost | \$ 3,675 | \$ 6,463 | \$ 10,138 | \$ 4,157 | \$ 5,921 | \$ 10,078 | \$ 5,003 | \$ 6,019 | \$ 11,022 | \$ 6,377 | \$ 5,655 | \$ 12,032 | \$ 6,865 | \$ 5,830 | \$ 12,695 |
| Workover Expense | 9 | 361 | 370 | 14 | 327 | 341 | 2 | 395 | 397 | 204 | 90 | 294 | 312 | 415 | 727 |
| Production Expense | 3,684 | 6,824 | 10,508 | 4,172 | 6,247 | 10,419 | 5,005 | 6,414 | 11,419 | 6,581 | 5,745 | 12,325 | 7,177 | 6,245 | 13,422 |
| Production Taxes | 836 | 837 | 1,673 | 940 | 882 | 1,823 | 2,241 | 852 | 3,093 | 2,445 | 750 | 3,195 | 2,258 | 647 | 2,905 |
| Transportation Cost of Service | - | 1,668 | 1,668 | - | 1,287 | 1,287 | - | 1,364 | 1,364 | - | 1,433 | 1,433 | - | 1,632 | 1,632 |
| Adjusted General & Administrative | - | - | 3,929 | - | - | 3,293 | - | - | 3,199 | - | - | 3,728 | - | - | 4,595 |
| Total Expenses | \$ 4,520 | \$ 9,329 | \$ 17,778 | \$ 5,112 | \$ 8,417 | \$ 16,821 | \$ 7,246 | \$ 8,630 | \$ 19,076 | \$ 9,026 | \$ 7,928 | \$ 30,682 | \$ 9,435 | \$ 8,524 | \$ 22,554 |
| Other Income (Expense) (\$K) | | | | | | | | | | | | | | | |
| Other income (expense), net | \$ - | \$ - | \$ 2 | \$ - | \$ - | \$ 39 | \$ - | \$ - | \$ 199 | \$ - | \$ - | \$ (39) | \$ - | \$ - | \$ 37 |
| Adjusted EBITDA | \$ 36,893 | | | \$ 37,044 | | | \$ 38,951 | | | \$ 41,417 | | | \$ 42,333 | | |
| Unit Revenues & Expenses (\$/Boe) | | | | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | | | | |
| Unhedged Production | \$ 24.54 | \$ 20.71 | \$ 22.98 | \$ 24.17 | \$ 20.88 | \$ 22.87 | \$ 25.95 | \$ 22.90 | \$ 24.84 | \$ 24.49 | \$ 20.60 | \$ 23.23 | \$ 22.33 | \$ 17.80 | \$ 20.96 |
| Transportation | - | 0.74 | 0.30 | - | 0.71 | 0.28 | - | 0.73 | 0.27 | - | 0.74 | 0.24 | - | 0.78 | 0.24 |
| Hedge Gain (Loss) | - | - | (1.46) | - | - | (3.02) | - | - | (4.41) | - | - | (2.38) | - | - | 0.98 |
| Total Revenue | \$ 24.54 | \$ 21.45 | \$ 21.82 | \$ 24.17 | \$ 21.59 | \$ 20.13 | \$ 25.95 | \$ 23.63 | \$ 20.69 | \$ 24.49 | \$ 21.34 | \$ 21.09 | \$ 22.33 | \$ 18.58 | \$ 22.17 |
| Direct Expenses | | | | | | | | | | | | | | | |
| Lifting Cost | \$ 2.48 | \$ 6.32 | \$ 4.05 | \$ 2.57 | \$ 5.61 | \$ 3.77 | \$ 2.82 | \$ 5.91 | \$ 3.94 | \$ 3.20 | \$ 5.91 | \$ 4.08 | \$ 3.37 | \$ 6.57 | \$ 4.34 |
| Workover Expense | 0.01 | 0.35 | 0.15 | 0.01 | 0.31 | 0.13 | 0.00 | 0.39 | 0.14 | 0.10 | 0.09 | 0.10 | 0.15 | 0.47 | 0.25 |
| Production Expense | 2.49 | 6.67 | 4.19 | 2.58 | 5.92 | 3.90 | 2.82 | 6.30 | 4.09 | 3.31 | 6.00 | 4.18 | 3.52 | 7.03 | 4.59 |
| Production Taxes | 0.56 | 0.82 | 0.67 | 0.58 | 0.84 | 0.68 | 1.26 | 0.84 | 1.11 | 1.23 | 0.78 | 1.08 | 1.11 | 0.73 | 0.99 |
| Transportation Cost of Service | - | 1.63 | 0.67 | - | 1.22 | 0.48 | - | 1.34 | 0.49 | - | 1.50 | 0.49 | - | 1.84 | 0.56 |
| Adjusted General & Administrative | - | - | 1.57 | - | - | 1.23 | - | - | 1.14 | - | - | 1.27 | - | - | 1.57 |
| Total Expenses | \$ 3.05 | \$ 9.12 | \$ 7.10 | \$ 3.16 | \$ 7.97 | \$ 6.29 | \$ 4.08 | \$ 8.47 | \$ 6.83 | \$ 4.54 | \$ 8.28 | \$ 7.02 | \$ 4.63 | \$ 9.60 | \$ 7.71 |
| Other Income (Expense) (\$M) | | | | | | | | | | | | | | | |
| Other income (expense), net | \$ - | \$ - | \$ 0.00 | \$ - | \$ - | \$ 0.01 | \$ - | \$ - | \$ 0.07 | \$ - | \$ - | \$ (0.01) | \$ - | \$ - | \$ 0.01 |
| Cash Margin | \$ 21.49 | \$ 12.33 | \$ 14.72 | \$ 21.01 | \$ 13.62 | \$ 13.85 | \$ 21.87 | \$ 15.15 | \$ 13.94 | \$ 19.95 | \$ 13.06 | \$ 14.06 | \$ 17.70 | \$ 8.98 | \$ 14.47 |

Tapstone Energy Appendix - Quarterly Financials

| | 1Q17 | | | 2Q17 | | | 3Q17 | | | 4Q17 | | |
|--|-----------|-----------|---------------|-----------|-----------|---------------|-----------|-----------|---------------|-----------|-----------|---------------|
| | NW Stack | Legacy | Total Company | NW Stack | Legacy | Total Company | NW Stack | Legacy | Total Company | NW Stack | Legacy | Total Company |
