1Q 2019 Earnings Releases: Week 3

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Key Takeaways

- As we finish up earnings season, this week consisted of small-caps, with the exception of a couple mid-caps. Some smaller companies are still not being treated particularly well on the market, and some are flirting with bankruptcy barring a spike in prices. The price crash in Q4 and the subsequent gas prices of late have delivered a hit on liquidity on top of other problems such as parent/child relationships, infrastructure constraints, or higher costs from lack of scale.
- After the large shift in planned spend from 2018 levels, many smaller operators have a front-half-weighted program, where their first-half spend includes completing and turning online wells that were spud or drilled in late 2018. The combination of dropping rigs and completing 2018 DUCs in the first half leads to less wells to complete in the second half, which will ultimately allow for more operators to hit their free cash flow inflection point by year end. Much of the production resulting from these wells turned online in Q1'19 and Q2'19 will be the primary determinant of year-over-year production growth.
- Reduced cycle times and slack in completions are leading causes of cost savings.
- Almost all producers are shifting focus to assets with higher oil cuts if capable.
- Smaller producers continue to make their way into a cube/multipad/manufacturing style of development.

Bonanza Creek Energy, Inc. (NYSE:BCEI)

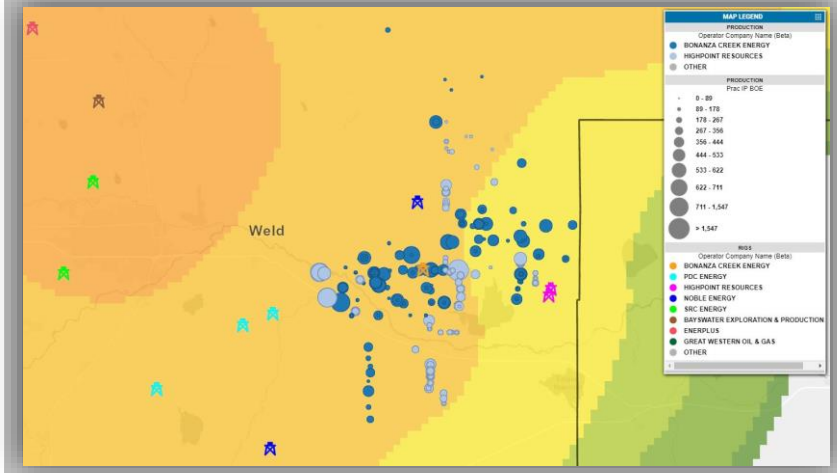
Overview
Investor Relations
#11 oil & #9 gas producer in DJ Basin

DI Reflection

Bonanza Creek is pleased that Senate Bill 181 has moved to rulemaking, and they are optimistic that Weld County leadership will support ongoing development. Management is pleased with positive well performance in Legacy East and positive results companywide from the beginning of 2019. The company reported significant production growth of 17% in the quarter because of heavy spending in Q4'18. For the rest of the year, Bonanza will continue running at a 1-rig, 1-crew pace. They are on track with CAPEX, with spend peaking through Q2 and fading back again through Q4.

Key Highlights

- Q1'19 production up 17% sequentially to 20.7 Boe/d on CAPEX of $44.8M, which is only 18% of full-year guidance because they released a crew later in 2018 and picked it back up midway through Q1'19
- Cureton Midstream brought online a 60 MMcf/d cryo gas plant in Q4'19, adding downstream flexibility, line pressures remain consistent between 50 and 100
- SB 181 to have minimal impact on development; no municipalities overlapping acreage; surface agreements in place for all operated 2019 and 2020 wells
- Continuing to layer in hedges to protect cash flows and price volatility



Map: Wells sized by Prac IP Daily BOE, Completed within past 5 years, Active Rigs, Last 90-day Permit Heat Map, Apr 2019. Other graphics sourced from investor presentations.

Carrizo Oil and Gas, Inc. (NASDAQ:CRZO)

Overview

Investor Relations

#7 oil producer in Eagle Ford

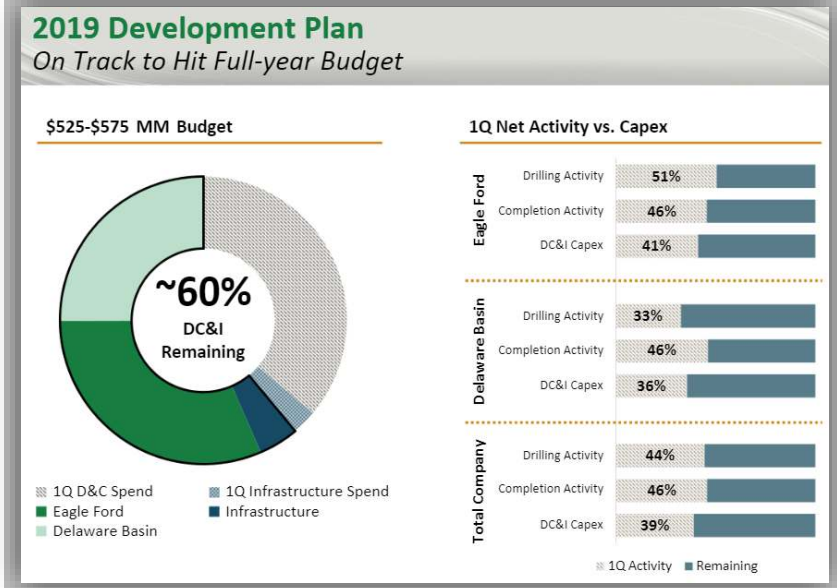
#45 oil producer in Permian

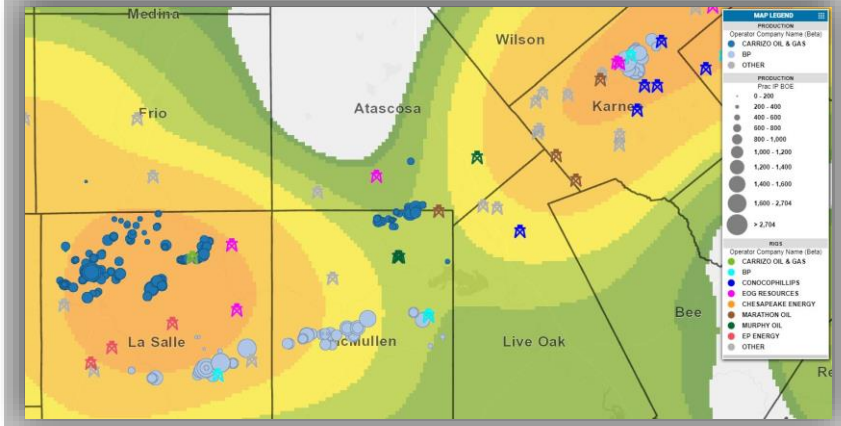
DI Reflection

Carrizo has been focused on a several multipad projects in 2019. Because of the frac holiday in Q4 and planned downtime offsetting completion activity, the company's production declined sequentially, but the pads turning online in late Q2 will provide 7%-9% growth over last quarter. Because of increased cycle times, the company spent 40% of their DC&I (drilling, completions, and infrastructure) plan for 2019, but they also drilled 44%-46% of planned 2019 activity – and even might not need to add an additional rig in the Delaware as initially planned. Lastly, we were interested in seeing how "The Six" development test faired in Q1, which was a four-layer, six-well test in the company's Phantom area. Initial production since mid-April has an IP of 10,600 Boe/d with 60% oil, and we will look forward to seeing how that test plays out as Carrizo shifts to development mode in the Delaware.

Key Highlights

- Q1'19 CAPEX of $214.7M, consisted of 3 multipad development projects: 2 in Eagle Ford, 1 in Delaware
- Maintained guidance and reiterated production guidance
- Plan still calls for 3-4 rigs between Eagle Ford and Delaware
- Recent focus has been directed to development of multipad projects; production declined sequentially due to frac holiday and planned downtime to offset completion activity; expect to see 7%-9% growth in volumes in Q2
- 63% of Q1'19 DC&I was in Eagle Ford, with balance in Delaware





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Chaparral Energy Inc. (NYSE:CHAP)

Overview

Investor Relations

#12 oil & #32 gas producer in Anadarko

DI Reflection

Chaparral is focusing on their Canadian County acreage and multipad/cube development tests throughout the year. They are slightly ahead of schedule on their first test, the Foraker, which was originally planned to turn online in Q2'19, but Chaparral was able to commence production in March. Early results of the test have been positive and are likely fueling the 28% production growth guidance for Q2. After dropping a rig in early April from 4, the plan is to maintain 3 rigs for the balance of the year. We look forward to seeing more results on the Foraker test in addition to the rest of the cube development tests this year.

Key Highlights

- Reported 30% YoY increase in STACK production
- Reiterated guidance of $275M-$300M; majority of remaining budget allocated to Canadian and Kingfisher counties
- Expecting 28% production growth in Q2'19: between 26 MBoe/d and 27.5 MBoe/d
- Foraker spacing test: 3 wells with first sales in late March with average IP30 rate of 1,292 Boe/d; Meramec wells exceeding type curves; remaining wells with first sales in April showing strong results and in line or better with first 3 wells
- Ran 4 rigs up until early April; running 3 for remainder of year

2019 Guidance

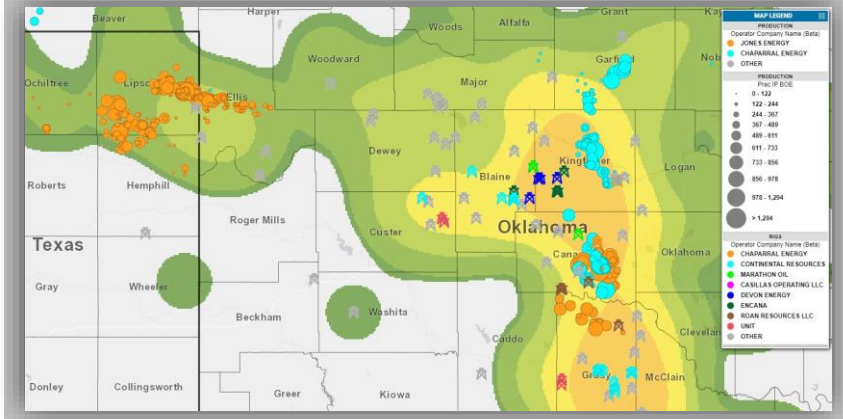
Chaparral Energy

2019 Guidance Highlights

- Maintain capital discipline in volatile commodity environment
  - Reducing operated rigs from four to three in Q2 2019
  - Reducing total capital expenditures
- Allocate 80% of total capital to D&C in higher return areas
  - Operated D&C by County
    - ~60% Canadian County
    - ~20% Kingfisher County
    - ~20% in Garfield County
  - Reducing lease acquisition capital
- Reducing total company LOE/Boe
- Reducing STACK LOE/Boe
- Reducing Cash G&A/Boe
- Selective non-core asset sales ($5 - $10 million)

