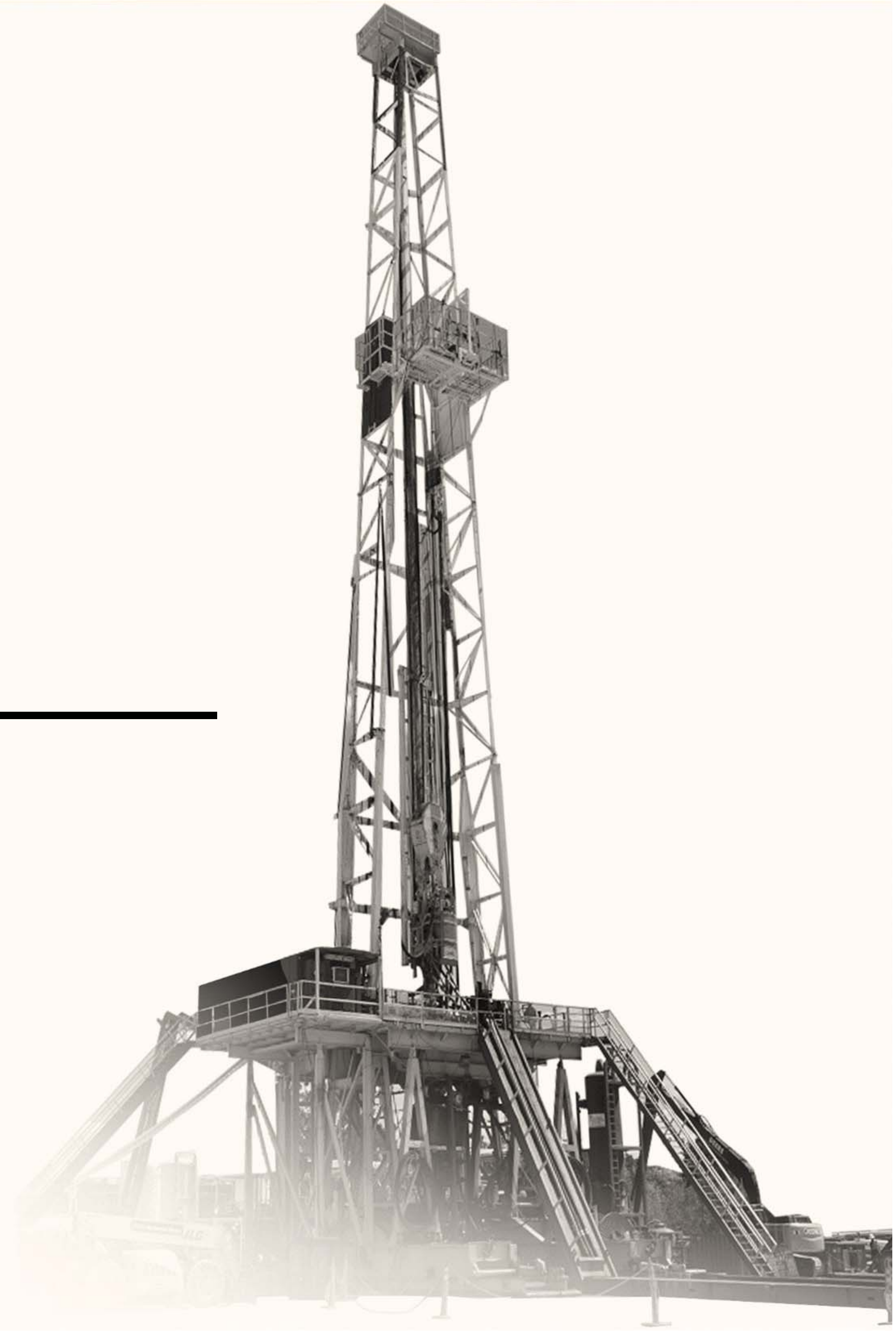
EARTHSTONE Energy Inc.



Leaders in Industry
IPAA and TIPRO

August 14, 2019

Disclaimer

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Statements that are not strictly historical statements constitute forward-looking statements and may often, but not always, be identified by the use of such words such as "expects," "believes," "intends," "anticipates," "plans," "estimates," "guidance," "target," "potential," "possible," or "probable" or statements that certain actions, events or results "may," "will," "should," or "could" be taken, occur or be achieved. The forward-looking statements include statements about the expected future reserves, production, financial position, business strategy, revenues, earnings, costs, capital expenditures and debt levels of the Company, and plans and objectives of management for future operations. Forward-looking statements are based on current expectations and assumptions and analyses made by Earthstone and its management in light of experience and perception of historical trends, current conditions and expected future developments, as well as other factors appropriate under the circumstances. However, whether actual results and developments will conform to expectations is subject to a number of material risks and uncertainties, including but not limited to: further and substantial declines in oil, natural gas liquids or natural gas prices; risks relating to any unforeseen liabilities; the level of success in exploration, development and production activities; adverse weather conditions that may negatively impact development or production activities; the timing of exploration and development expenditures; inaccuracies of reserve estimates or assumptions underlying them; revisions to reserve estimates as a result of changes in commodity prices; impacts to financial statements as a result of impairment write-downs; risks related to levels of indebtedness and periodic redeterminations of the borrowing base under the Company's credit agreement; Earthstone's ability to generate sufficient cash flows from operations to meet the internally funded portion of its capital expenditures budget; Earthstone's ability to obtain external capital to finance exploration and development operations and acquisitions; the ability to successfully complete any potential acquisitions and the risks related thereto; the impacts of hedging on results of operations; uninsured or underinsured losses resulting from oil and natural gas operations; Earthstone's ability to replace oil and natural gas reserves; and any loss of senior management or key technical personnel. Earthstone's 2018 Annual Report on Form 10-K, quarterly reports on Form 10-Q, recent current reports on Form 8-K and other Securities and Exchange Commission ("SEC") filings discuss some of the important risk factors identified that may affect Earthstone's business, results of operations, and financial condition. Earthstone undertakes no obligation to revise or update publicly any forward-looking statements except as required by law.

