



# TAPSTONE ENERGY

## Tapstone Energy Reports Second Quarter 2019 Financial and Operational Results

Oklahoma City, August 13, 2019 – Tapstone Energy, LLC (“Tapstone” or the “Company”) today announced financial and operational results for the quarter ended June 30, 2019. Financial and operational highlights of note for the quarter include the following:

- Net loss of \$236.2 million and adjusted EBITDA of \$35.6 million for the second quarter of 2019
- Total Company production of 31.2 MBoe per day in the second quarter, decreased 4% quarter-over-quarter and increased 4% year-over-year; Total Company production mix was 19% oil, 47% liquids
- NW Stack production of 21.4 MBoe per day in the second quarter, decreased 5% quarter-over-quarter and increased 21% year-over-year; NW Stack production mix was 22% oil, 46% liquids
- Divested of Kansas Legacy assets for a sales price of \$28.5 million

### **Second Quarter 2019 Financial Results**

Tapstone reported a net loss of \$236.2 million for the second quarter of 2019, which included a non-cash ceiling test impairment of oil and natural gas properties of \$247.2 million and \$21.4 million of unrealized, non-cash, mark-to-market gains on derivative contracts in future periods. Adjusted earnings before interest, income taxes, depreciation, depletion and amortization ("Adjusted EBITDA") for the second quarter of 2019 was \$35.6 million. Adjusted EBITDA is a Non-GAAP financial measure and is described in the attached table under "Non-GAAP Financial Information and Reconciliation." See Second Quarter 2019 Financial Report for a full explanation of Adjusted EBITDA.

### **Kansas Legacy Producing Properties Divestiture**

Tapstone closed on the divestiture of the company's entire Kansas producing properties located in Barber, Harper and Reno Counties, Kansas on June 28, 2019. The acquisition closed for a purchase price of approximately \$28.5 million, with an estimated final adjusted purchase price of approximately \$25.6 million. Net proceeds received from the Kansas sale were used to reduce outstanding borrowings under its revolving credit facility. The effective date of the transaction was January 1, 2019.

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

Reported second quarter 2019 results and the comparable 2018 periods include production, revenue and direct operating expenses for the Company's Kansas asset through June 30, 2019 and the Company's Verden asset 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 2018 through the second quarter of 2019, adjusted for the Company's Verden and Kansas divestitures.

## **Operational Highlights**

Tapstone's production volumes in the second quarter of 2019 averaged 31.2 thousand barrels of oil equivalent ("MBoe") per day, compared to 32.5 MBoe per day in the first quarter of 2019 and 30.1 MBoe per day for the second quarter of 2018. For the second quarter of 2019, the Company's total production mix was 19% oil, 53% natural gas and 28% natural gas liquids ("NGLs").

Oil, natural gas and NGLs revenues, excluding settlements of derivative contracts, for the second quarter of 2019 totaled \$49.8 million. Realized prices in the second quarter of 2019 were \$57.88 per barrel ("Bbl") for oil, \$0.88 per thousand cubic feet ("Mcf") for natural gas and \$14.16 per Bbl for NGLs excluding the impact of derivative contracts.

The Company reported a net gain on derivative contracts of \$26.0 million during the second quarter, which consisted of a \$4.6 million realized gain and a \$21.4 million unrealized, non-cash, mark-to-market gain.

Production expense, which includes lease operating expense and workover expenses, was \$12.7 million in the second quarter of 2019, or \$4.48 per barrels of oil equivalent ("Boe"). Second quarter production expense included \$4.44 per Boe of lifting costs and \$0.04 per Boe of workover expenses.

General and Administrative expense in the second quarter of 2019 was \$4.7 million which includes \$1.7 million of non-cash equity compensation and non-recurring expenses. Excluding these costs results in a general and administrative expense of \$3.0 million, or \$1.05 per Boe for the second quarter.

Tapstone's Wheeler Midstream system in the Texas Panhandle collects revenues from third parties for their share of volumes that flow through the system, which represent 19% of the gross system throughput. Revenue generated by these third-party volumes, classified as transportation revenue, was \$0.8 million for the second quarter of 2019. Transportation cost of service, which represents the total cost incurred to operate the midstream system, was \$1.4 million.