	FY 2018 Actual	FY 2019 Guidance	YoY Change
Production (MBoe/d)			
Total Company	20.5	25.0 - 27.0	↑
Q1 Total Company		20.5 - 21.5	
STACK	14.5	21.0 - 23.0	↑
Q1 STACK		*15.5 - 16.5*	
Capital ($mm)			
Operated D&C	$157	$210 - $225	
Non-Operated D&C	$38	$17.5 - $22.5	
Lease Acquisitions[1]	$100	$12.5 - $17.5	
Other Capital[2]	$35	$35	
Total CAPEX	**$330**	**$275 - $300**	↓
Proceeds from Asset Sales	$51	$5 - $10	
Expenses ($/Boe)			
LOE	$7.24	$5.00 - $5.50	↓
STACK LOE	*$4.78*	*$3.75 - $4.25*	↓
Cash G&A	$3.73	$2.85 - $3.35	↓

[1] 2018 excludes ~$11mm in non-cash acreage trades
[2] Includes Enhancements, Capitalized G&A, Capitalized Interest and ARO



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Chesapeake Energy Corp. (NYSE:CHK)

Overview

Investor Relations

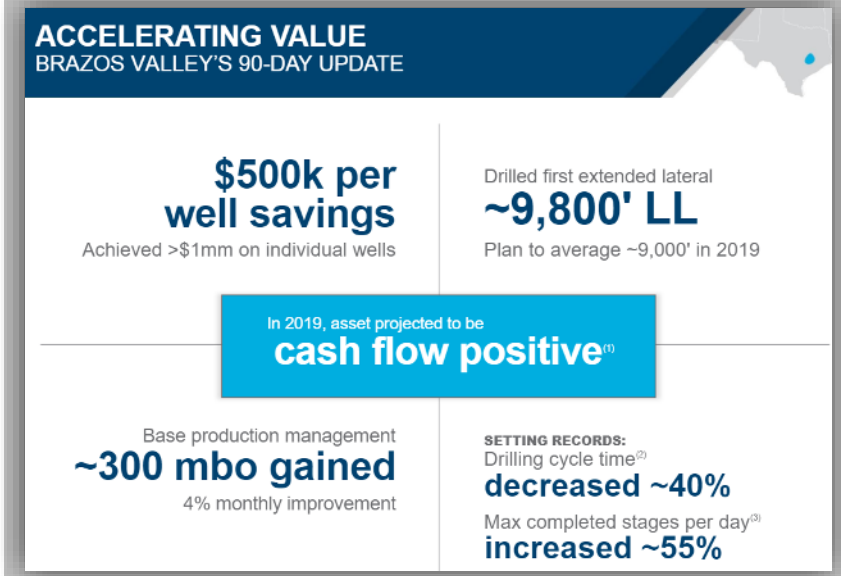
#2 oil & #8 gas producer in Eagle Ford
#1 gas producer in Haynesville
#1 gas producer in Appalachia
#4 oil & #4 gas producer in Anadarko

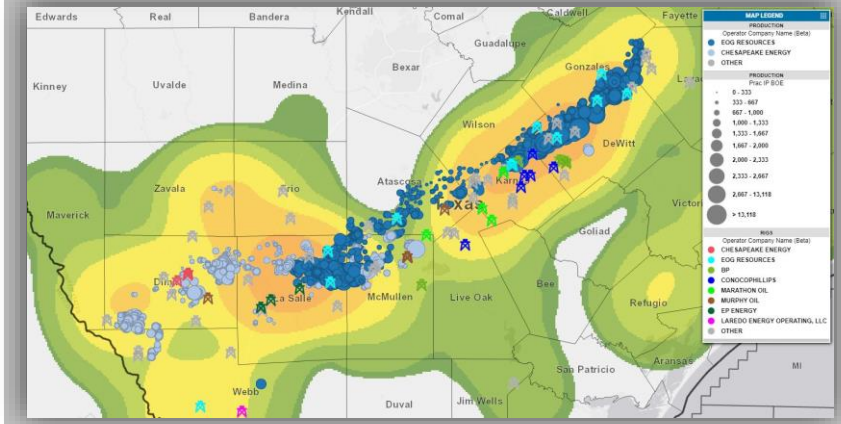
DI Reflection

Chesapeake continues to allocate the majority of their capital to oil assets, which they believe will drive substantially improved margins in 2019. They have taken capital away from their Marcellus and Mid-Con assets and redirected it to the Powder River, where they just added a 6th rig. This rig will be dialed in the Turner formation this week, but will transition into Niobrara later in the year, where results have competed with the best in the basin. Their Brazos Valley assets (Wildhorse) have also shifted to oilier assets, as Wildhorse's 4 rigs were focused on gassier assets in the Austin Chalk on the date that the transaction closed. Lastly, combining the above with dropping a Marcellus rig in June and decreasing activity in the Haynesville means that Chesapeake will average only 3 rigs in gas sales assets for the second half of 2019. They also hinted that 2020 will look similar to 2019, with a continued focus on oil.

Key Highlights

- When CHK took over Wildhorse, most rigs were in gas window of Austin Chalk; now they've altered course to oilier Eagle Ford
- Recently allocated capital away from Mid-Con and Marcellus, redirected to PRB and adding a 6th rig to the program; PRB production now at 42 MBoe/d, 20 Bo/d
- Taking a pause in Mid-Con to review 3D data
- Dropping Marcellus rig in June to redeploy in Powder River
- Haynesville recently had a 2-well IP of 80 MMcf/d, dropping a rig this month
- Optimized completions in Brazos Valley yielding 190% better results than adjacent legacy Wildhorse wells





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Cimarex Energy Company (NYSE:XEC)

Overview

Investor Relations

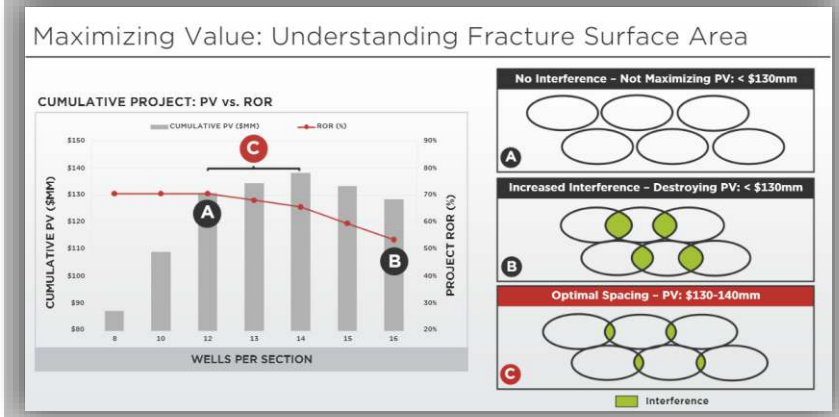
#5 oil & #5 gas producer in Anadarko
#13 oil & #5 gas producer in Permian

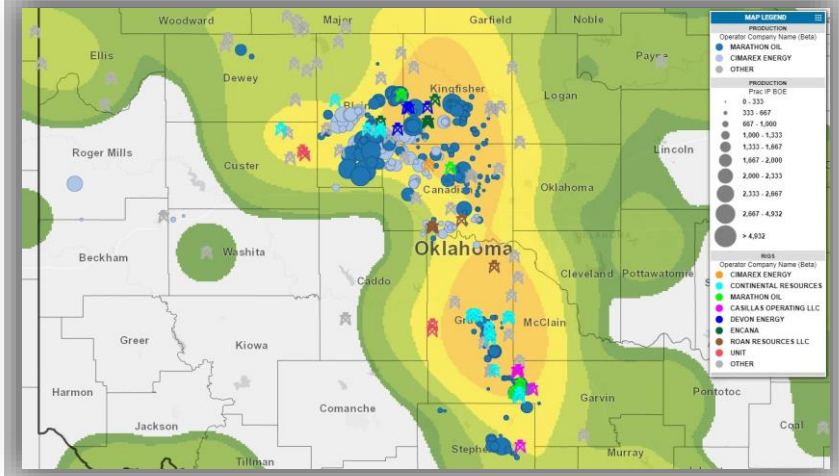
DI Reflection

Cimarex closed on the Resolute acquisition in March, and the company is thrilled to have the assets. Moving quickly after the close, the company already refinanced Resolute's debt with a 4.375% interest rate rather than the 8.5% that was previously getting paid. The acquisition emphasizes that the Permian is Cimarex's favorite basin, and a 13% sequential decline in Mid-Con production this quarter reiterates that notion. Management communicated that they still love their Mid-Con assets and explained that the Anadarko team is currently tasked with looking hard for new opportunities and new zones to compete for capital. We may see them explore a new formation organically, or even add locations via acquisition to utilize that team going forward. As for the Permian, Cimarex had high praises for Culbertson County, and they're seeing solid performance there, despite its reputation for being gassy. Speaking of gas, Cimarex explained their exposure to Waha in a simple hypothetical: if gas was $0 for Q2 and Q3, it would result in only a $30M hit to annual cash flow, which is less than 10% of their adjusted cash flow from operations in Q1'19 alone.

Key Highlights

- Resolute acquisition closed; new operations include wider spacing and not outspending
- Daily production averaged 258.9 MBoe/d; oil production averaged 79,415 Bo/d
- Mid-Con production down 13% sequentially; completed 26 gross wells with 75 WOC by the end of the quarter; currently running 1 rig and 1 crew
- Q1'19 Permian production grew 47% from Q1'18, oil up 30% in same time frame and 5% sequentially; completed 12 gross and 5 net wells with 56 wells WOC; currently operating 8 rigs and 3 crews
- Q2'19 oil production expected to be up 4% sequentially at the midpoint of guidance
- Oil production expected to grow 18-30% year over year
- 2019 capital guidance unchanged
- If gas in the Permian stayed at $0 in Q2 and Q3, the net impact would be about $30M to annual cash flow





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Comstock Resources, Inc. (NYSE:CRK)

Overview
Investor Relations
#7 gas producer in Haynesville

DI Reflection

Comstock continues to utilize cash flow from their Bakken properties to generate production from Haynesville and Eagle Ford. The company is finishing up 4 wells in the Eagle Ford to keep their acreage and currently running 4 rigs in Haynesville. The company impressively is saving 10%-15% of well costs compared with 2018 because of new frac contracts and the softening of the market. In addition, new gathering and treating contracts are reducing lifting costs, and reduced cycle times are also helping the cause. We expect to see more of the same out of Comstock for the rest of the year as they stick to their 4 rigs.

