4Q and Year-end 2018 Earnings Presentation
February 26, 2019
Forward Looking Statements / Note Regarding Reserves

This presentation contains statements concerning the Company’s intentions, expectations, projections, assessments of risks, estimations, beliefs, plans or predictions for the future, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are not historical facts. These statements are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements in this presentation include, but are not limited to, statements relating to the Company’s business and financial outlook, cost and risk profile of oil and gas exploration and development activities, quality and risk profile of the Company’s assets, liquidity and the ability to finance exploration and development activities, including accessibility of borrowings under the Company’s revolving credit facility, commodity price risk management activities and the impact of our average realized prices, growth strategies, ability to explore for and develop oil and gas resources successfully and economically, estimates and forecasts of the timing, number, profitability and other results of wells we expect to drill and other exploration activities, drilling inventory, downspacing, infill drilling and completion optimization results, estimates regarding timing and levels of production or reserves, estimated ultimate recovery, the Company’s capital expenditure plan and allocation by area, cost reductions and savings, efficiency of capital, the price of oil and gas at which projects break-even, future market conditions in the oil and gas industry, ability to make, integrate and develop acquisitions and realize any expected benefits or effects of completed acquisitions, midstream arrangements and agreements, gas marketing strategy, lease terms, expected working or net revenue interests, the ability to adhere to our drilling schedule, acquisition of acreage, including number, timing and size of projects, planned evaluation of prospects, probability of prospects having oil and gas, working capital requirements, liquids weighting, rates of return, net present value, 2019 exploration and development plans, any other statements regarding future operations, financial results, business plans and cash needs and all other statements that are not historical facts. Statements in this presentation regarding availability under our revolving credit facility are based solely on the current borrowing base commitment amount and amounts outstanding on such date. The amounts we are able to borrow under the revolving credit facility are subject to, and may be less due to, compliance with financial covenants and other provisions of the credit agreement governing our revolving credit facility.

You generally can identify forward-looking statements by the words “anticipate,” “believe,” budgeted,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “objective,” “plan,” “potential,” “predict,” “projection,” “possible,” “scheduled,” “guidance,” “should,” or other similar words. Such statements rely on assumptions and involve risks and uncertainties, many of which are beyond our control, including, but not limited to, those relating to a worldwide economic downturn, availability of financing, the Company’s dependence on its exploratory drilling activities, the volatility of and changes in oil and gas prices, the need to replace reserves depleted by production, operating risks of oil and gas operations, the Company’s dependence on key personnel, factors that affect the Company’s ability to manage its growth and achieve its business strategy, results, delays and uncertainties that may be encountered in drilling, development or production, interpretations and impact of oil and gas reserve estimation and disclosure requirements, activities and approvals of our partners and parties with whom we have alliances, technological changes, capital requirements, the timing and amount of borrowing base determinations (including determinations by lenders) and availability under our revolving credit facility, evaluations of us by lenders under our revolving credit facility, other actions by lenders, the potential impact of government regulations, including current and proposed legislation and regulations related to hydraulic fracturing, oil and natural gas drilling, air emissions and climate change, regulatory determinations, litigation, competition, the uncertainty of reserve information and future net revenue estimates, acquisition risks, availability of equipment and crews, actions by midstream and other industry participants, weather, our ability to obtain permits and licenses, the results of audits and assessments, the failure to obtain certain bank and lease consents, the existence and resolution of title defects, new taxes and impact fees, delays, costs and difficulties relating to our joint ventures, actions by joint venture parties, results of exploration activities, the availability and completion of land acquisitions, cost of oilfield services and equipment, completion and connection of wells, and other factors detailed in the “Risk Factors” and other sections of the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 and other filings with the Securities and Exchange Commission (“SEC”). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated.

Each forward-looking statement speaks only as of the date of the particular statement or, if not stated, the date printed on the cover of the presentation. When used in this presentation, the word “current” and similar expressions refer to the date printed on the cover of the presentation. Each forward-looking statement is expressly qualified by this cautionary statement and the Company undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on forward-looking statements. The information contained in this presentation does not purport to be all-inclusive or to contain all information that potential investors may require.