### ***NW Stack***

For the second quarter, the Company spud five operated wells, while operating two rigs. Also, in the quarter, the Company had six operated wells that obtained first production, of which four were in the Upper Meramec formation and two were in the Osage formation. Five of the wells were extended laterals and five of the wells were infill wells drilled to complete full development in multiple sections. The second quarter six-well set had an average initial production rate of approximately 578 Boe per day on a two-stream basis at 28% oil.

NW Stack production in the second quarter of 2019 averaged 21.4 MBoe per day, compared to 22.6 MBoe per day in the previous quarter. The second quarter production mix was 22% oil, 54% natural gas and 24% NGLs.

NW Stack production expense, which includes lease operating expense and workover expenses, was \$7.2 million in the second quarter of 2019, or \$3.70 per Boe. Second quarter production expense included \$3.68 per Boe of lifting costs and \$0.02 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 second quarter of 2019.

### ***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.

Including the divested Kansas assets, the Company's Legacy properties produced 9.8 MBoe per day during the second quarter of 2019 compared to 9.9 MBoe per day in the previous quarter. The production mix for the second quarter of 2019 was 12% oil, 52% natural gas and 36% NGLs. The Company operated a drilling rig in the Stiles Ranch Field in the second quarter 2019 and drilled and completed two wells.

Legacy property production expense before taxes was \$6.19 per Boe in the second quarter of 2019. Second quarter production expense included \$6.10 per Boe of lifting and \$0.09 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	June 30 2019
<b>NW Stack</b>							
Oil (MBbls/d)	3.8	3.9	4.1	4.6	4.1	5.5	4.6
Gas (MMcf/d)	53.6	60.4	65.9	75.4	63.9	76.5	69.5
NGLs (MBbls/d)	3.7	3.9	4.2	4.5	4.1	4.4	5.2
<b>Total (MBoe/d)<sup>(1)</sup></b>	<b>16.5</b>	<b>17.8</b>	<b>19.3</b>	<b>21.6</b>	<b>18.8</b>	<b>22.6</b>	<b>21.4</b>
<b>Legacy Properties</b>							
Oil (MBbls/d)	1.6	1.7	1.5	1.3	1.5	1.2	1.2
Gas (MMcf/d)	48.2	40.6	34.9	33.1	39.1	31.1	30.8
NGLs (MBbls/d)	3.7	3.8	3.9	3.6	3.7	3.5	3.5
<b>Total (MBoe/d)<sup>(1)</sup></b>	<b>13.4</b>	<b>12.3</b>	<b>11.2</b>	<b>10.4</b>	<b>11.8</b>	<b>9.9</b>	<b>9.8</b>
<b>Total Company</b>							
Oil (MBbls/d)	5.5	5.5	5.6	5.9	5.6	6.6	5.8
Gas (MMcf/d)	101.8	101.0	100.8	108.5	103.0	107.6	100.3
NGLs (MBbls/d)	7.4	7.7	8.1	8.1	7.8	7.9	8.7
<b>Total (MBoe/d)<sup>(1)</sup></b>	<b>29.9</b>	<b>30.1</b>	<b>30.5</b>	<b>32.0</b>	<b>30.6</b>	<b>32.5</b>	<b>31.2</b>

(1) May not sum or recalculate due to rounding

## Second Quarter 2019 Capital Expenditures

Capital expenditures ("capex"), excluding acquisition costs, for the second quarter of 2019 totaled \$43.1 million, which included \$40.9 million for drilling and completion development, \$0.9 million for leasehold and seismic and \$1.3 million of other capex.

## Net Debt and Liquidity

The Company ended the second quarter 2019 with a net debt of \$583.4 million, which included \$1.1 million of cash, \$290.0 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 the second quarter 2019 was \$68.8 million, adjusted for outstanding letters of credit of \$2.3 million and \$1.1 million of cash.

## 2019 Guidance

The Company will not be providing 2019 Guidance. Reductions in commodity prices, including a recent decrease in our realized natural gas and NGLs prices, as well as recent well performance below our expectations, associated with steeper production declines and a lower than expected oil mix, have negatively impacted the Company's operating results, liquidity, and debt covenant ratios.