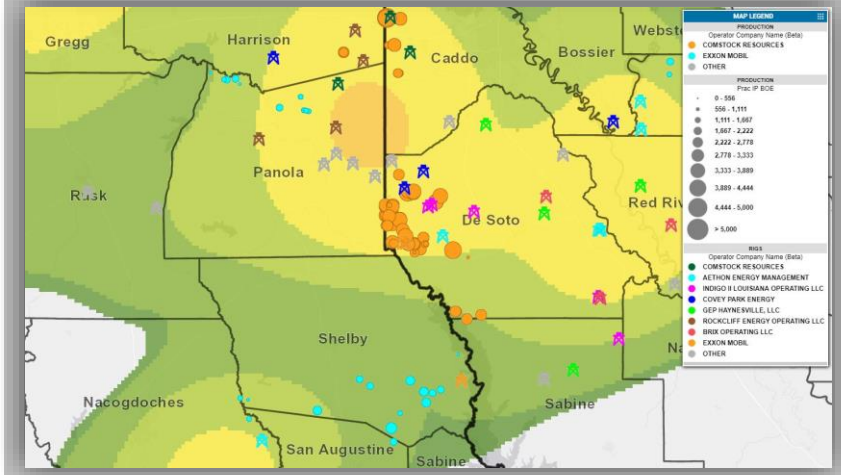
Key Highlights

- Average well IP this quarter of 26 MMcf/d
- Well costs down 10% to 15% from 2018; new frac contracts provide savings
- Haynesville production averaging 348 MMcf/d compared to 222 MMcf/d in Q1'18
- TILed 6.8 net wells during quarter, up from 5.1 in Q4'18
- Still running 4 rigs; plans to drill 49 operated wells by end of year

2019 Drilling Program

($ in millions)

	2019 First Quarter Actual				2019 Annual Budget			
	$	Average Lateral (feet)	Gross Wells	WI Net Wells	$	Average Lateral (feet)	Gross Wells	WI Net Wells
Haynesville/Bossier Shale:								
Completion of Wells Drilled in PY	$ 19.4	9,660	5	3.5	$ 19.4	9,660	5	3.5
Wells Drilled and Completed in CY	52.6	7,682	11	8.4	252.0	7,985	39	27.1
Wells Drilled in CY (not completed)	-		-	-	20.2	8,860	10	5.9
Non-operated and other (Drilled in PY)	15.8		12	1.7	15.8		14	1.7
Non-operated and other (Drilled in CY)	-		-	-	11.6		3	1.1
Well Drilled in CY	$ 87.8		11	8.4	$ 319.0		52	34.1
Bakken Shale (New wells and DUCs)	$ (0.9)	-	-	-	$ 9.2	9,400	5	1.1
Eagle Ford Shale / Other	5.6	8,900	2	1.1	18.0	8,925	4	2.2
Total Drilling and Completion	$ 92.5		13	9.5	$ 346.2		61	37.4



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Enerplus Corp. (NYSE:ERF)

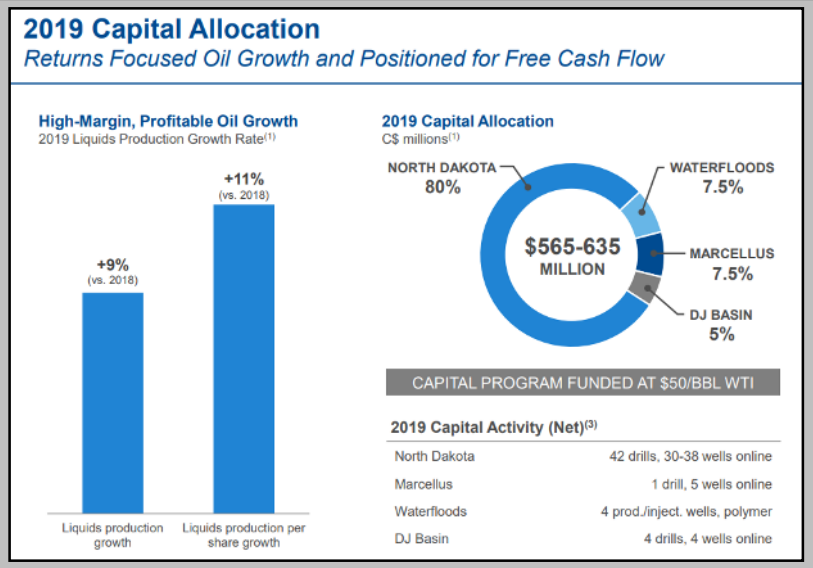
Overview
Investor Relations
#13 oil producer in Williston

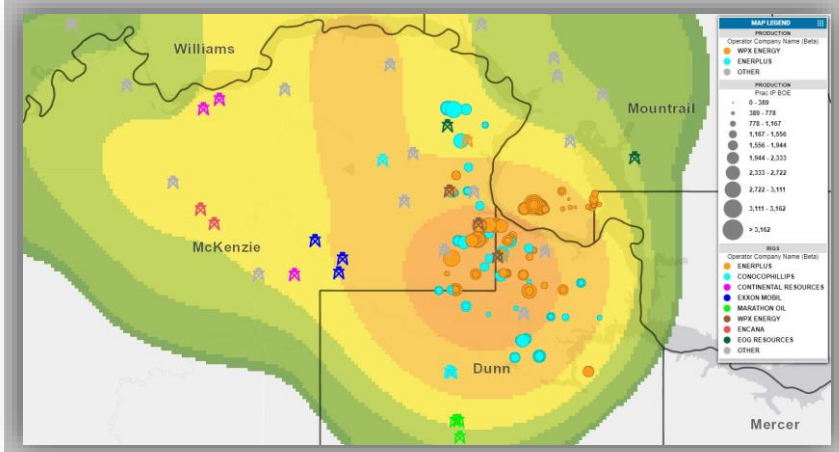
DI Reflection

Enerplus tightened their capital guidance range as they continue to optimize and hone their 2019 program. Their Q2'18 spend will be significantly higher as they ramp completion activity in the Bakken and as their DJ program starts. With the company's debt of only $363M, a debt-to-adjusted-funds flow ratio of 0.5x, and meaningful free cash flow expected in 2H'19 – the company is in prime position to buyback shares. They've already started and have repurchased $35M shares so far in 2019, with 16.9 million shares left in their plan. We will likely see repurchases correlated with free cash flow later this year.

Key Highlights

- Production down to 39 MBoe/d during Q1'19 from 47.4 MBoe/d during Q4'18; decline attributable to turning on only 1 well
- Tightened capital guidance range to $590M-$630M
- Completing 35 wells in Bakken over next 2 quarters; initiated 5-well program in the DJ and expect to complete those in Q3'18
- Repurchased $35M of stock to date, with plans to accelerate repurchases
- Q1'19 drilled 15 wells in Williston; participated in 9 gross non-op wells in Marcellus





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EP Energy Corp. (NYSE:EPE)

Overview

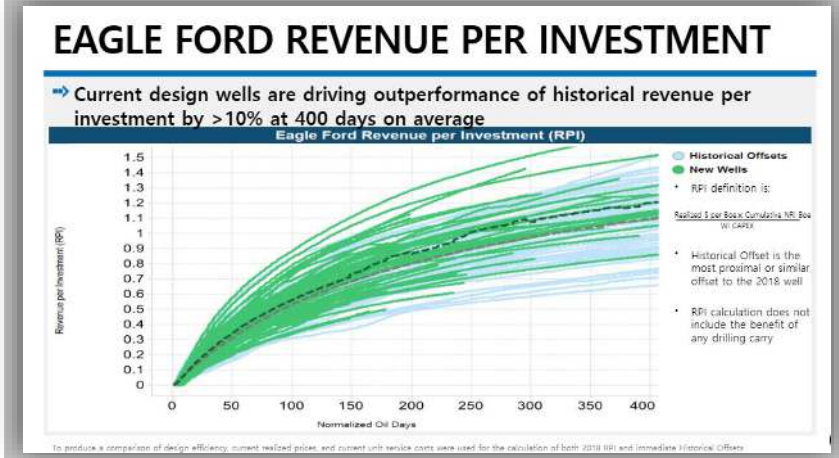
Investor Relations
#42 oil & #27 gas producer in Permian
#12 oil & #17 gas producer in Eagle Ford

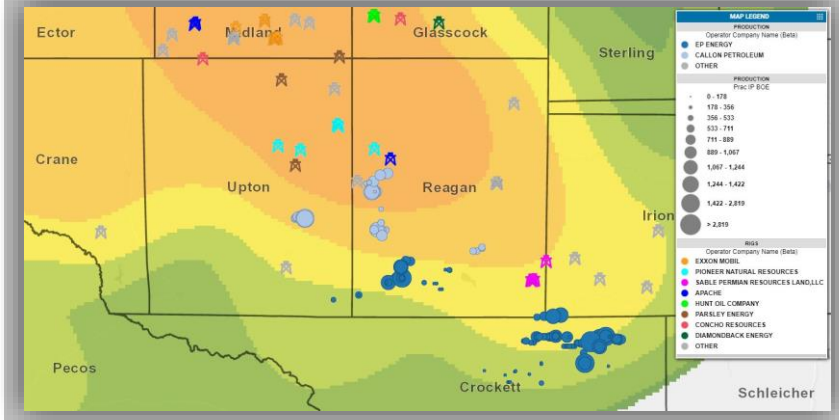
DI Reflection

EP continues to release guidance on a quarter-by-quarter basis because of pricing uncertainty. After officially removing the Permian from their 5-year plan, they maintain focus in their Northeastern Utah (NEU) and Eagle Ford. CAPEX this quarter is expected to fall slightly from Q1'19 as they reduce companywide rigs from 6 to 4, with expectations to spend $140M-$150M. Delays in completions and bottlenecks in the Permian have resulted in the decision to lower Q2'19 production guidance. The company will continue juggling spend, liquidity, and their balance sheet – all the while facing external industry headwinds such as the Permian gas issues.