This presentation contains Earthstone's 2019 production, capital expenditure and operating expense guidance. The actual levels of production, capital expenditures and operating expenses may be higher or lower than these estimates due to, among other things, uncertainty in drilling schedules, changes in market demand and unanticipated delays in production. These estimates are based on numerous assumptions. All or any of these assumptions may not prove to be accurate, which could result in actual results differing materially from estimates. No assurance can be made that any new wells will produce in line with historical performance, or that existing wells will continue to produce in line with expectations. For additional discussion of the factors that may cause us not to achieve our production estimates, see Earthstone's filings with the SEC, including its Form 10-K and any amendments thereto. We do not undertake any obligation to release publicly the results of any future revisions we may make to this prospective data or to update this prospective data to reflect events or circumstances after the date of this presentation. Therefore, you are cautioned not to place undue reliance on this information.

Industry and Market Data

This presentation has been prepared by Earthstone and includes market data and other statistical information from third-party sources, including independent industry publications, government publications or other published independent sources. Although Earthstone believes these third-party sources are reliable as of their respective dates, Earthstone has not independently verified the accuracy or completeness of this information. Some data are also based on Earthstone's good faith estimates, which are derived from its review of internal sources as well as the third-party sources described above.

Estimated Ultimate Recovery and Locations

Management's use of the term estimated ultimate recovery ("EUR") in this presentation describes estimates of potentially recoverable hydrocarbons that the SEC rules prohibit from being included in filings with the SEC. These are more speculative than estimates of proved, probable and possible reserves and accordingly are subject to substantially greater risk of being actually realized, particularly in areas or zones where there has been limited or no drilling history. We include EUR to demonstrate what we believe to be the potential for future drilling and production by Earthstone.

Actual quantities that may be ultimately recovered may differ substantially from estimates. Factors affecting ultimate recovery include the scope of the operators' ongoing drilling programs, which will be directly affected by the availability of capital, drilling and production costs, availability of drilling services and equipment, drilling results, lease expirations, transportation constraints, regulatory approvals and other factors, and actual drilling results, including geological and mechanical factors affecting recovery rates. Estimates of potential resources may also change significantly as the development of the properties underlying Earthstone's mineral interests provides additional data. This presentation also contains Earthstone's internal estimates of its potential drilling locations, which may prove to be incorrect in a number of material ways. The actual number of locations that may be drilled may differ substantially.

Corporate Highlights

Midland Basin Focused Company with Growing Inventory	▪ Growth through drill bit, trades and acquisitions ▪ Actively seeking business combinations, private or public ▪ 866 total gross drilling locations across core play in Midland Basin ▪ Upside from additional benches in the Spraberry and Wolfcamp
Prudent Financial Management	▪ Conservative balance sheet with low leverage ▪ Traditional reserve-based credit facility with standard covenants ▪ Significant liquidity ▪ Favorable hedge position
Visible Production Growth & Drilling Program with Substantial Optionality	▪ Wells-in-progress provide near-term ability to ramp up production ▪ Majority of acreage in key areas is HBP ▪ Minimal future drilling obligations ▪ 2019 Wellbore Development Agreement provides for enhanced economics
Proven Management Team	▪ Four prior successful public entities ▪ Operational excellence ▪ Repeat institutional investors ▪ Management recognition from investors and sellside research analysts

Earthstone Strengths + Strategy = Success

Earthstone Strengths Make Us A Natural Consolidator		
Keys To Successful Consolidation	**Earthstone Strengths**	
Maximization of operational efficiencies	✓	**Operational excellence**
Optimization of cost structure	✓	**Cost control**
Strong stewardship of balance sheet and liquidity	✓	**Financial prudence**

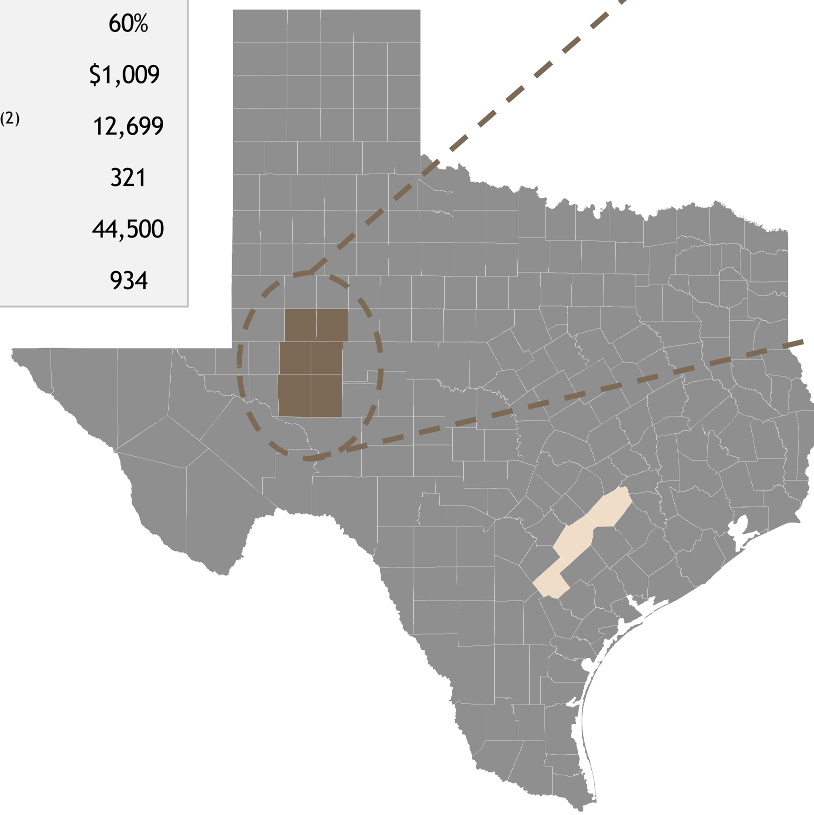
- Our strengths are aligned with and support our strategy:
  1. Improving operational performance
  2. Controlling and reducing operational and corporate costs
  3. Maintain a strong balance sheet and adequate liquidity
  4. Acquiring economically productive assets using equity as appropriate

Earthstone is pursuing a consolidation strategy in the Midland Basin

Actively seeking acquisitions and business combinations

Areas of Operations

Total [1]	
1P Reserves (Mmboe)	98.8
% PD	24%
% Oil	60%
PV-10 ($mm)	$1,009
2Q 2019 Net Production (Boe/d)[2]	12,699
Gross Producing Wells[3]	321
Core Net Acres	44,500
Core Gross Drilling Locations	934