**Financial Derivative Positions as of July 31, 2019**

	<u>Q3-2019</u>	<u>Q4-2019</u>	<u>FY-2020</u>	<u>FY-2021</u>
<b>Oil Swaps</b>				
Hedge Volumes (Bbls/d)	5,475	5,475	3,299	496
Weighted Average Price (\$/Bbl)	\$56.99	\$56.99	\$58.15	\$57.05
<b>Gas Swaps</b>				
Hedge Volumes (MMBtu/d)	59,500	59,500	51,486	4,932
Weighted Average Price (\$/MMBtu)	\$2.89	\$2.89	\$2.75	\$2.89
<b>NGL Swaps</b>				
Hedge Volumes (Bbls/d)	5,705	5,705	4,300	-
Weighted Average Price (\$/Bbl)	\$33.35	\$33.41	\$33.88	-
<b>Natural Gas Basis Swaps (Panhandle)</b>				
Hedge Volumes (MMBtu/d)	45,000	45,000	10,000	-
Weighted Average Price (\$/MMBtu)	(\$0.61)	(\$0.61)	(\$0.45)	-

**Conference Call Information**

Tapstone management will host a conference call to discuss its 2019 second quarter operational and financial results on Wednesday, August 14, 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, November 14, 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: 10131955

**Contact Information**

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

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,057	\$ 2,544
Accounts receivable, net of allowance	10,304	6,507
Production receivable	16,405	25,764
Derivative contracts	24,164	35,605
Prepaid expenses	2,546	2,397
Total current assets	<u>54,476</u>	<u>72,817</u>
Oil and natural gas properties, using the full cost method:		
Proved oil and natural gas properties	1,726,361	1,593,928
Unproved oil and natural gas properties	19,857	82,145
Less: accumulated depreciation, depletion, amortization and impairment	<u>(1,127,432)</u>	<u>(821,653)</u>
Oil and natural gas properties, net	618,786	854,420
Other property, plant and equipment	137,020	136,409
Less: accumulated depreciation	<u>(35,461)</u>	<u>(31,785)</u>
Other property, plant and equipment, net	101,559	104,624
Derivative contracts	9,788	18,752
Credit facility issuance costs, net	4,020	4,854
Operating lease right of use asset	3,679	-
Total Assets	<u>\$ 792,308</u>	<u>\$ 1,055,467</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 16,782	\$ 46,064
Production payable	13,372	13,615
Accrued liabilities	29,410	29,596
Derivative contracts	609	-
Accrued interest payable	3,417	3,274
Other current liabilities	<u>1,598</u>	<u>1,380</u>
Total current liabilities	65,188	93,929
Long-term debt, net	577,793	536,827
Asset retirement obligations	5,807	6,915
Lease liabilities	2,852	-
Other long-term liabilities	686	687
Total liabilities	<u>652,326</u>	<u>638,358</u>
Members' equity	139,982	417,109
Total liabilities and member's equity	<u>\$ 792,308</u>	<u>\$ 1,055,467</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Revenues</b>				
Oil sales	\$ 30,445	\$ 33,138	\$ 61,778	\$ 62,766
Natural gas sales	8,075	11,728	24,741	27,249
NGL sales	11,240	17,050	24,531	32,082
Transportation revenue	750	748	1,440	1,504
Total revenues	50,510	62,664	112,490	123,601
<b>Expenses</b>				
Production expense	12,720	10,633	26,141	21,916
Production taxes	2,519	1,893	5,424	3,741
Transportation cost of service	1,388	1,287	3,020	2,954
Depreciation & depletion oil and natural gas	30,537	22,455	58,819	43,474
Depreciation & amortization – other	2,049	2,061	4,085	4,126
Accretion of asset retirement obligation	125	128	247	262
Impairment of oil and natural gas properties	247,239	-	247,239	-
General and administrative	4,685	3,767	9,719	8,283
Loss on disposition of assets, net	63	197	91	426
Total Expenses	301,325	42,421	354,785	85,182
Income from operations	(250,815)	20,243	(242,295)	38,419
<b>Other income (expense)</b>				
Interest expense	(11,595)	(9,013)	(22,449)	(18,383)
Gain (loss) on derivative contracts, net	26,011	(33,396)	(13,555)	(43,309)
Gain on debt extinguishment	-	611	-	611
Other income, net	168	39	205	40
Total other income (expense), net	14,584	(41,759)	(35,799)	(61,041)
Net loss	\$ (236,231)	\$ (21,516)	\$ (278,094)	\$ (22,622)