We may use certain terms such as “Resource Potential” that the SEC’s guidelines strictly prohibit us from including in filings with the SEC. Our Probable (2P) and Possible (3P) reserves do not meet SEC rules and guidelines (including those relating to pricing) for such reserves. These terms include reserves with substantially less certainty, and no discount or other adjustment is included in the presentation of such reserve numbers. U.S. investors are urged to consider closely the disclosure in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, File No. 000-29187-87, and in our other filings with the SEC, available from the SEC on its website at www.sec.gov.
4Q and Year-end Overview

**Adjusted EPS**

$0.56

In line with expectations

**Adjusted EBITDA Margin**

$27/Boe

Driven by high-margin Eagle Ford

**Proved Reserves**

329 MMBoe

Up 26% year-over-year

**Total Production**

68.3 MBoe/d

Up 6% sequentially

**Oil Production**

43.0 MBbls/d

Up 5% sequentially

**PV-10**

$4.1 Bn

Up 55% year-over-year
Recent Growth Driven by High-margin Oil Plays

**Total Production**

**Crude Oil Production**

Recent Growth Driven by High-margin Oil Plays

17% CAGR

18% CAGR

Note: 2019 production based on the midpoint of guidance provided February 25, 2019.
Proved Reserves Provide Strong Value Support

Proved Reserve Growth

PV-10 Growth

Reserves (MMBoe)

WTI Oil Price ($/Bbl)

2015 2016 2017 2018

CAGR 25% Total

20% PDP

PDP PUD

$0.0 $0.5 $1.0 $1.5 $2.0 $2.5 $3.0 $3.5 $4.0 $4.5

PV-10 ($ BN)

20% PDP

200% PV-10

30% WTI

PUD

WTI Oil Price ($/Bbl)

$30 $35 $40 $45 $50 $55 $60 $65 $70 $75

2015 2016 2017 2018

Oil Price

250%

100%

30%

20%

CAGR

PDP PUD

$0.0 $0.5 $1.0 $1.5 $2.0 $2.5 $3.0 $3.5 $4.0 $4.5

PV-10 ($ BN)

2015 2016 2017 2018

PDP PUD

WTI Oil Price ($/Bbl)
2019 Development Plan
Paving the Way to Free Cash Flow

$525-$575 MM Budget

Plan Details

Eagle Ford Shale
- Drill 50-55 gross / 45-50 net operated wells
- Complete 75-80 gross / 70-75 net operated wells
  Drive development-scale efficiencies

Delaware Basin
- Drill 25-30 gross / 20-25 net operated wells
- Complete 20-25 gross / 15-20 net operated wells
  Test multi-layer co-development concepts

Targeted Results

- Achieve free-cash-flow-positive inflection point
- Deliver double-digit growth
- Exit the year with positive operational momentum

Note: 2019 guidance provided February 25, 2019.
4Q Highlights

- Drilled two large-scale multipad projects
  - Completion activity began in early 2019
- Return to hybrid fracs yielding positive results
  - >50% reduction in recovery time for offsetting parent wells
- Achieved additional drilling and completion efficiencies and reduced well costs by ~5%

Operated D&C Activity

Historical Production

Operating Margin
Eagle Ford Shale
Development of Additional Large-scale Multipad Projects

Highlights

- 15-well project at Pena has begun flowback
- 21-well project at RPG being completed
  - Scheduled to begin flowback in 2Q
- Projects expected to drive significant production growth during 2019
4Q Highlights

- Increased production by 16% versus prior quarter
- Completed acquisition of Phantom-area bolt-on properties from Devon
- Completed drilling initial co-development test of WCA, WCB, and WCC
  - Completion operations currently underway
- Reduced well costs by >10%

Historical Production

Operated D&C Activity

Historical Production

Operating Margin
Delaware Basin
Conducting Cube Tests to Optimize Development

Project Highlights
- Area’s first four-layer co-development project
  - Wolfcamp A, B Upper, B Lower, and C
- Evaluating multiple concepts
  - Created frac height, length, and barriers
  - Impact of offset-frac stress shadowing
  - Optimal landing zones