Midland Basin [1]	
1P Reserves (Mmboe)	93.4
% PD	21%
% Oil	58%
PV-10 ($mm)	$904
2Q 2019 Net Production (Boe/d)[2]	11,392
Gross Producing Wells[3]	207
Core Net Acres	30,200
Core Gross Drilling Locations	866

Eagle Ford [1]	
1P Reserves (Mmboe)	5.4
% PD	71%
% Oil	84%
PV-10 ($mm)	$104
2Q 2019 Net Production (Boe/d)[2]	1,308
Gross Producing Wells[3]	114
Core Net Acres	14,300
Core Gross Drilling Locations	68

(1) Reserve quantities based on SEC pricing. See appendix for SEC reserves and reconciliation
(2) Represents reported sales volumes for 2Q 2019
(3) As of 7/1/19

Significant Position in the Midland Basin

30,200 Total Net Acres in Core of Midland Basin
866 gross locations

Significant Operated Position in Midland Basin[1]
23,300 net acres, 94% average working interest, 500 gross locations

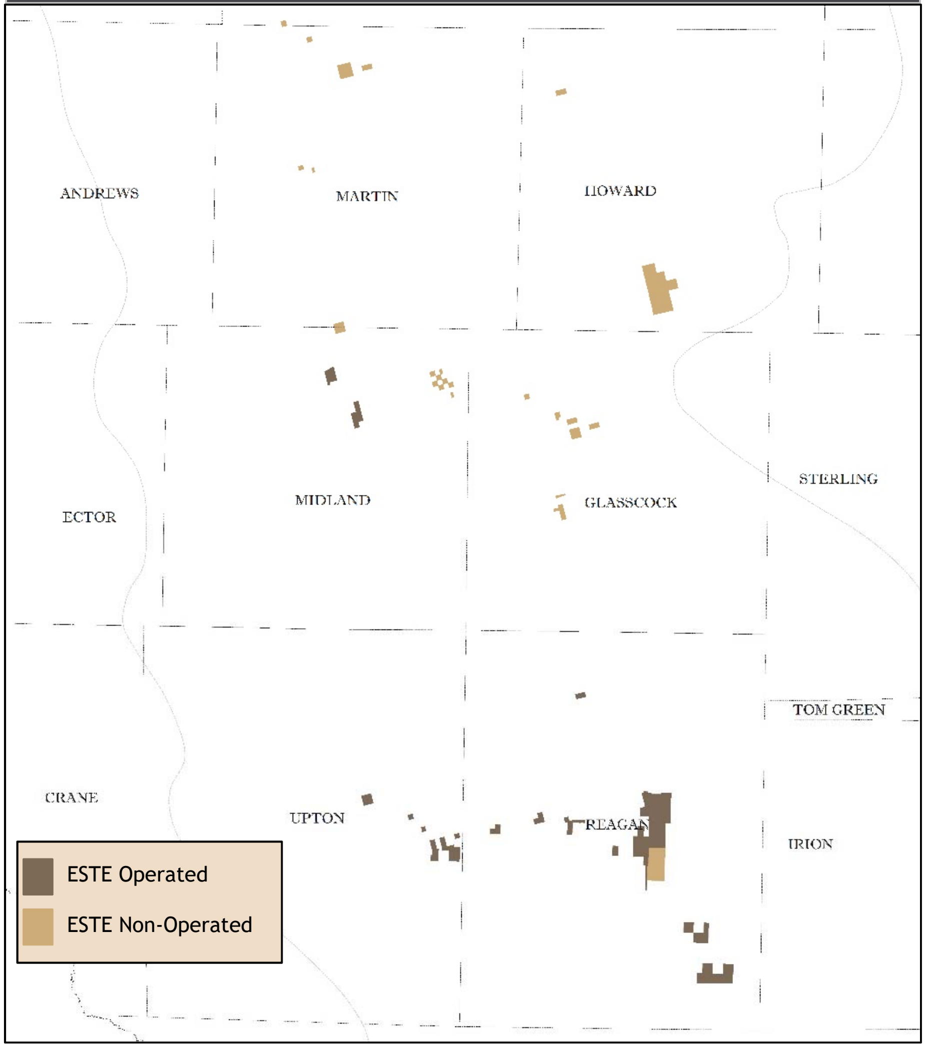
2Q 2019 Net Production of 11,392 Boe/d[2] (58% oil, 81% liquids)
Wells in progress drive immediate production growth

Attractive Rates of Returns ("ROR")[3]
Single well RORs of 60% to +100%

Position Delineated In Multiple Benches
Strong offset results in the Wolfcamp A and B, Lower Spraberry, Additional Spraberry and Wolfcamp Benches

Completion Evolution Sets Stage for Further Well Performance Improvement Plus Upside from Added Benches