Key Highlights

- Q1'19 spent $154M; completed 2 wells in Northeastern Utah; production decreased 10% from Q1'18, currently operating 1 rig
- Spent $125M in Eagle Ford, with production declining 8% from Q1'18; ran 3 rigs, completed 13 wells, the majority of which came online in March
- Increased companywide DUCs to 46
- Q2'19 CAPEX of $140M-$150M; the majority of spend will consist of finishing up their Eagle Ford DrillCo JV and turning online 3 horizontals in the NEU, and completing 13 net wells total but increasing DUCs by 19
- The company expects to continue 3 rig pace in EF and complete 13 wells again in Q2'19
- Widened production guidance range because of timing of NEU completions and gas bottleneck issues in the Permian
- $4.5M of debt
- No Q&A on call





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Halcón Resources Corp. (NYSE:HK)

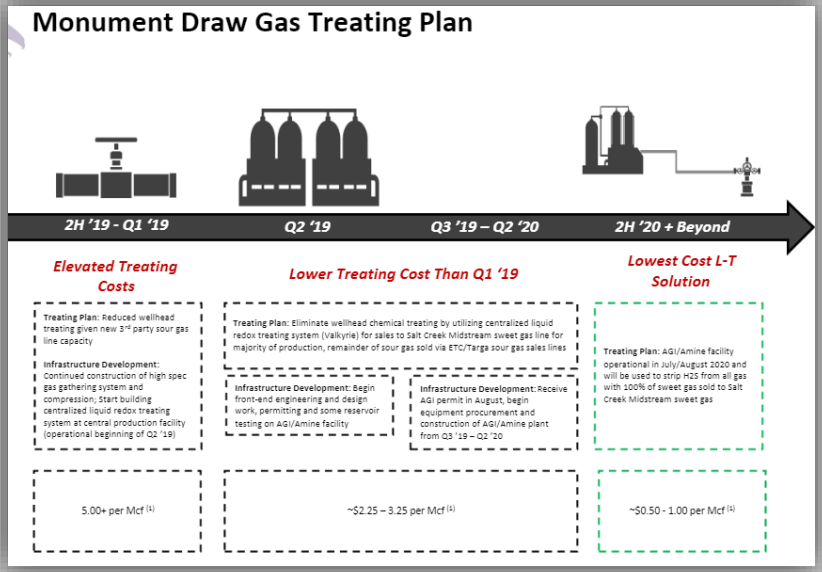
Overview
Investor Relations
#27 oil producer in Permian

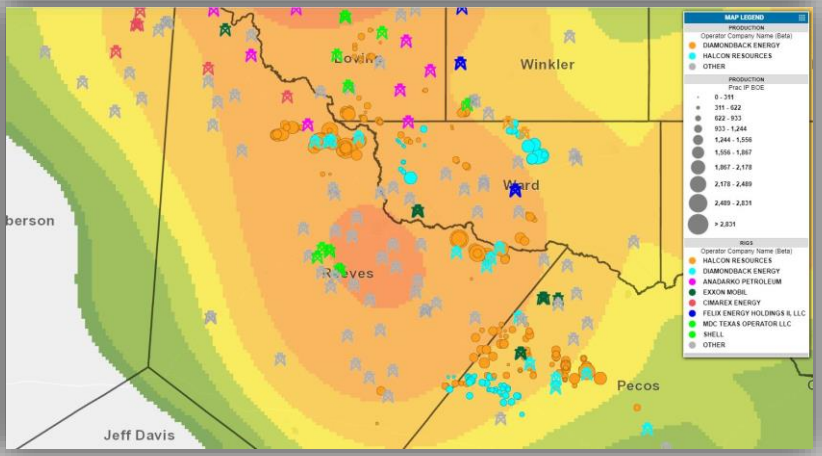
DI Reflection

Halcon has hired advisers to assist them in a comprehensive review of the best path forward for the company. Management was not pleased with how the market understood their quarter with the stock dropping 50% after the release. The biggest issue for Halcón operationally is sulfuric acid treating costs to handle their sour gas in Monument Draw in North Central Ward County. Halcón recently completed the Valkyrie sour gas treatment plant in April, and the company expects future treating cost to range of $2.50-$3.00 per Mcf, which is lower than costs in previous quarters. Last quarter, the company had $47M of cash on hand with an undrawn revolver; this quarter, they reported next to zero of cash on hand and slightly less than $100M drawn of their newly-reduced $225M revolver. In Halcón's 10-K, they are now including language that conveys a substantial doubt about their ability to continue as a going concern – which basically doubts their ability to satisfy liabilities. If they are unable to satisfy said liabilities, they will file for Chapter 11, which will buy time for a reorganization to improve their capital structure. In the meantime, no decision has been made to defer completions or drop either of their 2 rigs.

Key Highlights

- Hired Tudor Pickering and Holt and Perella Weinberg Partners for optimum strategy and initiatives
- Engaged in hiring a new CEO
- Continue to be impacted by sour gas handling and takeaway constraints in Monument Draw during the quarter, including multiple days of curtailment
- Q1'19 D&C of $72M, not including $29M on infrastructure, seismic, and other – with most of the other relating to sour gas handling and treatment facilities at Monument Draw
- Borrowing base reduced to $225M from 275
- Considering deferring completions and dropping a rig in the near term
- 2-rig program dependent on new financing structure





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Lilis Energy, Inc. (NYSE: LLEX)

Overview

Investor Relations

#54 oil producer in Permian

DI Reflection

Lilis has struggled with midstream issues as of late and continues to see third-party providers negatively impact their production. However, they are cautiously optimistic about this improving in the near future. Spend and TILs weighted in the first half means that the second half will yield positive free cash flow. However, they still add a caveat to their guidance with the desire to remain flexible depending on market conditions, which is common among small-caps with less liquidity and higher sensitivity to prices.

Key Highlights

- Expects cash flow neutrality in 2H'19
- Front-loaded a portion of 2019 CAPEX budget to accelerate completion of 2018 DUCs
- Q1'19 CAPEX of $33M, including $24.5M of D&C
- Of that CAPEX $19M related to 2018 DUCs, $5.9M related to 2019 drilling and $8.9M related to non-recurring expenses
- Increasing full-year CAPEX guidance to $60M-$70M because of significant pricing uplift

2019 Outlook & Guidance

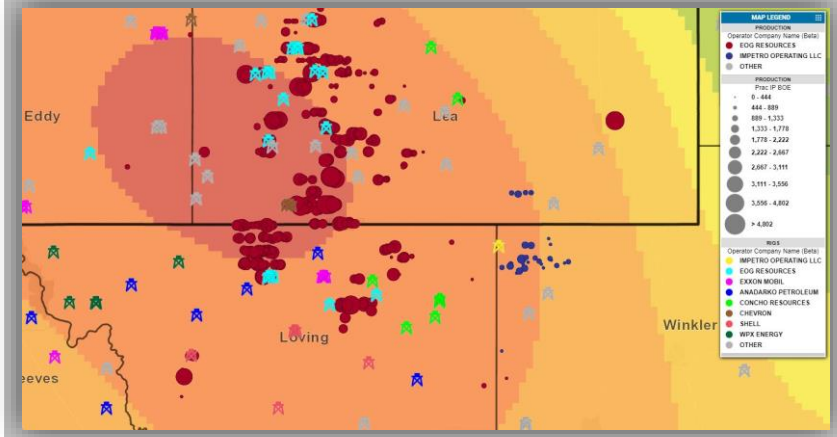
Significant EBITDAX Growth, Capex Reduction, and Cash Flow Neutrality

- 2019 plan incorporates 1 operated rig with the ability to flex to 2 rigs in 2H'19
- Expected to generate strong year-over-year production growth, significant EBITDAX growth, and cash flow neutrality achieved in 2H'19
- 6 DUCs currently being completed
- Unit operating costs to improve dramatically, thanks to benefits of infrastructure and transportation agreements executed in 2018
- Recently announced recapitalization expected to result in deleveraging to pro forma 2.0x or below by year-end 2019
- Development plan centered on a commitment to extracting maximum value from liquids-rich asset base and maintaining flexibility to respond effectively to market conditions
- Focused on most profitable oil weighted prospects in the 3rd Bone Spring, Wolfcamp A and Wolfcamp B
- Well hedged in 2019 / 2020 with improving price realizations upon implementation of our crude gathering system and FT contracts

Guidance & Key Assumptions

	2018 Actual	1Q'19E	2019E
Oil Production (MBbls/d)	3.0	3.4 – 3.6	4.2 – 4.6
NGL Production (MBbls/d)	0.7	0.8 – 1.0	1.0 – 1.2
Liquids Production (MBbls/d)	**3.7**	**4.2 – 4.6**	**5.2 – 5.8**
WTI Crude Oil Price Realizations (Pre-Hedge)	**82%**	**~85%**	**~93%**
D&C Capex ($MM)	**$104**	**$15 – $20**	**$50 – $60**
Lease Operating Expense ($ Per BOE)	**$7.64**	**$7.00 – $7.50**	**$6.00 – $6.50**

- ***Price Deck:*** *Assumes $55 Oil / $22 NGL / $3 Natural Gas, combined with estimated impact of differentials and transportation agreements*
- ***Capital Deployment:*** *Focused on drilling and completions prioritizing higher NRI locations*
  - *Currently 1 rig running and 1 active completion crew, with the ability to add an additional crew if warranted*
  - *Targeting Wolfcamp and Bone Spring formations*
  - *Provides flexibility to accelerate operations and add a crew and/or rig in response to improving market conditions*



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Midstates Petroleum Company (NYSE:MPO)

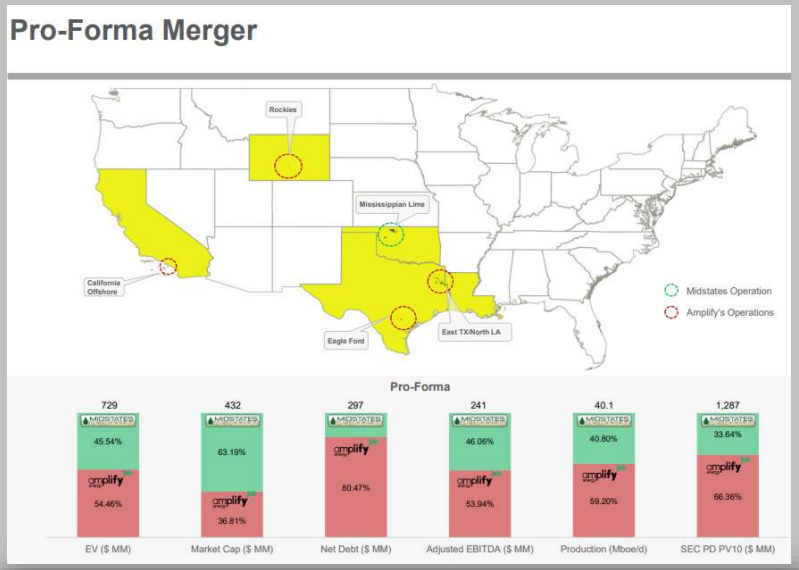
Overview
Investor Relations
#22 oil & #21 gas producer in Anadarko