Frac Sequencing Design

Note: Image not drawn to scale.
positive results from additional layers

ford west area

<table>
<thead>
<tr>
<th>Well Name</th>
<th>Zone</th>
<th>Lateral Length (ft.)</th>
<th>30-Day Rate* (Boe/d)</th>
<th>60-Day Rate* (Boe/d)</th>
<th>90-Day Rate* (Boe/d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Liberator State Unit 20H</td>
<td>WCA</td>
<td>11,800</td>
<td>1,185 (53% oil)</td>
<td>1,201 (51% oil)</td>
<td></td>
</tr>
<tr>
<td>1 Liberator State Unit 21H</td>
<td>WCB</td>
<td>11,850</td>
<td>1,733 (40% oil)</td>
<td>1,766 (38% oil)</td>
<td></td>
</tr>
<tr>
<td>1 Liberator State Unit 22H</td>
<td>WCA</td>
<td>4,372</td>
<td>1,367 (52% oil)</td>
<td>1,284 (48% oil)</td>
<td></td>
</tr>
<tr>
<td>2 Woodson 36 Allocation B 20H</td>
<td>WCC</td>
<td>9,775</td>
<td>1,585 (53% oil)</td>
<td>1,430 (52% oil)</td>
<td>1,320 (51% oil)</td>
</tr>
<tr>
<td>3 Zeman 40 Allocation F 42H</td>
<td>WCC</td>
<td>7,750</td>
<td>1,737 (66% oil)(^1)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Two-stream production
\(^1\) Recent 24-hour rate
Financial Summary

4Q Highlights
- Exposure to premium-priced seaborne markets continued to drive strong crude oil netbacks
- Total production increased by 6% sequentially and was above the mid-point of guidance range
- Total unit operating costs decreased by 1% sequentially

Revenue Drivers

Adjusted EBITDA Margin

LOE Breakdown

SWD
Workover Expense
Repairs/Maintenance
Rental Equipment
Chemicals
Transport and Processing
All Other Categories

Adjusted EBITDA Margin
Cash G&A
Production/Ad Val Tax
LOE

Exposure to premium-priced seaborne markets continued to drive strong crude oil netbacks.
Total production increased by 6% sequentially and was above the mid-point of guidance range.
Total unit operating costs decreased by 1% sequentially.
Balance Sheet Improvement Remains a Focus
Free Cash Flow Targeted for Debt Reduction

**Historical Leverage Metrics**

*As calculated by bank covenant.*

- **Revolving Credit Facility**
  - $1.1 billion borrowing base commitment

- **6.25% Senior Unsecured Notes**
  - $650 million outstanding
  - Currently callable

- **8.25% Senior Unsecured Notes**
  - $250 million outstanding
  - Callable on July 15, 2020

**Debt Maturity Profile**

**Corporate Credit Rating**
- B1 (Positive) / B+
Hedging Program
Disciplined Strategy Protects Cash Flows

2019 Program
- Hedge 50%-75% of crude oil production
- Target floor price >$50/Bbl
- Protect cash flows
- Maintain upside exposure

2020+ Program Goals
- Hedge 50% of crude oil production
- Target floor price >$55/Bbl
- Protect cash flows
- Maintain upside exposure

Note: Hedge prices based on NYMEX oil reference price. 2019 percentage hedged based on midpoint of guidance.
Guidance Summary

**Highlights**

- Efficiency gains and cost savings contribute to a ~35% year-over-year reduction in CAPEX
- Allows for continued development of efficient, large-scale projects
- Production expected to increase significantly in 2Q as multipads come online
- Cost reduction efforts expected to put downward pressure on unit LOE during the year
- Expected to deliver free cash flow in the second half of 2019 based on mid-$50s WTI price environment
- Expected to deliver year-over-year production growth from the fourth quarter of 2018 to the fourth quarter of 2019