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

	<b>Six Months Ended June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (278,094)	\$ (22,622)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	62,904	47,600
Accretion of asset retirement obligations	247	262
Impairment of oil and natural gas properties	247,239	-
Loss on disposition of assets, net	91	426
Gain on debt extinguishment	-	(611)
Debt issuance costs and senior discount amortization	1,800	1,701
Equity compensation, net of amount capitalized	880	897
Loss on derivative contracts, net	13,555	43,309
Settlements on derivative contracts, net	7,459	(11,735)
Changes in operating assets and liabilities		
Increasing (decreasing) cash:		
Receivables	5,563	3,188
Other current assets	(150)	(1,377)
Other assets and liabilities, net	557	10,074
Accounts payable and accrued expenses	(8,114)	(6,622)
Net cash provided by operating activities	<u>53,937</u>	<u>64,490</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures – other property, plant and equipment	(491)	(1,611)
Capital expenditures – oil and natural gas properties	(122,150)	(125,694)
Acquisition of oil and gas properties	955	(4,743)
Proceeds from sale of assets	26,280	60,379
Net cash used in investing activities	<u>(95,406)</u>	<u>(71,669)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Credit facility borrowings	74,000	73,000
Credit facility payments	(34,000)	(60,000)
Principle payments on finance leases	(18)	-
Purchase of senior notes	-	(4,721)
Debt issuance costs paid	-	(1,991)
Net cash provided by financing activities	<u>39,982</u>	<u>6,288</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(1,487)</u>	<u>(891)</u>
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	<u>2,544</u>	<u>2,180</u>
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<u>\$ 1,057</u>	<u>\$ 1,289</u>

## **Non-GAAP Financial Information and Reconciliation**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Net loss	\$ (236,231)	\$ (21,516)	\$ (278,094)	\$ (22,622)
Adjusted for				
Interest expense	11,595	9,013	22,449	18,383
Depreciation and depletion – oil and natural gas	30,537	22,455	58,819	43,474
Depreciation and amortization – other	2,049	2,061	4,085	4,126
Accretion of asset retirement obligation	125	128	247	262
Impairment of oil and natural gas properties	247,239	-	247,239	-
Severance cost	1,149	-	1,149	-
MTM (gain) loss on derivative contracts	(21,422)	25,318	21,014	31,574
Loss on disposition of assets, net	63	197	91	426
Gain on extinguishment of debt	-	(611)	-	(611)
Public offering organizational costs	-	56	-	73
Equity compensation expense	467	409	880	897
A&D costs	75	9	100	91
Adjusted EBITDA	\$ 35,646	\$ 37,519	\$ 77,979	\$ 76,073
Settlements on derivative contracts, net	(4,589)	8,079	(7,459)	11,735
Unhedged Adjusted EBITDA	\$ 31,057	\$ 45,598	\$ 70,520	\$ 87,808

	<b>June 30, 2019</b>
Long-term debt, net	\$ 577,793
Adjusted for	
Add: Unamortized debt issuance and discount costs	6,707
Less: Cash and cash equivalents	(1,057)
Net debt	<u>\$ 583,443</u>



Pro forma amounts, adjusted for Verden and Kansas divestitures. Doesn't include pro forma acquisition adjustments, which are included in credit facility EBITDAX definition.