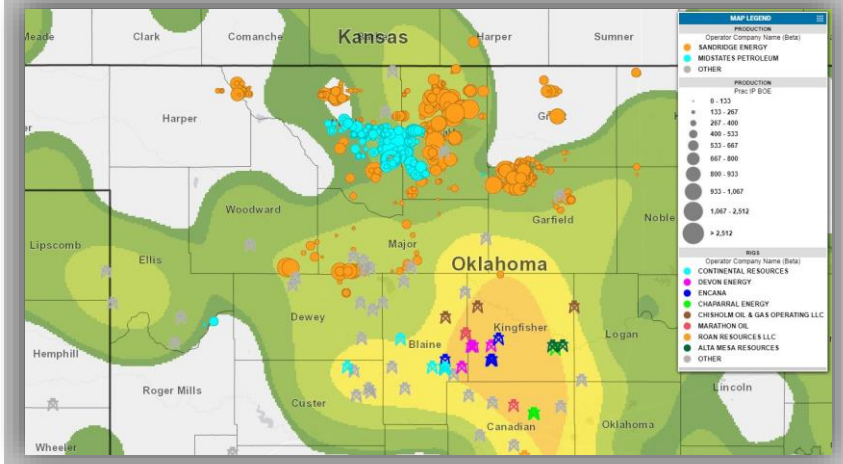
DI Reflection

After several quarters of pursuing strategic alternatives, Midstates finally entered into an agreement with Amplify Energy Corp – a merger of equals, where each company will own 50%. The combined company will trade on the NYSE under AMPY, will be headed by former EnerVest president Kenneth Mariani. Amplify Energy holds acreage in East Texas/North Louisiana, Wyoming EOR, California offshore conventional, and Eagle Ford, covering ~193,377 net acres. The combined company will include PDP-weighted portfolios with production of 40.1 MBoe/d. The market chose AMPY as the benefactor of the deal, with their stock price up 40% and Midstates shares dropping 16%. Synergies in this deal include at least $20M of annual G&A cost, which will help drive increased free cash flow, and lower cost of capital through scale. Midstates has been harvesting cash since Q3'18, which continued in Q4'18 and was expected to continue through mid-2019 after prices dropped. This transaction will likely open up more opportunities operationally and financially, and we look forward to seeing where capital goes once the transaction closes, whether in Midstates' Mississippi Lime position or Amplify's diversified portfolio.

Key Highlights

- Agreement terms: $512.4M total deal value based on closing prices as of May 3
- 0.933 shares of Midstates issued for each outstanding share of Amplify, implying a price of $11.95 per share; following the merge, each shareholder base will own 50% of the combined company
- Combined company will trade on Midstates' listing on the NYSE but under the Amplify name and with the ticker AMPY
- Expected to close Q3'19





Map: Wells sized by Prac IP Daily BOE, Completed within past 5 years, Active Rigs, Last 90-day Permit Heat Map, Apr 2019. Some commentary and graphic from DI Market Research.

Montage Resources Corp. (NYSE:MR)

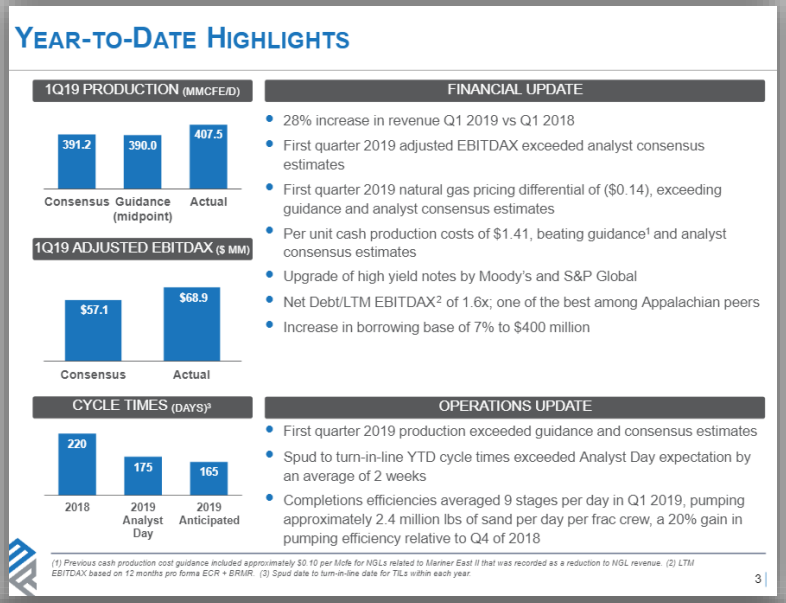
Overview
Investor Relations
#19 gas producer in Appalachia

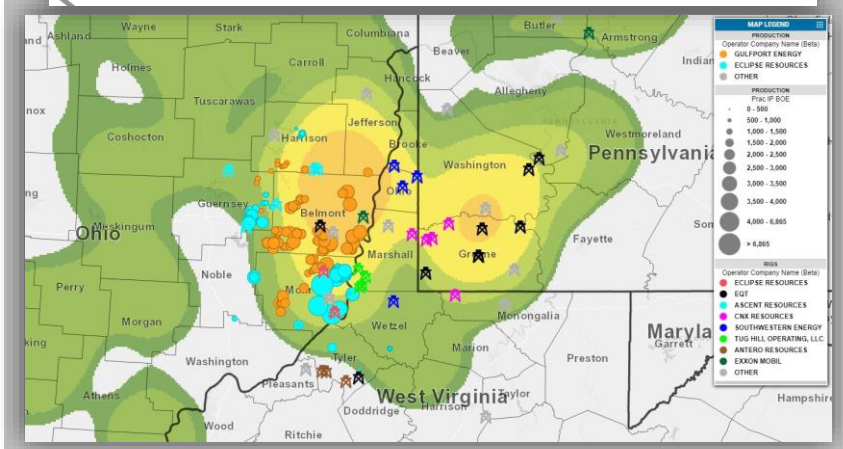
DI Reflection

Montage reported production exceeding guidance, lower operating costs than expected, in-line capital, and outpacing of planned cycle times. After one quarter, Montage is revising production up, gas realizations up, per-unit cash costs down, and NGL realizations down. All sound positive, except for NGL prices, which was just an accounting adjustment. After one quarter of Mariner East 2 in service, the company realized that liquids revenue out of the system is paid net of transportation costs, so their accounting group decided to bake in transportation to realized price rather than as per-unit production costs. Overall, it doesn't change the bottom line, but it does demonstrate the existence of a learning curve that the combined company is going through after Blue Ridge and Eclipse merged to create Montage. The learning curve is likely extended to combined company models to predict guidance, which explains the multiple change-ups in 2019 expectations. Realized gas prices took the cake for best news. Gas differentials per Mcf before transportation expense were 14 cents behind Henry Hub, and all-in realizations were $3.59/Mcfe. Montage credits their flexibility to not being as overextended on firm transportation out of the Northeast as many other Appalachian producers are. Now that there is enough transportation capacity that allows much of the previously constrained gas to exit the basin, in-basin pricing is higher. In addition, all the other producers with capacity greater than production are buying others' gas at a premium in order to fill that unutilized space, and that's also where Montage benefits.

Key Highlights

- Beat guidance producing 408 MMcfe/d, guidance of 395 MMcfe/d, attributable to new wells exceeding expectations; revised production to 520-540 MMcfe/d, up 3%
- Continuing with 2-rig program
- CAPEX slightly front half weighted with 55%-65% of spend in first 2 quarters of 2019
- Q1'19 drilled 10, most in liquids area, including 4 Marcellus wells on existing Utica pads
- Liquids-rich production currently accounting for 38% of revenue
- Q1'19 completed 9 wells: 5 dry gas and 4 condensate
- The company is still evaluating their PA Flat Castle area for value-enhancing options
- 9 stages of pump per day; 20% improvement pumping efficiency
- Focusing on liquids-rich acreage
- Completions costs down 10%-15% versus Q4'18





Map: Wells sized by Prac IP Daily BOE, Completed within past 5 years, Active Rigs, Last 90-day Permit Heat Map, Apr 2019. Other graphics sourced from investor presentations.

Oasis Petroleum Inc. (NYSE:OAS)

Overview

Investor Relations

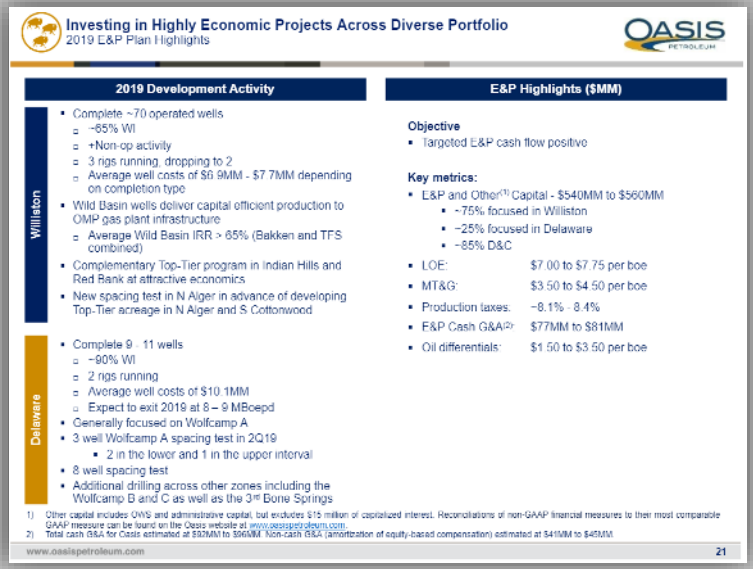
#7 oil & #5 gas producer in Williston

DI Reflection

Oasis delivered positive free cash flow in their E&P business and is in-line with their capital plan after dropping it 41% from 2018 levels. This also came with production exceeding midpoint, even despite challenging weather conditions. The company is working to be in development mode in their Delaware, but they are currently progressing on delineating the position and understanding the subsurface. Currently, they are running 2 rigs in the basin and are drilling at 2-mile laterals at a 25 to 30-day rate, with hopes to drop that down to the mid-to-low 20s when in development mode. To help build out their Delaware, OAS just locked in an acreage dedication with OMP where the midstream group will build out the water and oil infrastructure assets for the acreage.