<table>
<thead>
<tr>
<th>Actual</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q 2018</td>
<td>1Q 2019</td>
</tr>
<tr>
<td><strong>Production Volumes:</strong></td>
<td></td>
</tr>
<tr>
<td>Total (Boe/d)</td>
<td>68,328</td>
</tr>
<tr>
<td>Crude Oil %</td>
<td>63%</td>
</tr>
<tr>
<td>NGLs %</td>
<td>17%</td>
</tr>
<tr>
<td>Natural Gas %</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Unhedged Price Realizations:</strong></td>
<td></td>
</tr>
<tr>
<td>Crude Oil (% of NYMEX oil)</td>
<td>99.7%</td>
</tr>
<tr>
<td>NGLs (% of NYMEX oil)</td>
<td>39.7%</td>
</tr>
<tr>
<td>Natural Gas (% of NYMEX gas)</td>
<td>57.2%</td>
</tr>
<tr>
<td>Cash Paid for Derivative Settlements, net ($MM)</td>
<td>($31.6)</td>
</tr>
<tr>
<td><strong>Costs and Expenses:</strong></td>
<td></td>
</tr>
<tr>
<td>Lease Operating ($/Boe)</td>
<td>$7.34</td>
</tr>
<tr>
<td>Production &amp; Ad Valorem Taxes (% of Total Rev.)</td>
<td>5.57%</td>
</tr>
<tr>
<td>Cash G&amp;A ($MM)</td>
<td>$9.7</td>
</tr>
<tr>
<td>DD&amp;A ($/Boe)</td>
<td>$13.13</td>
</tr>
<tr>
<td>Interest Expense, net ($MM)</td>
<td>$15.9</td>
</tr>
<tr>
<td><strong>Capital Expenditures:</strong></td>
<td></td>
</tr>
<tr>
<td>Drilling and Completions ($MM)</td>
<td>$175.4</td>
</tr>
<tr>
<td>Capitalized Interest ($MM)</td>
<td>$9.0</td>
</tr>
</tbody>
</table>
## Reconciliation of Net Income Attributable to Common Shareholders (GAAP) to Adjusted Net Income Attributable to Common Shareholders (Non-GAAP)

<table>
<thead>
<tr>
<th></th>
<th>4Q 2018</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In thousands</td>
<td>Per diluted Share</td>
</tr>
<tr>
<td>Net Income Attributable to Common Shareholders (GAAP)</td>
<td>$255,120</td>
<td>$2.75</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>3,491</td>
<td>0.03</td>
</tr>
<tr>
<td>Gain on derivatives, net</td>
<td>(159,407)</td>
<td>(1.72)</td>
</tr>
<tr>
<td>Cash paid for derivative settlements, net</td>
<td>(31,597)</td>
<td>(0.34)</td>
</tr>
<tr>
<td>Non-cash general and administrative, net</td>
<td>(262)</td>
<td>--</td>
</tr>
<tr>
<td>Loss on extinguishment of debt</td>
<td>910</td>
<td>0.01</td>
</tr>
<tr>
<td>Non-recurring and other income, net</td>
<td>(1,163)</td>
<td>(0.01)</td>
</tr>
<tr>
<td>Adjusted income before income taxes</td>
<td>67,092</td>
<td>0.72</td>
</tr>
<tr>
<td>Adjusted income tax expense¹</td>
<td>(14,962)</td>
<td>(0.16)</td>
</tr>
<tr>
<td>Adjusted Net Income Attributable to Common Shareholders (Non-GAAP)</td>
<td>$52,130</td>
<td>$0.56</td>
</tr>
</tbody>
</table>

¹For the three months ended December 31, 2018, adjusted income tax expense was calculated using a rate of 22.3%, which approximates the Company’s statutory tax rate adjusted for ordinary permanent differences.
## Non-GAAP Reconciliation

### Reconciliation of Net Income (Loss) Attributable to Common Shareholders (GAAP) to Adjusted EBITDA (Non-GAAP) to Net Cash Provided by Operating Activities (GAAP)