Midland Basin Overview

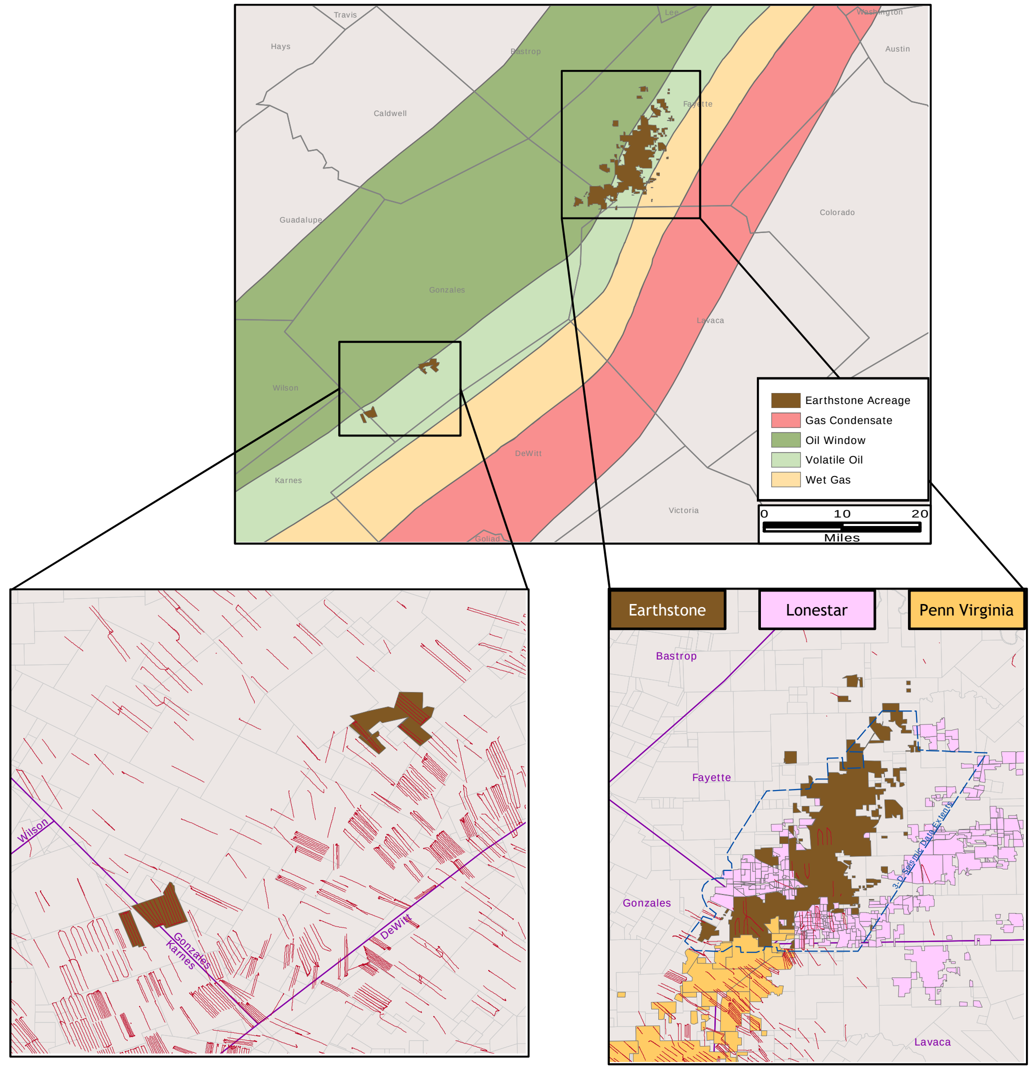


(1) Does not include non-operated position
(2) Represents 2Q 2019 reported sales volumes for both operated and non-operated properties
(3) Single well rates of return based on flat price deck of Oil – $60.00/Bbl, Gas - $3.00/Mcf before deductions for transportation, gathering and quality differential

Eagle Ford Asset Overview

- Operated Karnes, Gonzales, and Fayette Counties
  - 29,000 gross / 14,100 net leasehold acres
  - Working interests range from 17% to 67%
  - 86% held-by-production
- 112 gross / 47.9 net producing wells (106 operated / 6 non-op)
- 68 identified gross Eagle Ford drilling locations
- Other Potential: Upper Eagle Ford, Austin Chalk, Buda, Wilcox, and Edwards
- Recent increased offset activity suggests additional upside
  - Updated frac designs and longer laterals in the Eagle Ford
  - Test of lower Austin Chalk
- 2019 capital program consists of drilling and completing 10 gross / 5.1 net wells in 2H 2019:
  - 7 gross (3.1 net) wells on the Pen Ranch Unit in Southern Gonzales County
  - 3 gross (2.0 net) wells on the Davis Unit in Southern Gonzales County

Karnes, Gonzales, and Fayette Counties, Texas



Offset operators include EOG, Encana and Marathon

Earthstone by the Numbers: Increased Size, Scale and Core Inventory

Operations	Midland Basin Net Acres	30,200
	Midland Basin Locations (Gross / Net)	866 / 496
	Operated Midland Basin Locations (Gross / Net)	500 / 398
	Eagle Ford Net Acres	14,300
	Eagle Ford Locations (Gross / Net)	68 / 17
	2Q 2019 Production (Boe/d)(1)	12,699
	2Q 2019 Production (% Oil / % Liquids)(1)	61% / 82%
12/31/18 Reserves(2)	PD Reserves (Mmboe)	23.6
	PD PV-10 ($mm)	$436
	1P Reserves (Mmboe)	98.8
	1P PV-10 ($mm)	$1,009
	1P % Oil / % Liquids	60% / 81%
2Q 2019 Financial	2Q 2019 Revenue ($mm)	$44.5
	2Q 2019 Adjusted EBITDAX ($mm)(3)	$33.6
	2Q 2019 LOE ($/boe)(4)	$7.44
	2Q 2019 G&A ($/boe)(5)	$4.13
	Borrowing Base ($mm)	$325
	Liquidity ($mm)(6)	$221

(1) Represents 2Q 2019 reported sales volumes
(2) Reserve quantities based on SEC pricing. See appendix for SEC reserves and reconciliation
(3) See “Reconciliation of Non-GAAP Financial Measure” on page 23
(4) Includes workovers and ad valorem taxes
(5) Excludes non-cash stock-based compensation
(6) Liquidity is calculated as borrowing base availability plus any cash outstanding as of 6/30/19

Proven Leadership and Track Record of Value Creation

Operating team has extensive experience running multi-rig development programs across various basins

Leadership Team	Years of Experience	Years Working Together	Title
Frank Lodzinski	**47**	**31**	**CEO**
Robert Anderson	**32**	**15**	**President**
Steve Collins	**31**	**23**	**Operations**
Mark Lumpkin	**22**	**2**	**CFO**
Tim Merrifield	**43**	**18**	**Geology and Geophysics**
Francis Mury	**45**	**31**	**Drilling and Development**
Tony Oviedo	**38**	**2**	**Accounting and Administration**

Track Record of Value Creation

1992-1996
Hampton Resources Corp. ("HPTR")
Gulf Coast
Initial investors - **7x return**

1997-2001 Texoil, Inc. ("TXLI")
Gulf Coast, Permian Basin
Initial investors - **10x return**

2001-2004
AROC, Inc. (Private)
Gulf Coast, Permian Basin, Mid-Con.
Initial investors - **4x return**

2005-2007
Southern Bay Energy, LLC (Private)
Gulf Coast, Permian Basin
Initial Investors - **40% IRR**

2007-2012
GeoResources, Inc. ("GEOI")
Eagle Ford, Bakken / Three Forks, Gulf Coast, Austin Chalk
Initial investors - **4.8x return**

2014 Earthstone
Bakken (662 Boe/d)
Acquired Eagle Ford interests from Oak Valley Resources

2Q 2017
Earthstone Acquired 20,900 Net Acres from Bold Energy III LLC in Midland Basin