| As of 3/31/2019 | | | | | | | | | | | | |
| Production | | | | | | | | | | | | |
| Oil (Mbbbl) | 136 | 206 | 342 | 205 | 192 | 398 | 190 | 173 | 363 | 309 | 152 | 462 |
| Gas (MMcf) | 2,533 | 4,192 | 6,725 | 3,301 | 3,945 | 7,245 | 3,483 | 3,821 | 7,304 | 4,125 | 3,510 | 7,635 |
| NGUs (MMbbls) | 132 | 412 | 544 | 179 | 404 | 583 | 165 | 419 | 584 | 263 | 370 | 633 |
| Total (Mboe) | 690 | 1,317 | 2,007 | 934 | 1,254 | 2,188 | 935 | 1,229 | 2,164 | 1,260 | 1,107 | 2,367 |
| Revenue Deductions | | | | | | | | | | | | |
| Oil (\$/Bbl) | (400) | (549) | (949) | (514) | (546) | (1,060) | (487) | (472) | (959) | (747) | (424) | (1,170) |
| Gas (\$/Mcf) | (2,486) | (2,529) | (5,015) | (3,275) | (2,295) | (5,570) | (3,171) | (2,462) | (5,633) | (3,890) | (2,281) | (6,171) |
| NGUs (\$/Bbl) | (414) | (799) | (1,213) | (543) | (729) | (1,271) | (583) | (793) | (1,377) | (839) | (729) | (1,568) |
| Total Revenue Deductions | (3,300) | (3,877) | (7,177) | (4,332) | (3,569) | (7,901) | (4,241) | (3,727) | (7,969) | (5,476) | (3,433) | (8,909) |
| 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 | 36,270 | 43,347 | 79,617 | 37,862 | 41,530 | 79,392 | 44,834 | 38,152 | 82,987 |
| NGUs (Bbls/d) | 1,464 | 4,583 | 6,047 | 1,967 | 4,438 | 6,405 | 1,790 | 4,553 | 6,343 | 2,862 | 4,017 | 6,879 |
| 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 |
| 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 |
| 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 |
| NGL area (\$/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 |
| 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 |
| 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 |
| NGUs (\$/Bbl) | \$ 0.80 | \$ (0.63) | \$ (0.29) | \$ 0.83 | \$ 0.08 | \$ 0.30 | \$ 0.46 | \$ (0.05) | \$ 0.15 | \$ 2.32 | \$ (0.01) | \$ 0.84 |
| 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 |
| NGUs (\$/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 |
| Trans & Gathering Diff | | | | | | | | | | | | |
| Oil (\$/Bbl) | (\$2.94) | (\$2.66) | (\$2.77) | (\$2.51) | (\$2.83) | (\$2.67) | (\$2.57) | (\$2.73) | (\$2.64) | (\$2.41) | (\$2.78) | (\$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) |
| NGUs (\$/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 (\$K) | | | | | | | | | | | | |
| 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 NGUs | 3,026 | 7,291 | 10,317 | 3,719 | 6,094 | 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 Gain (Loss) | - | - | (630) | - | - | 1,496 | - | - | 1,294 | - | - | (2,087) |
| 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 (\$K) | | | | | | | | | | | | |
| Lifting Cost | \$ 3,846 | \$ 6,486 | \$ 10,332 | \$ 3,981 | \$ 6,232 | \$ 10,213 | \$ 3,543 | \$ 6,402 | \$ 9,945 | \$ 3,544 | \$ 6,334 | \$ 9,878 |
| Workover Expense | 225 | 335 | 560 | (4) | 336 | 331 | 1,479 | 277 | 1,756 | 67 | 286 | 352 |
| 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 | 1,286 | 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 | - | - | 3,029 |
| 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) (\$K) | | | | | | | | | | | | |
| Other income (expense), net | \$ - | \$ - | \$ 5 | \$ - | \$ - | \$ (168) | \$ - | \$ - | \$ (221) | \$ - | \$ - | \$ (46) |
| Adjusted EBITDA | \$ 24,094 | | | \$ 27,598 | | | \$ 25,769 | | | \$ 34,917 | | |
| 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 |
| Hedge Gain (Loss) | - | - | (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 | | | | | | | | | | | | |
| 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 |
| 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 |
| 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 | \$ 15.30 | \$ 13.75 | \$ 12.00 | \$ 15.57 | \$ 11.76 | \$ 12.61 | \$ 14.11 | \$ 11.85 | \$ 11.91 | \$ 20.42 | \$ 12.97 | \$ 14.75 |