	1Q18			2Q18			3Q18			4Q18			1Q19			2Q19		
	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	NW Stack	Legacy	Total Company
<b>Production</b>																		
Oil (Mbl)	344	88	432	351	86	437	379	78	457	420	71	491	492	66	558	420	72	492
Gas (MMcf)	4,820	2,554	7,374	5,499	2,540	8,040	6,058	2,345	8,403	6,935	2,287	9,222	6,887	2,139	9,026	6,322	2,185	8,507
NGLs (MMbbls)	334	289	623	351	295	645	388	302	689	414	275	689	397	251	648	477	265	741
Total (Mboe)	1,482	802	2,284	1,618	804	2,422	1,776	770	2,547	1,990	728	2,717	2,037	674	2,711	1,950	701	2,652
<b>Revenue Deductions</b>																		
Oil (\$/Bbl)	(766)	(185)	(951)	(806)	(243)	(1,049)	(885)	(206)	(1,091)	(1,015)	(201)	(1,216)	(1,191)	(188)	(1,379)	(1,034)	(220)	(1,254)
Gas (\$/Mcf)	(4,353)	(1,621)	(5,974)	(5,016)	(1,666)	(6,682)	(5,435)	(1,593)	(7,028)	(6,482)	(1,502)	(7,984)	(6,860)	(1,498)	(8,358)	(6,339)	(1,439)	(7,778)
NGLs (\$/Bbl)	(1,066)	(515)	(1,581)	(1,200)	(483)	(1,683)	(1,270)	(418)	(1,688)	(1,311)	(365)	(1,676)	(1,380)	(356)	(1,736)	(1,423)	(353)	(1,777)
Total Revenue Deductions	(6,185)	(2,321)	(8,506)	(7,022)	(2,392)	(9,414)	(7,589)	(2,217)	(9,807)	(8,809)	(2,067)	(10,876)	(9,431)	(2,042)	(11,473)	(8,796)	(2,013)	(10,808)
<b>Production</b>																		
Oil (Bbl/d)	3,826	976	4,803	3,856	941	4,797	4,118	847	4,965	4,566	775	5,341	5,467	734	6,201	4,617	793	5,410
Gas (Mcf/d)	53,557	28,382	81,938	60,432	27,917	88,349	65,851	25,487	91,338	75,381	24,860	100,240	76,522	23,772	100,294	69,471	24,010	93,481
NGLs (Bbls/d)	3,714	3,207	6,921	3,853	3,240	7,093	4,215	3,278	7,493	4,498	2,991	7,488	4,411	2,791	7,202	5,237	2,910	8,148
Total (Boe/d)	16,467	8,913	25,380	17,781	8,834	26,615	19,307	8,373	27,681	21,627	7,909	29,536	22,631	7,486	30,118	21,433	7,705	29,138
<b>Index Price</b>																		
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	\$54.90	\$54.90	\$54.90	\$59.82	\$59.82	\$59.82
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	\$2.64	\$2.64	\$2.64
NGL area (\$/Bbl)	\$ 28.27	\$ 21.82	\$ 25.28	\$ 30.78	\$ 24.15	\$ 27.74	\$ 35.37	\$ 29.83	\$ 32.94	\$ 27.65	\$ 22.00	\$ 25.36	\$25.26	\$18.06	\$22.45	\$19.13	\$14.14	\$17.35
<b>Realized Unhedged Price</b>																		
Oil (\$/Bbl)	\$ 60.62	\$ 59.53	\$ 60.40	\$ 66.06	\$ 64.51	\$ 65.76	\$ 67.74	\$ 66.39	\$ 67.51	\$ 56.98	\$ 55.46	\$ 56.76	\$ 52.68	\$ 51.68	\$ 52.56	\$ 58.16	\$ 57.06	\$ 58.00