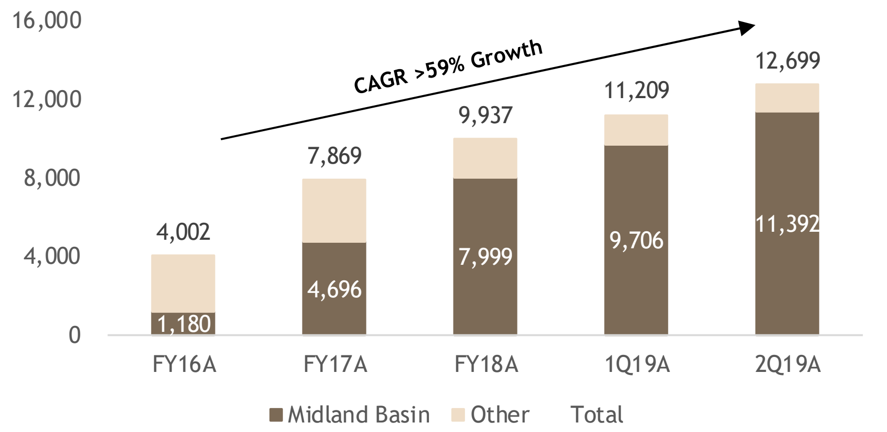
2Q 2019
Earthstone
Midland Basin, Eagle Ford 12,699 Boe/d

1992 | 1997 | 2001 | 2005 | 2007 | 2014 | 2017 | 2019

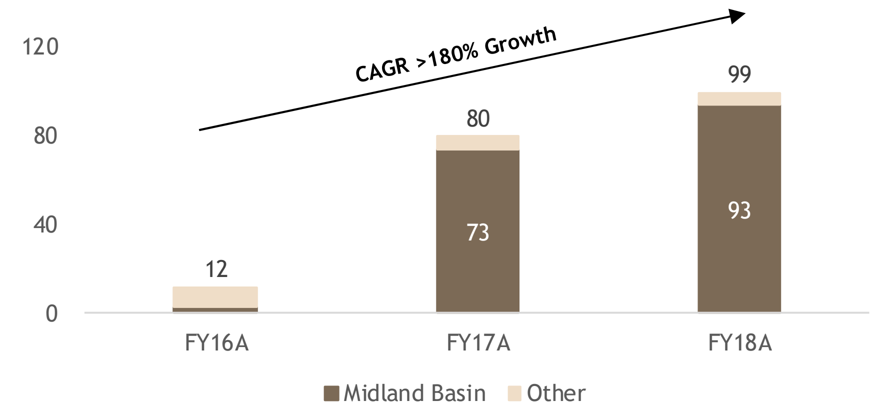
Midland Basin Growth Story

- Since entering the Midland Basin in 2016, Earthstone has substantially increased production, proved reserves and core acreage while maintaining low leverage and preserving financial flexibility
- The Company has meaningfully derisked its current position through the drill bit while significantly increasing its operated production

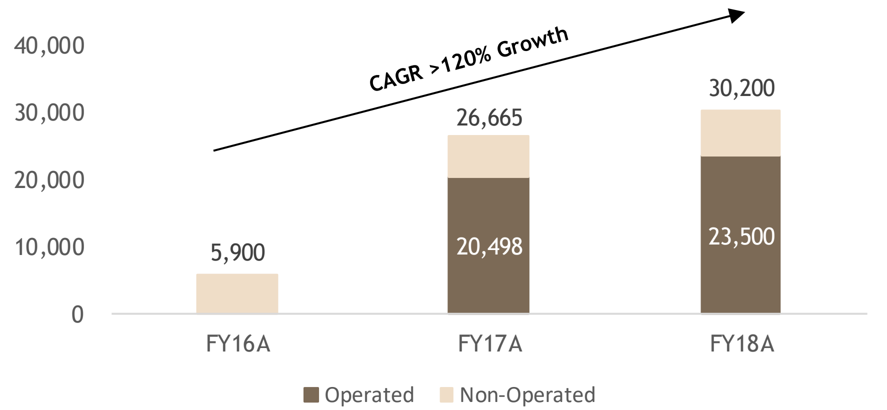
Average Daily Production (Boe/d)(1)



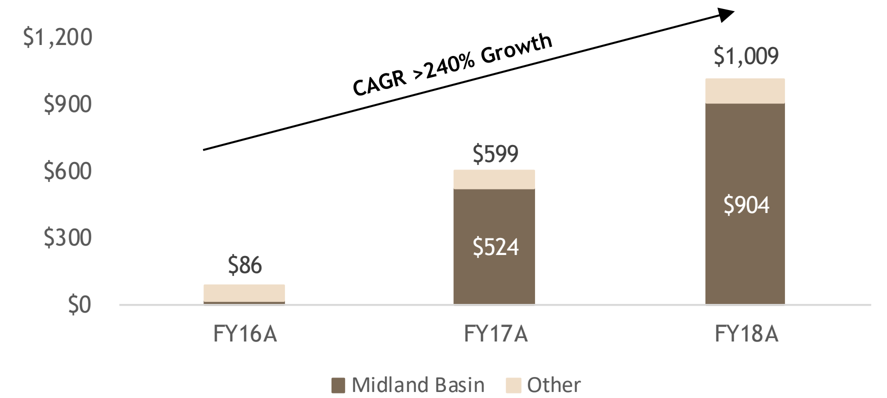
Total Proved Reserves (MMBoe)(2)



Midland Basin Net Acres



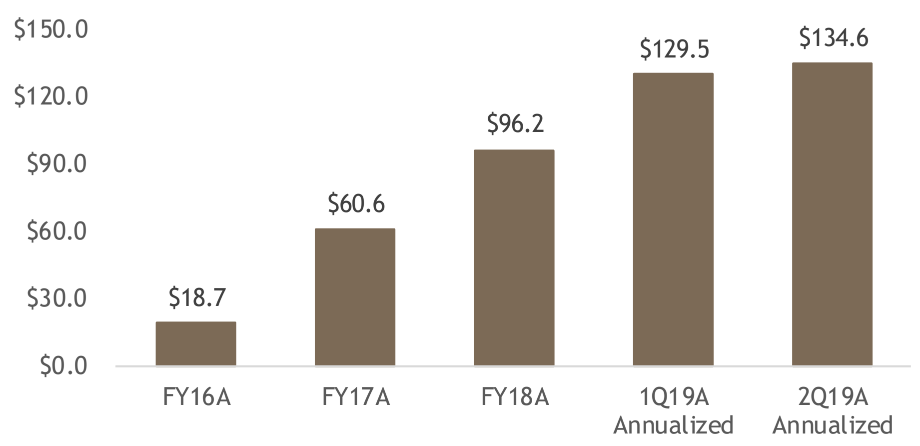
1P PV-10 Growth ($MM)(2)