Key Highlights

- CAPEX of $226M in line with plan; company delivered FCF through E&P business
- Completed 15 wells: 12 in Williston, and 3 gross in Delaware
- Delivered 91.7 MBoe/d, 3.9% higher than Q4'18 and 3.6% higher than midpoint of guidance; crude production also 2.2% above midpoint at 66 MBo/d
- Expecting modest widening of differentials in Williston and Delaware in 2019
- Increased marketing and transportation costs through delivering more barrels to the Gulf Coast through Dakota Access; updated guidance to reflect increased utilization of pipeline
- Entered year with 4 rigs and currently down to 3 in Williston (dropping to 2 later in May); running 2 rigs in Delaware



Investing in Highly Economic Projects Across Diverse Portfolio
2019 E&P Plan Highlights

OASIS PETROLEUM

2019 Development Activity

Williston

- Complete ~70 operated wells
  - ~65% WI
  - +Non-op activity
  - 3 rigs running, dropping to 2
  - Average well costs of $6.9MM - $7.7MM depending on completion type
- Wild Basin wells deliver capital efficient production to OMP gas plant infrastructure
  - Average Wild Basin IRR > 65% (Bakken and TFS combined)
- Complementary Top-Tier program in Indian Hills and Red Bank at attractive economics
- New spacing test in N Alger in advance of developing Top-Tier acreage in N Alger and S Cottonwood

Delaware

- Complete 9 - 11 wells
  - ~90% WI
  - 2 rigs running
  - Average well costs of $10.1MM
  - Expect to exit 2019 at 8 – 9 MBoepd
- Generally focused on Wolfcamp A
- 3 well Wolfcamp A spacing test in 2Q19
  - 2 in the lower and 1 in the upper interval
- 8 well spacing test
- Additional drilling across other zones including the Wolfcamp B and C as well as the 3rd Bone Springs

E&P Highlights ($MM)

Objective

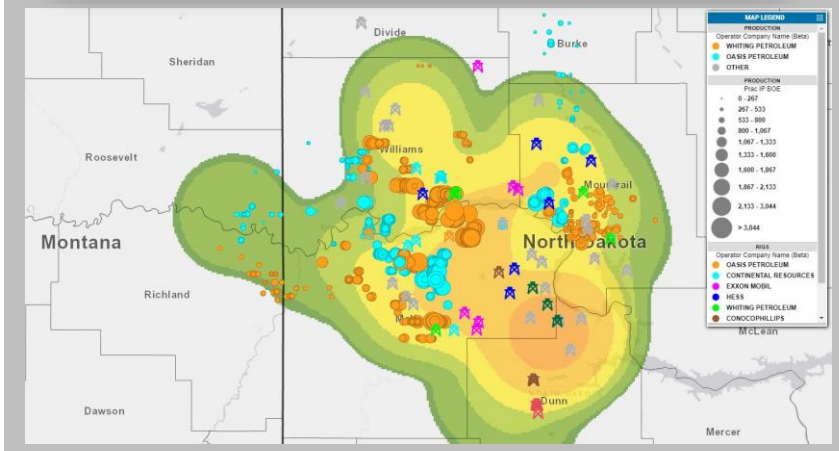
- Targeted E&P cash flow positive

Key metrics:

- E&P and Other[1] Capital - $540MM to $560MM
  - ~75% focused in Williston
  - ~25% focused in Delaware
  - ~85% D&C
- LOE: $7.00 to $7.75 per boe
- MT&G: $3.50 to $4.50 per boe
- Production taxes: ~8.1% - 8.4%
- E&P Cash G&A[2]: $77MM to $81MM
- Oil differentials: $1.50 to $3.50 per boe

1) Other capital includes OWS and administrative capital, but excludes $15 million of capitalized interest. Reconciliations of non-GAAP financial measures to their most comparable GAAP measure can be found on the Oasis website at www.oasispetroleum.com.
2) Total cash G&A for Oasis estimated at $82MM to $86MM. Non-cash G&A (amortization of equity-based compensation) estimated at $41MM to $45MM.

www.oasispetroleum.com 21



Map: Wells sized by Prac IP Daily BOE, Completed within past 5 years, Active Rigs, Last 90-day Permit Heat Map, Apr 2019. Other graphics sourced from investor presentations.

Penn Virginia Corp. (NASDAQ:PVAC)

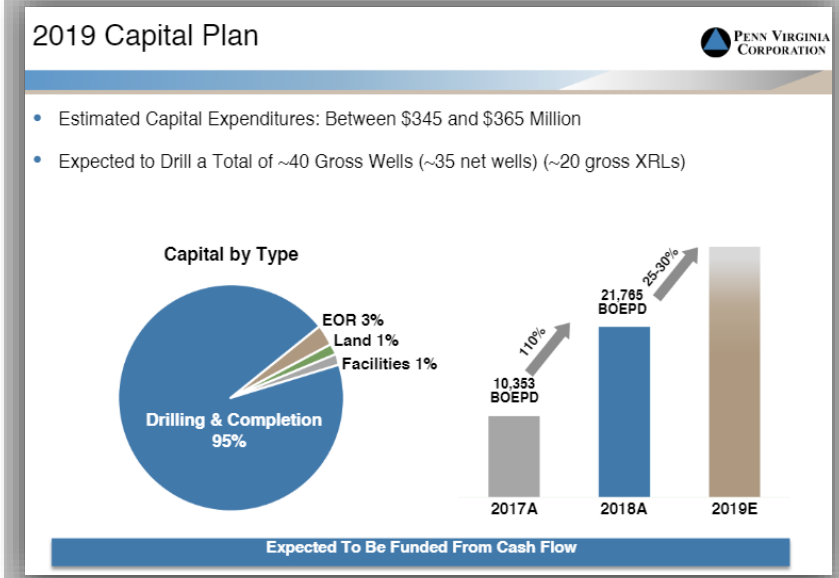
Overview
Investor Relations
#19 oil producer in Eagle Ford

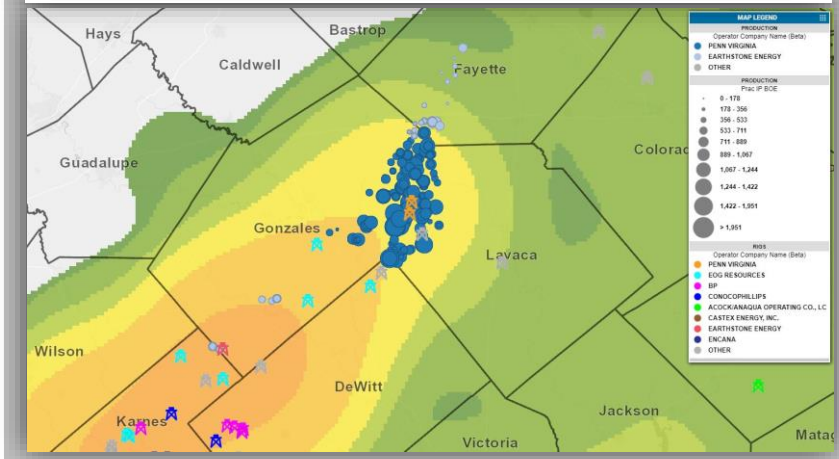
DI Reflection

Soon after Q4'18 earnings season, Penn Virginia and Denbury mutually agreed to terminate their merger agreement after receiving criticism from investors and shareholders – so it's back to normal operations for Penn Virginia. Management felt that it was a strong quarter, which they attributed to production, solid realized pricing, low operating costs, and strong margins. The company expects to spend within cash flow this year and to generate free cash flow in the second half - the recent completion of several pads to drive April production meaningfully higher will help the cause. Beyond 2019, PVAC plans to slow production growth and focus on costs cost reduction while generating free cash flow. They also continue to show optimism for EOR and expect to test their first EOR pilot in late 2019 or early 2020, with $10M added to the 2019 plan to fund mainly the infrastructure component. The company's EOR potential was a part of the reasoning for Denbury to acquire them, so we look forward to seeing if that can generate upside potential.

Key Highlights

- Reported production 4% lower than Q4'18 but 53% higher than Q1'18
- Q1'19 CAPEX of $101.3M
- Still running 2 rigs program, expecting 25%-30% production growth this year while drilling within cash flow
- Looking beyond 2019, maintaining a 2-rig program, the company expects production growth to moderate while yielding significant FCF, with a focus on cost
- Targeting minimum rate of return of 25% with EOR, they want to get to a point where EOR will approximate the production growth associated with 1 rig, with the goal of reducing overall capital burn rate, reducing inventory drawdown, and arresting early time declines





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Ring Energy, Inc. (NYSE:REI)

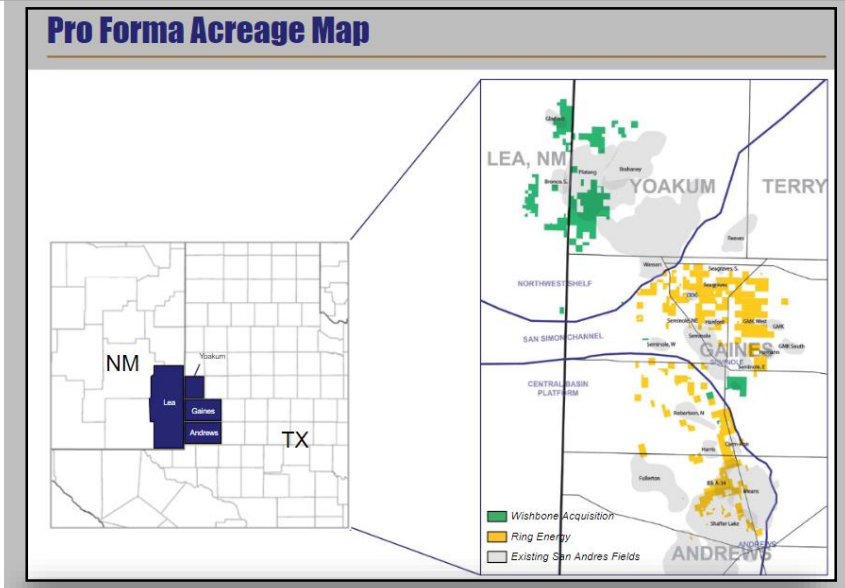
Overview
Investor Relations
#41 oil producer in Permian

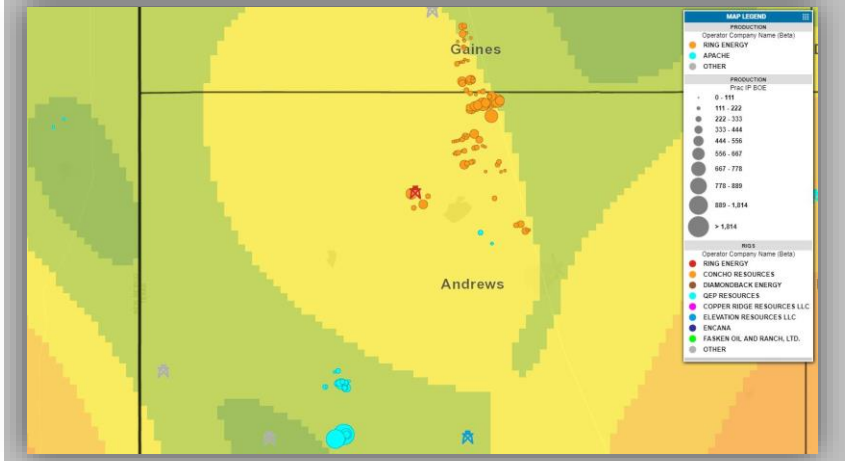
DI Reflection

Ring closed on the Northwest Shelf assets from Wishbone Energy in April 2019 for $264M and 4.6 shares of common stock, which essentially doubled their daily production. Management referred to the transaction as a “real game changer.” In addition, the combination is conducive to adding a 2nd rig and reaching cash flow neutrality at the end of 2019, which is the same time as previously planned without Wishbone. Management also mentioned that they have seen a number of acquisition opportunities brought to them, as operators in the area see them as a platform and shelf consolidator. That status may be pushed back, as the company is laser-focused on that free cash flow status, which will likely follow with improving their balance sheet.