Gas (\$/Mcf)	\$ 1.57	\$ 1.74	\$ 1.63	\$ 1.19	\$ 1.31	\$ 1.23	\$ 1.36	\$ 1.46	\$ 1.39	\$ 2.17	\$ 2.11	\$ 2.16	\$ 1.64	\$ 1.79	\$ 1.68	\$ 0.78	\$ 1.03	\$ 0.84
NGLs (\$/Bbl)	\$ 23.76	\$ 20.23	\$ 22.12	\$ 26.81	\$ 20.83	\$ 24.08	\$ 31.41	\$ 25.74	\$ 28.93	\$ 23.49	\$ 17.46	\$ 21.08	\$ 20.76	\$ 15.92	\$ 18.88	\$ 15.43	\$ 11.83	\$ 14.15
<b>Trans &amp; Gathering Diff</b>																		
Oil (\$/Bbl)	(\$2.22)	(\$2.11)	(\$2.20)	(\$2.30)	(\$2.84)	(\$2.40)	(\$2.34)	(\$2.65)	(\$2.39)	(\$2.42)	(\$2.81)	(\$2.47)	(\$2.42)	(\$2.85)	(\$2.47)	(\$2.46)	(\$3.05)	(\$2.55)
Gas (\$/Mcf)	(\$0.90)	(\$0.63)	(\$0.81)	(\$0.91)	(\$0.66)	(\$0.83)	(\$0.90)	(\$0.68)	(\$0.84)	(\$0.93)	(\$0.66)	(\$0.87)	(\$1.00)	(\$0.70)	(\$0.93)	(\$1.00)	(\$0.66)	(\$0.91)
NGLs (\$/Bbl)	(\$3.19)	(\$1.78)	(\$2.54)	(\$3.42)	(\$1.64)	(\$2.61)	(\$3.27)	(\$1.39)	(\$2.45)	(\$3.17)	(\$1.33)	(\$2.43)	(\$3.48)	(\$1.42)	(\$2.68)	(\$2.99)	(\$1.33)	(\$2.40)
<b>Revenues (\$K)</b>																		
Unhedged Oil	\$ 20,877	\$ 5,230	\$ 26,107	\$ 23,181	\$ 5,525	\$ 28,706	\$ 25,661	\$ 5,174	\$ 30,835	\$ 23,933	\$ 3,955	\$ 27,888	\$ 25,919	\$ 3,413	\$ 29,332	\$ 24,435	\$ 4,119	\$ 28,554
Unhedged Gas	7,556	4,442	11,998	6,526	3,350	9,876	8,261	3,420	11,681	15,068	4,816	19,884	11,324	3,825	15,149	4,915	2,253	7,168
Unhedged NGLs	7,941	5,837	13,778	9,399	6,141	15,540	12,179	7,762	19,941	9,718	4,804	14,522	8,240	3,998	12,238	7,354	3,134	10,488
Transportation Revenue	-	755	755	-	748	748	-	744	744	-	706	706	-	690	690	-	750	750
Realized Hedge Gain (Loss)	-	-	(3,656)	-	-	(8,078)	-	-	(12,336)	-	-	(7,007)	-	-	2,870	-	-	4,589
Total Revenues	\$ 36,375	\$ 16,265	\$ 48,983	\$ 39,107	\$ 15,744	\$ 46,773	\$ 46,101	\$ 17,100	\$ 50,864	\$ 48,719	\$ 14,280	\$ 55,982	\$ 45,483	\$ 11,927	\$ 60,280	\$ 36,705	\$ 10,256	\$ 51,550
<b>Direct Expenses (\$K)</b>																		
Lifting Cost	\$ 3,675	\$ 4,277	\$ 7,952	\$ 4,157	\$ 4,018	\$ 8,175	\$ 5,003	\$ 3,982	\$ 8,985	\$ 6,377	\$ 3,694	\$ 10,070	\$ 6,865	\$ 4,010	\$ 10,875	\$ 7,174	\$ 3,649	\$ 10,823
Workover Expense	9	25	34	14	79	93	2	329	330	204	(46)	158	312	135	447	34	6	40
Production Expense	3,684	4,302	7,986	4,172	4,096	8,268	5,005	4,310	9,315	6,581	3,648	10,228	7,177	4,145	11,322	7,208	3,655	10,863
Production Taxes	836	570	1,406	940	555	1,495	2,241	520	2,762	2,445	457	2,903	2,258	425	2,683	1,980	363	2,343
Transportation Cost of Service	-	1,668	1,668	-	1,287	1,287	-	1,364	1,364	-	1,433	1,433	-	1,632	1,632	-	1,388	1,388