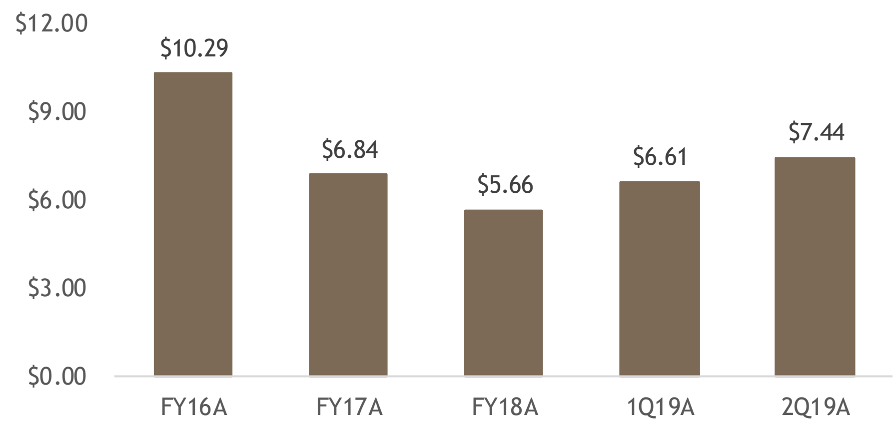
(1) Represents reported sales volumes
(2) Reserve reports based on SEC pricing prepared by Cawley, Gillespie & Associates

Consistent Growth and Margin Expansion While Maintaining a Strong Balance Sheet

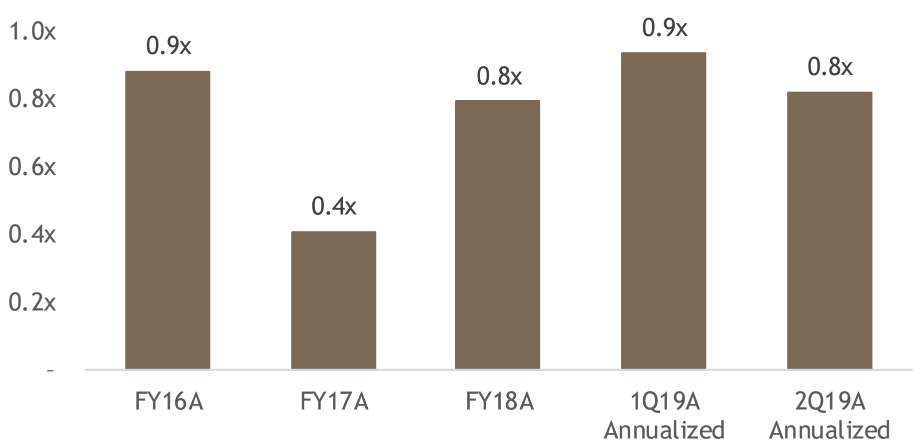
Adjusted EBITDAX ($MM)



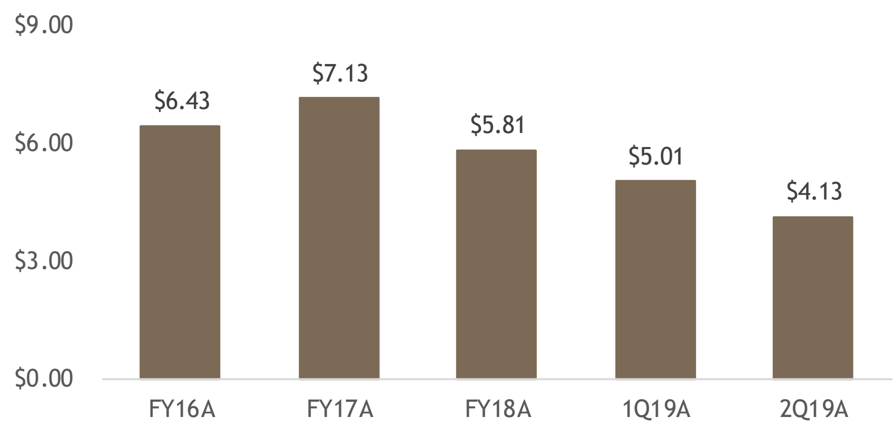
Lease Operating Expenses ($/Boe)[1]



Debt / EBITDAX



Cash G&A ($/Boe)[2]



(1) Includes workovers and ad valorem taxes
(2) Excludes stock-based compensation
(3) CFPS represents annualized quarterly debt-adjusted cash flow per share

Capital Budget, Guidance and Liquidity

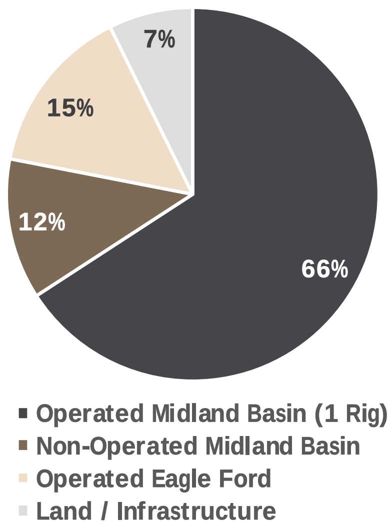
ESTE 2019 Capital Budget[1]

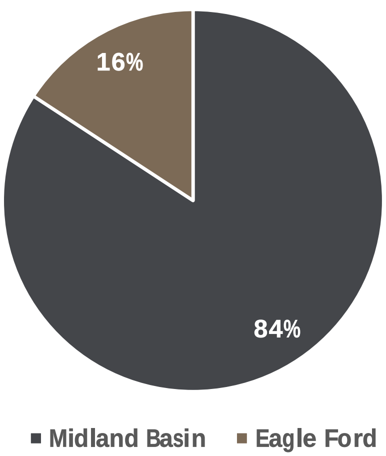
($ in millions)		Gross / Net Wells Spudded	Well Count On-Line
Drilling and Completion:			
Operated Midland Basin (1 Rig)	$135	19 / 14.7	17 / 12.6
Non-Operated Midland Basin	$25	20 / 5	5 / 2
Operated Eagle Ford	$30	10 / 5.1	10 / 5.1
Land / Infrastructure	$15		
Total	**$205** [2]		