Key Highlights

- Laid down both rigs in mid-December and resumed January 1 with Central Basin acreage and 1 rig in Delaware
- Decline in production sequentially because of shedding rigs in December
- Q1’19 used 1 rig, drilled 7 and 4 SWD; also drilled 7 HZ San Andres wells in the Central Basin Platform; 1 well in Brushy Canyon in Delaware
- Completed 7 wells, 6 of which were drilled in Q1’19
- Seeing drilling costs steady, no upward pressure for costs
- Only place they’re seeing issues in the gas side: sporadic shut-ins by the purchasers as pipeline capacities are an issue; no issues whatsoever on oil takeaway
- Disclosed tier methodology; 55% of tier 1 locations are in NW Shelf





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Roan Resources, Inc. (NYSE:ROAN)

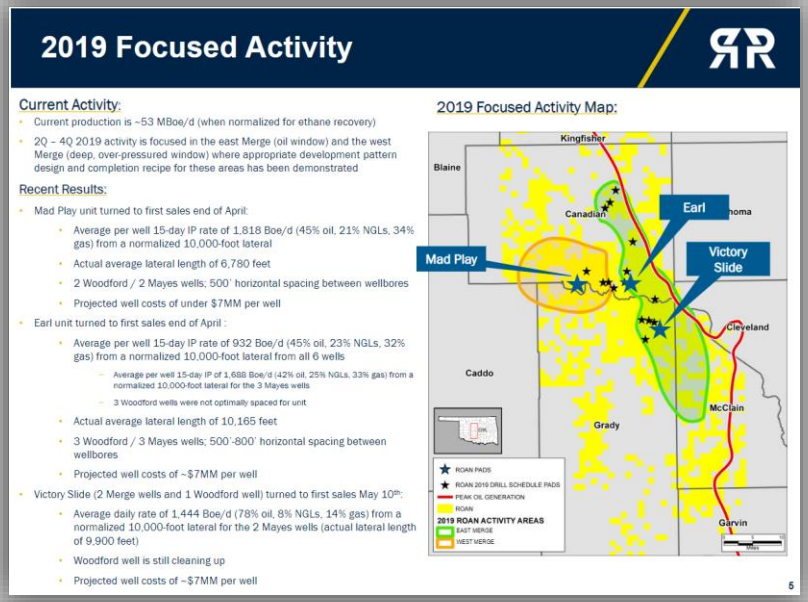
Overview
Investor Relations
#5 gas & #15 oil producer in Anadarko

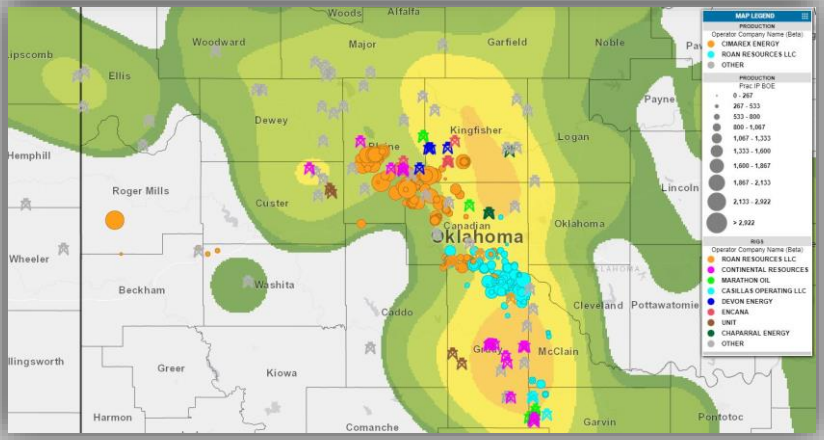
DI Reflection

Roan has had a rough couple days on the market since their report, attributable to a large cash flow outspend, well results, high operating costs, and a resignation of CEO Tony Maranto. The company announced that they were disappointed with some Q1'19 wells completed that were initially drilled in 2018, noting about 10 out of 15 were spaced too tightly. However, they have already started spacing new wells wider, and even have initial production showing positive results from optimally spaced wells. Roan also announced last month that they have received unsolicited indications of interest from third parties related to the outright sale of the company or in-basin M&A and consolidation. They are in the process of engaging one or more banks to assist them in these efforts, and they convey that there are a lot of good opportunities and available paths. Based on management's commentary, it is not clear whether they prefer selling or buying, and whether they prefer acting sooner or later. Regardless of which scenario they choose, they are believers in consolidation, as cutting costs like G&A and LOE translates to value for shareholders and the company itself.

Key Highlights

- Q1'19 CAPEX of $172.8M, $44M lower than Q4'18; forecasting CAPEX to trend down sequentially throughout the remainder of the year, while production will trend meaningfully higher each quarter
- Started year with 8 rigs and lowered to 4 by the end of January; maintaining an average of 2 crews during the quarter and 2 crews today
- Disappointed with performance of first-quarter completions, the majority of which were DUCS from 2018 program; it is now evident that they were spaced too tightly and underperformed expectations
- Program has been adjusted to optimally space wells, some have started to turn online, excited about first results
- Drilling activity for remainder of 2019 is focused in 2 areas: the Western portion of the Merge play, close to Cimarex's Lone Rock acreage, and further east in oiler parts of Merge and SCOOP plays
- Optimized completions for the company include 5-8 wells per unit, 2-mile well, 30-45 stages per well, 1,500-2,500 pounds of proppant per foot and 1 to 16 clusters per stage
- Reduced original guidance by $5M-$15M; Q2'19 CAPEX to be $155M





Map: Wells sized by Prac IP Daily BOE, Completed within past 5 years, Active Rigs, Last 90-day Permit Heat Map, Apr 2019. Other graphics sourced from investor presentations.

Rosehill Resources Inc. (NASDAQ:ROSE)

Overview
Investor Relations
#40 oil & #50 gas producer in Permian

DI Reflection

Rosehill reported solid production growth year over year, even without the benefit of wells turned online in late March. Those wells, the majority in the company's Southern Delaware, are driving optimism in the company, as are the efficiencies realized drilling them. The company cut down drilling days by 19% and 35% in Northern and Southern Delaware positions, respectively. Rosehill continues to see solid results with adding ESGs or artificial uplift to both new and legacy wells, and we anticipate more of that going forward.

Key Highlights

- Production up 75% year over year to 21,478 Boe/d with 70% oil, without benefit of any TILs in late March
- Southern Delaware: 6 TILs; installed ESPs on each shortly after initial flowback and to enhance economics; currently averaging 871 Boe/d
- Northern Delaware: 1 TIL with an IP7 of 1,457 Boe/d with 73% oil; also put an ESP on a well turned online in January 2017, production hit 501 Boe/d, which doubled the rate of production and increased the well's forecasted production profile
- Decreased drilling days in Northern and Southern Delaware areas 19% and 35%, respectively, from 2018
- Well costs below $7M for 5,000 ft laterals

2019 Guidance

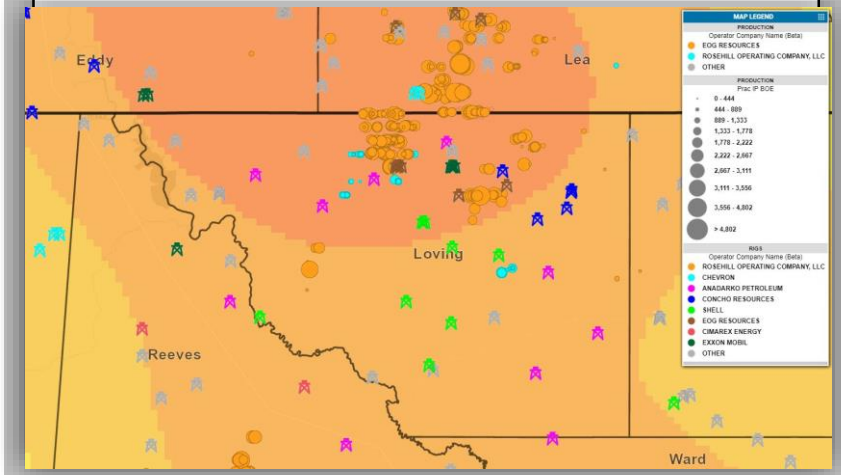
- Capital investment aligned with Adjusted EBITDAX
- Provides 25% year-over-year production growth based on midpoints of guidance
- Maintain momentum into 2020 with growth from Q4'18 to Q4'19

Metric	2018 Guidance	2019 Guidance
Price Assumptions WTI/HH [1]	$55 / $3.00	$55 / $2.75
Production (BOEPD)	15,500 – 17,000	20,000 – 21,500
Total Capital ($MM)	$350 - $375	$220 - $240
Adjusted EBITDAX ($MM) [2]	$170 - $190	$210 - $230
Debt/TTM Adjusted EBITDAX	1.4x - 1.6x	1.4x - 1.6x

Significantly improved capital efficiency

Other 2019 Highlights

- Approximately 75% of capital directed to drilling and completions and remaining to facilities
- Expect to drill between 25 and 29 wells
  - Between 19 and 21 wells drilled in Northern Delaware
  - Between 6 and 8 wells drilled in Southern Delaware
  - Between 8 and 10 drilled uncompleted wells at year-end 2019



Map: Wells sized by Prac IP Daily BOE, Completed within past 5 years, Active Rigs, Last 90-day Permit Heat Map, Apr 2019. Other graphics sourced from investor presentations.