<table>
<thead>
<tr>
<th></th>
<th>4Q 2017</th>
<th>1Q 2018</th>
<th>2Q 2018</th>
<th>3Q 2018</th>
<th>4Q 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income (Loss) Attributable to Common Shareholders (GAAP)</strong></td>
<td>($23,434)</td>
<td>$14,743</td>
<td>$30,095</td>
<td>$76,118</td>
<td>$255,120</td>
</tr>
<tr>
<td>Dividends on preferred stock</td>
<td>5,532</td>
<td>4,863</td>
<td>4,474</td>
<td>4,457</td>
<td>4,367</td>
</tr>
<tr>
<td>Accretion on preferred stock</td>
<td>862</td>
<td>753</td>
<td>740</td>
<td>771</td>
<td>793</td>
</tr>
<tr>
<td>Loss on redemption of preferred stock</td>
<td>--</td>
<td>7,133</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>4,030</td>
<td>319</td>
<td>483</td>
<td>880</td>
<td>3,491</td>
</tr>
<tr>
<td>Depreciation, depletion and amortization</td>
<td>81,571</td>
<td>64,467</td>
<td>72,430</td>
<td>80,108</td>
<td>82,525</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>18,520</td>
<td>15,517</td>
<td>15,599</td>
<td>15,406</td>
<td>15,891</td>
</tr>
<tr>
<td>(Gain) loss on derivatives, net</td>
<td>86,107</td>
<td>29,596</td>
<td>67,714</td>
<td>55,388</td>
<td>(159,407)</td>
</tr>
<tr>
<td>Cash received (paid) for derivative settlements, net</td>
<td>59</td>
<td>(14,365)</td>
<td>(24,083)</td>
<td>(26,262)</td>
<td>(31,597)</td>
</tr>
<tr>
<td>Non-cash general and administrative, net</td>
<td>6,194</td>
<td>3,518</td>
<td>7,206</td>
<td>3,183</td>
<td>(262)</td>
</tr>
<tr>
<td>Loss on extinguishment of debt</td>
<td>4,170</td>
<td>8,676</td>
<td>--</td>
<td>--</td>
<td>910</td>
</tr>
<tr>
<td>Non-recurring and other (income) expense, net</td>
<td>517</td>
<td>1,193</td>
<td>4,264</td>
<td>(1,091)</td>
<td>(1,163)</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA (Non-GAAP)</strong></td>
<td>$184,128</td>
<td>$136,413</td>
<td>$178,922</td>
<td>$208,958</td>
<td>$170,668</td>
</tr>
<tr>
<td>Cash interest expense, net</td>
<td>(17,824)</td>
<td>(14,855)</td>
<td>(14,998)</td>
<td>(14,791)</td>
<td>(15,202)</td>
</tr>
<tr>
<td>Dividends on preferred stock</td>
<td>(5,532)</td>
<td>(4,863)</td>
<td>(4,474)</td>
<td>(4,457)</td>
<td>(4,367)</td>
</tr>
<tr>
<td>Changes in components of working capital and other</td>
<td>(18,388)</td>
<td>22,029</td>
<td>(22,302)</td>
<td>(290)</td>
<td>37,164</td>
</tr>
<tr>
<td><strong>Net Cash Provided by Operating Activities (GAAP)</strong></td>
<td>$142,384</td>
<td>$138,724</td>
<td>$137,148</td>
<td>$189,420</td>
<td>$188,263</td>
</tr>
</tbody>
</table>

### Adjusted EBITDA (Non-GAAP) Margin ($ per Boe) (Non-GAAP)

<table>
<thead>
<tr>
<th></th>
<th>4Q 2017</th>
<th>1Q 2018</th>
<th>2Q 2018</th>
<th>3Q 2018</th>
<th>4Q 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total barrels of oil equivalent</td>
<td>5,742</td>
<td>4,613</td>
<td>5,193</td>
<td>5,946</td>
<td>6,286</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA Margin ($ per Boe) (Non-GAAP)</strong></td>
<td>$32.07</td>
<td>$29.57</td>
<td>$34.45</td>
<td>$35.14</td>
<td>$27.15</td>
</tr>
</tbody>
</table>