2019 FY Guidance[1]

2019 Average Daily Production (Boe/d)	11,250 - 12,250
% Oil	65%
% Gas	16%
% NGL	19%
2019 Year-end Exit Rate (Boe/d)	14,000 - 15,000
Operating Costs:	
Lease Operating and Workover ($/Boe)	$6.25 - $6.75
Production Taxes (% of Revenue)	5.0% - 5.3%
Cash G&A ($/Boe)	$4.50 - $5.00

2019 Capex by Project Area[1]





Liquidity (6/30/2019)

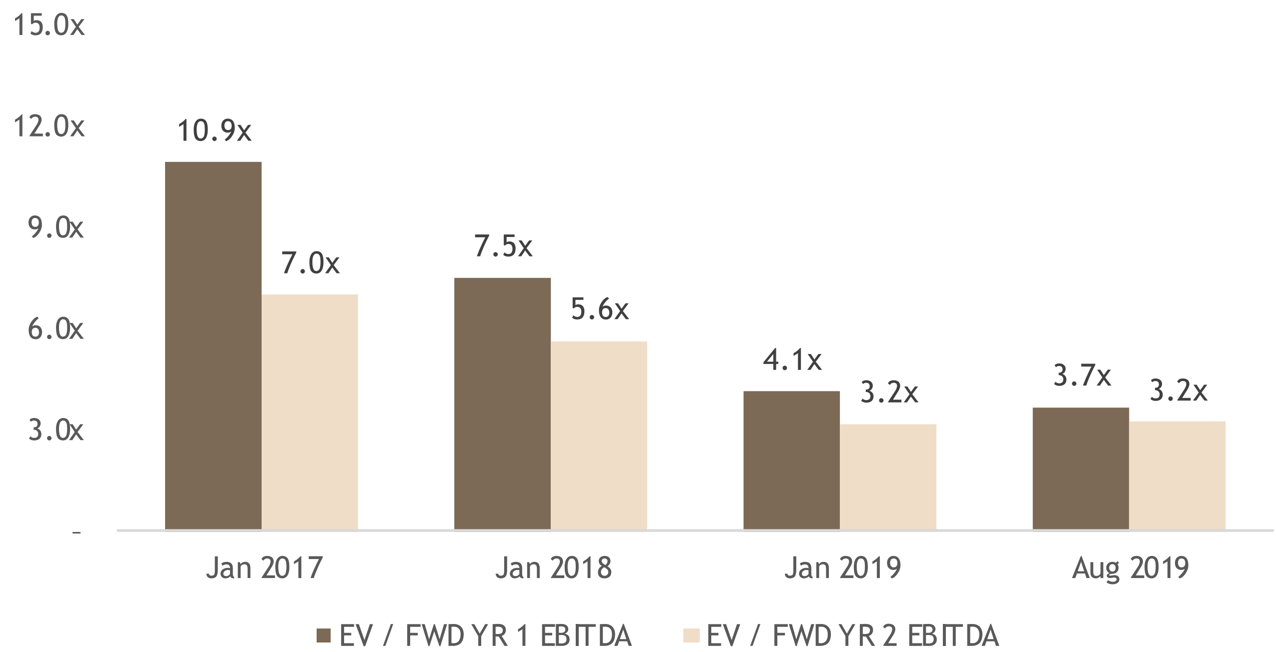
($mm)	**6/30/2019**
Cash	$5.8
Revolver Borrowings	110.0
Total Debt	**$110.0**
Revolver Borrowing Base	325.0
Less: Revolver Borrowings	(110.0)
Plus: Cash	5.8
Liquidity	**$220.8**

(1) Updated guidance reflects a temporary 2nd rig in the Midland Basin. Subject to numerous assumptions and risks
(2) Management estimates that approximately $50 million of the Company's total capital budget will result in production growth for 2020 rather than 2019

Peer Comparison

Trading Multiple Compression Since 2017

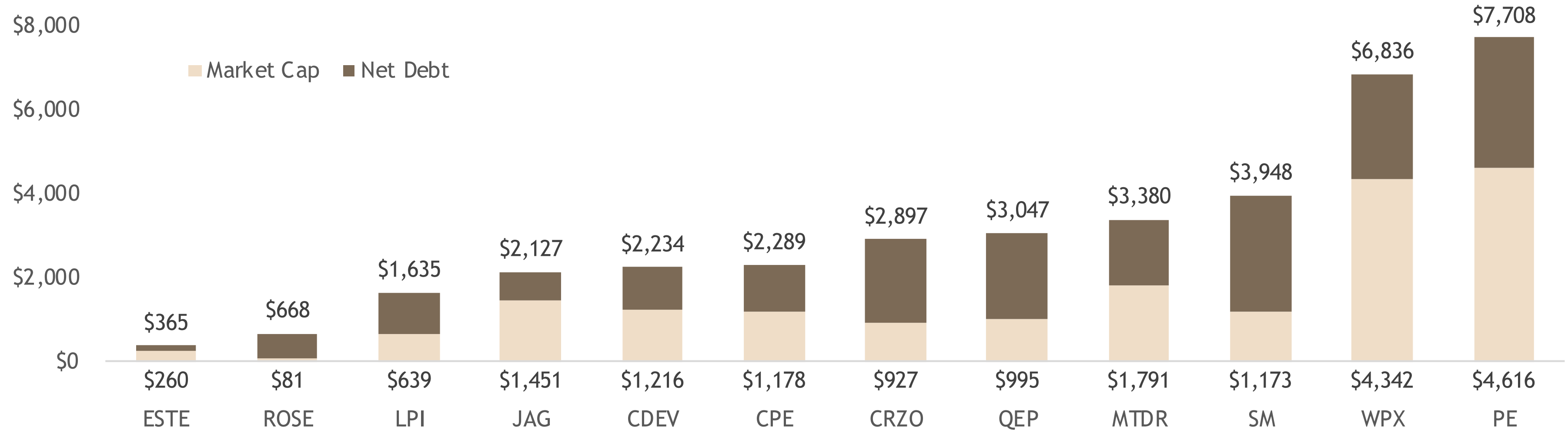
Permian Comparables[1]