Adjusted General & Administrative	-	-	3,929	-	-	3,293	-	-	3,199	-	-	3,728	-	-	4,595	-	-	2,994
Total Expenses	\$ 4,520	\$ 6,540	\$ 14,989	\$ 5,112	\$ 5,938	\$ 14,342	\$ 7,246	\$ 6,195	\$ 16,640	\$ 9,026	\$ 5,538	\$ 18,292	\$ 9,435	\$ 6,201	\$ 20,231	\$ 9,188	\$ 5,406	\$ 17,588
<b>Other Income (Expense) (\$K)</b>																		
Other income (expense), net	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ 39	\$ -	\$ -	\$ 199	\$ -	\$ -	\$ (39)	\$ -	\$ -	\$ 37	\$ -	\$ -	\$ 168
Adjusted EBITDA			\$ 33,996			\$ 32,469			\$ 34,423			\$ 37,661			\$ 40,086			\$ 34,130
<b>Unit Revenues &amp; Expenses (\$/Boe)</b>																		
<b>Revenue</b>																		
Unhedged Production	\$ 24.54	\$ 19.33	\$ 22.71	\$ 24.17	\$ 18.65	\$ 22.34	\$ 25.95	\$ 21.23	\$ 24.53	\$ 24.49	\$ 18.65	\$ 22.92	\$ 22.33	\$ 16.68	\$ 20.93	\$ 18.82	\$ 13.56	\$ 17.43
Transportation	-	0.94	0.33	-	0.93	0.31	-	0.97	0.29	-	0.97	0.26	-	1.02	0.25	-	1.07	0.28
Hedge Gain (Loss)	-	-	(1.80)	-	-	(3.34)	-	-	(4.84)	-	-	(2.58)	-	-	1.06	-	-	1.73
Total Revenue	\$ 24.54	\$ 20.28	\$ 21.44	\$ 24.17	\$ 19.58	\$ 19.31	\$ 25.95	\$ 22.20	\$ 19.97	\$ 24.49	\$ 19.63	\$ 20.61	\$ 22.33	\$ 17.70	\$ 22.24	\$ 18.82	\$ 14.63	\$ 19.44
<b>Direct Expenses</b>																		
Lifting Cost	\$ 2.48	\$ 5.33	\$ 3.48	\$ 2.57	\$ 5.00	\$ 3.38	\$ 2.82	\$ 5.17	\$ 3.53	\$ 3.20	\$ 5.08	\$ 3.71	\$ 3.37	\$ 5.95	\$ 4.01	\$ 3.68	\$ 5.20	\$ 4.08
Workover Expense	0.01	0.03	0.01	0.01	0.10	0.04	0.00	0.43	0.13	0.10	(0.06)	0.06	0.15	0.20	0.16	0.02	0.01	0.02
Production Expense	2.49	5.36	3.50	2.58	5.10	3.41	2.82	5.60	3.66	3.31	5.01	3.76	3.52	6.15	4.18	3.70	5.21	4.10
Production Taxes	0.56	0.71	0.62	0.58	0.69	0.62	1.26	0.68	1.08	1.23	0.63	1.07	1.11	0.63	0.99	1.02	0.52	0.88
Transportation Cost of Service	-	2.08	0.73	-	1.60	0.53	-	1.77	0.54	-	1.97	0.53	-	2.42	0.60	-	1.98	0.52
Adjusted General & Administrative	-	-	1.72	-	-	1.36	-	-	1.26	-	-	1.37	-	-	1.70	-	-	1.13
Total Expenses	\$ 3.05	\$ 8.15	\$ 6.56	\$ 3.16	\$ 7.39	\$ 5.92	\$ 4.08	\$ 8.04	\$ 6.53	\$ 4.54	\$ 7.61	\$ 6.73	\$ 4.63	\$ 9.20	\$ 7.46	\$ 4.71	\$ 7.71	\$ 6.63
Other income (expense), net	\$ -	\$ -	\$ 0.00	\$ -	\$ -	\$ 0.02	\$ -	\$ -	\$ 0.08	\$ -	\$ -	\$ (0.01)	\$ -	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.06
Cash Margin	\$ 21.49	\$ 12.12	\$ 14.88	\$ 21.01	\$ 12.20	\$ 13.41	\$ 21.87	\$ 14.16	\$ 13.52	\$ 19.95	\$ 12.01	\$ 13.86	\$ 17.70	\$ 8.50	\$ 14.79	\$ 14.11	\$ 6.92	\$ 12.87