Sanchez Energy (NYSE: SN-delisted)

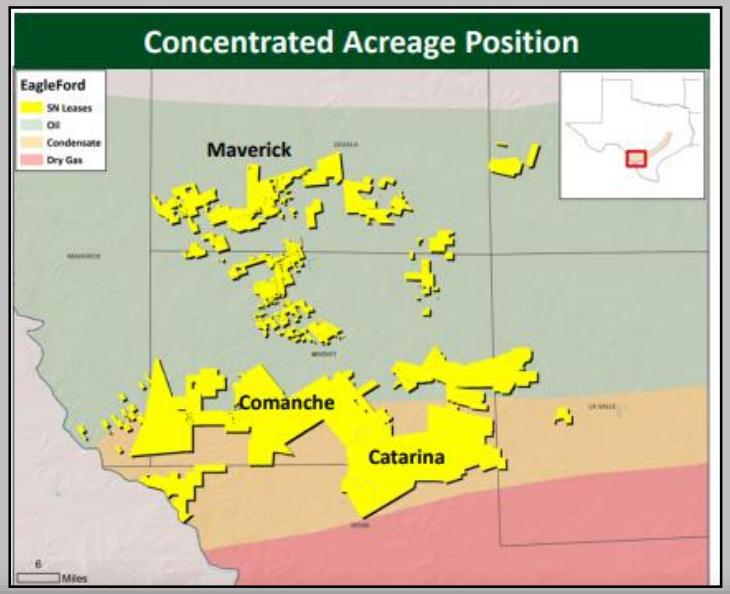
Overview
Investor Relations
#7 oil producer in Eagle Ford

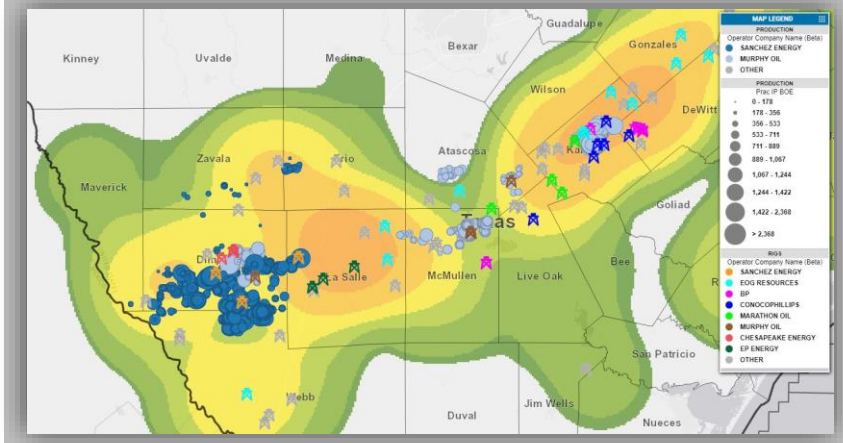
DI Reflection

Sanchez did not have a call as it is currently delisted from the NYSE. After dropping CAPEX 80% from 2018, the company is likely only sticking to development commitments this year and harvesting a bit of free cash flow. There was no update on strategic alternatives or asset sale, so until then, we will sit back and watch Sanchez's production decline while they debate their next move.

Key Highlights

- Spent $18.1M in Q1'19
- Production down 4.6% sequentially to 76.2 MBoe/d
- Spud 8 gross and 2 net wells and TILed 18 gross and 3 net wells (all at Comanche)
- Completed 150 workovers through artificial lift strategies at Comanche
- Tested wider well spacing at Comanche; also revised drawdown strategy – reported shallower declines than wells with previous strategy





Map: Wells sized by Prac IP Daily BOE, Completed within past 5 years, Active Rigs, Last 90-day Permit Heat Map, Apr 2019. Other graphics sourced from investor presentations.

SandRidge Energy, Inc. (NYSE:SD)

Overview

Investor Relations

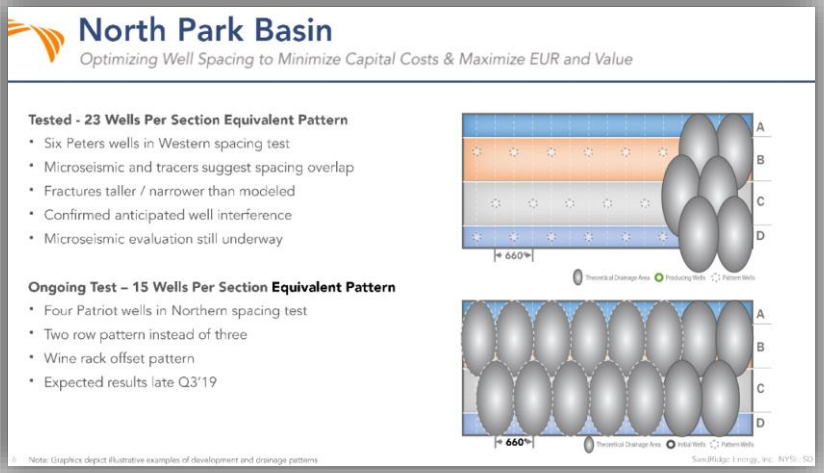
#9 oil and #13 gas producer in Anadarko

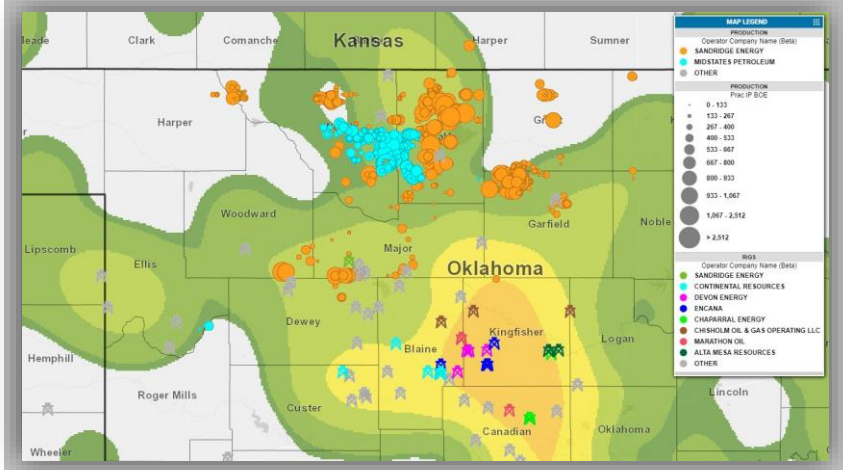
DI Reflection

Sandridge reaffirmed their original plans with no changes to 2019, continuing to focus on cash costs and remain open for any opportunity for consolidation. Last quarter, they conveyed that Mississippi Lime and NW STACK are not as compelling at today's prices, so we continue to anticipate activity there dropping off as they finish up their drilling partnership. However, they did report results from their delineation program that exceeded expectations, which leaves room for them to change course. Regardless, Sandridge's North Park Basin assets hold steady as the favorite, and they are excited about their progress toward finding optimal spacing and shifting to pad development.

Key Highlights

- Q1'19 Mid-Con: drilled 8 wells with 2 rigs, TILed 7 wells with average IP30 of 576 Boe/d (76% oil); drilling final wells under JV with expected rig release in June; evaluating future high-interest infill drilling
- Q1'19 North Park Basin: drilled 4 wells with 1 rig, TILed 8; evaluated potential for 23 wells per section spacing, initial IP30 average of 450 Bo/d with 10%-15%, which means fewer wells are needed to recover reserves
- 3 strategic objectives for NPB: gather technical data for optimal spacing, establish additional production and improve the understanding of eastern plain, and drive down development costs with pad drilling
- Decreased G&A by 25%
- Expect minimal impacts from Senate Bill 181





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SilverBow Resources, Inc. (NYSE:SBOW)

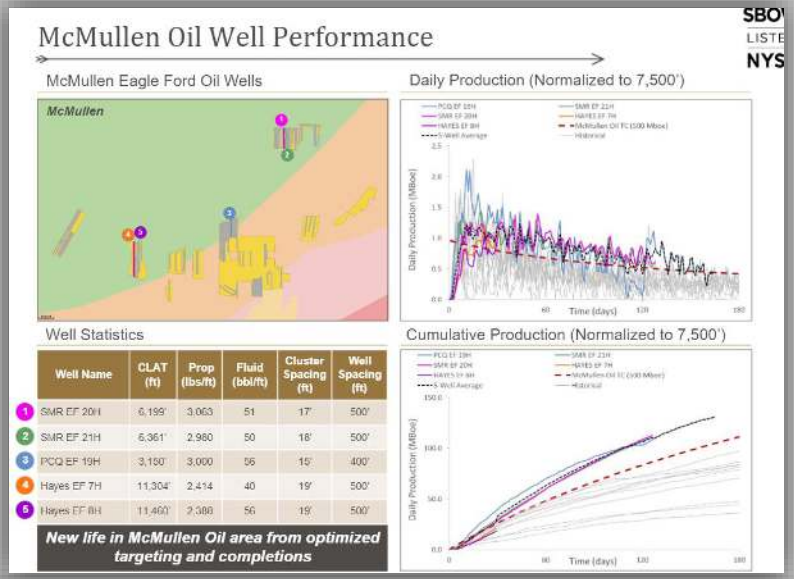
Overview
Investor Relations
#11 gas producer in Eagle Ford

DI Reflection

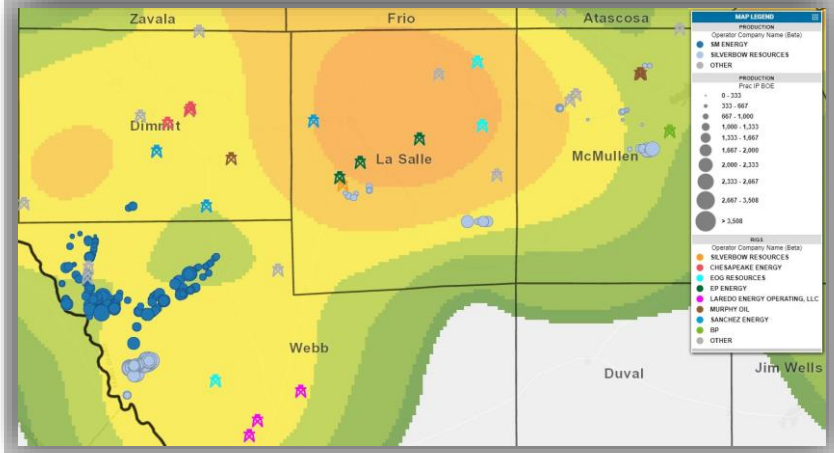
Silverbow is headed toward a more liquids-weighted portfolio in 2019, with a nice tailwind of beating on oil guidance. With about 4 to 5 years of inventory remaining at a 1-rig pace, the company is likely looking to add to that inventory. They have a keen interest in any opportunity that comes to them but will likely favor anything with a heavier oil cut in the Eagle Ford. We are interested in seeing if they can keep up the solid results from their oil-weighted La Salle Condensate and McMullen Oil assets.

Key Highlights

- Oil production beat midpoint of guidance by 6%
- Q1'19 drilled 10 wells, completed 7, TILed 4
- Plan to operate 1 super-spec drilling rig for the remainder of the year, primarily drilling liquids-rich inventory
- Reiterated 2019 guidance with $255M CAPEX midpoint and 232 MMcfe/d production midpoint
- 2019 rigs focusing on McMullen and La Salle counties; expect to drill 26-27 net wells and complete 30-32 net wells, with a majority of the completions occurring in the first half of the year



	Well Name	CLAT (ft)	Prop (lbs/ft)	Fluid (bbl/ft)	Cluster Spacing (ft)	Well Spacing (ft)
1	SMR EF 20H	6,199'	3,063	51	17'	500'
2	SMR EF 21H	6,361'	2,980	50	18'	500'
3	PCQ EF 19H	3,150'	3,000	56	15'	400'
4	Hayes EF 7H	11,304'	2,414	40	19'	500'
5	Hayes EF 8H	11,400'	2,388	56	19'	500'



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