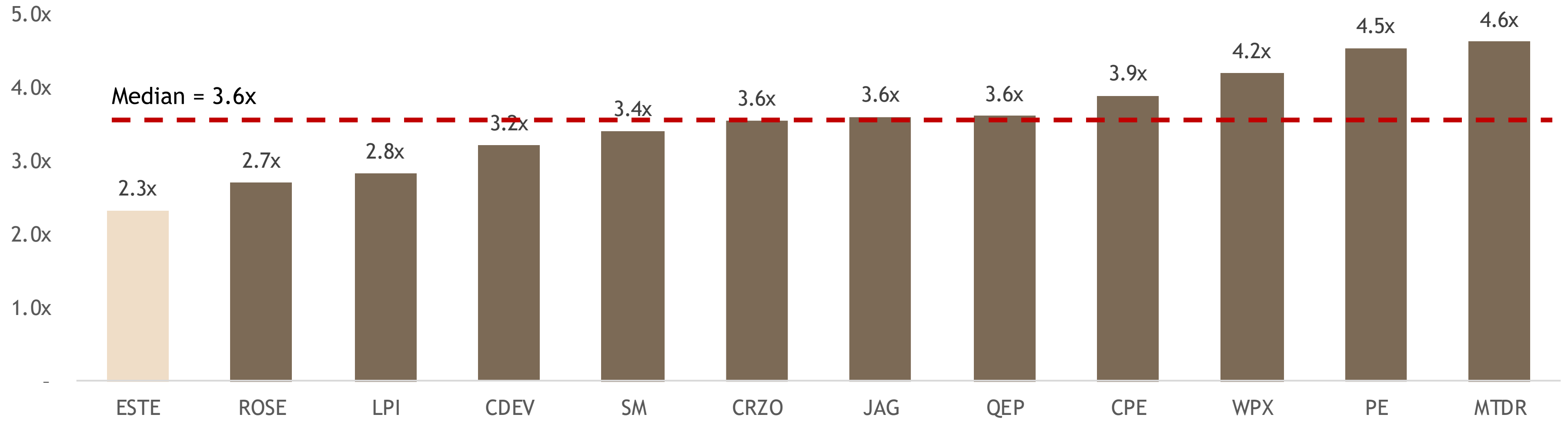
Source: Factset, Wall Street research. Market data as of 8/9/19
(1) Peers include CDEV, CPE, CRZO, JAG, LPI, MTDR, PE, QEP, ROSE, SM and WPX

Trading Multiples Improve with Scale

Market Cap and Enterprise Value ($MM)

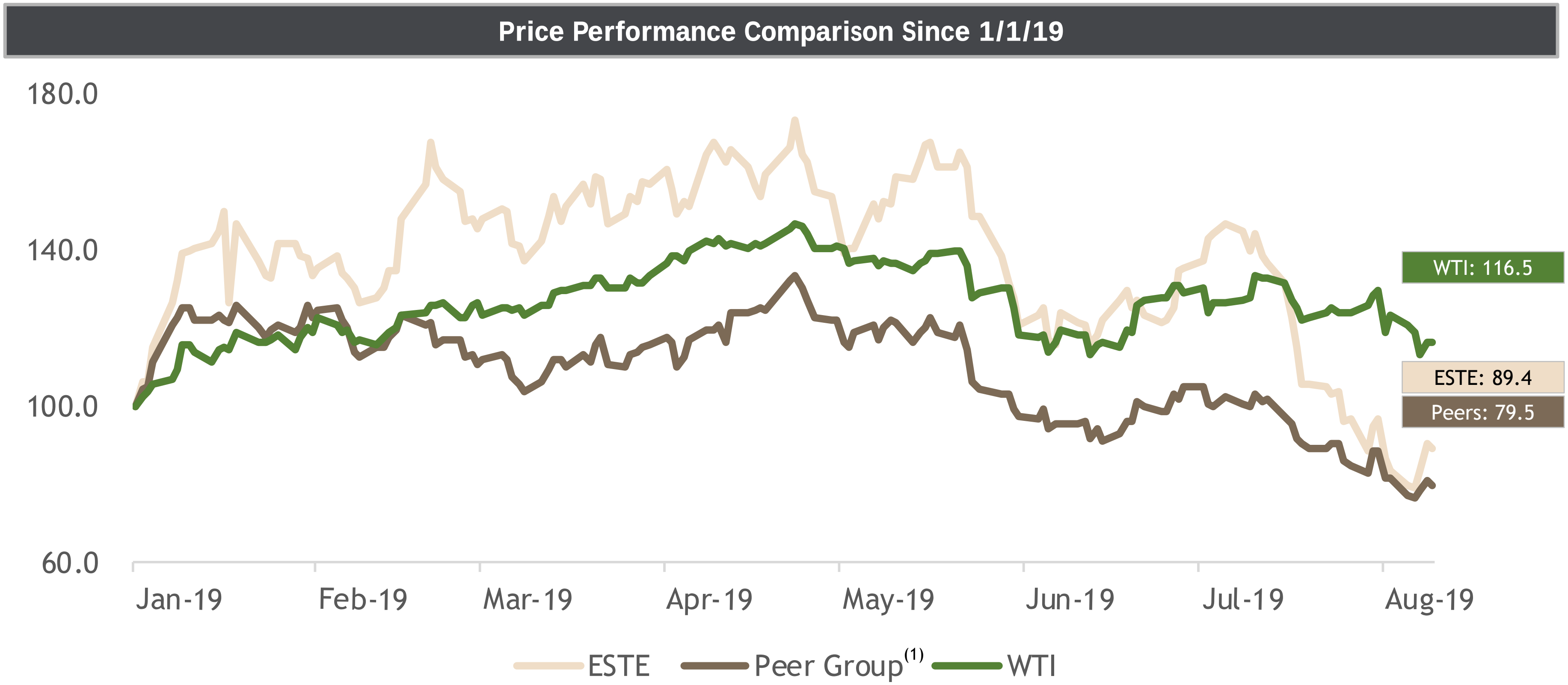


E&Ps with Scale Tend to Trade at Higher TEV / NTM EBITDA Multiples



Source: Factset, Wall Street research. Market data as of 8/9/19

Price Performance Since 1/1/19



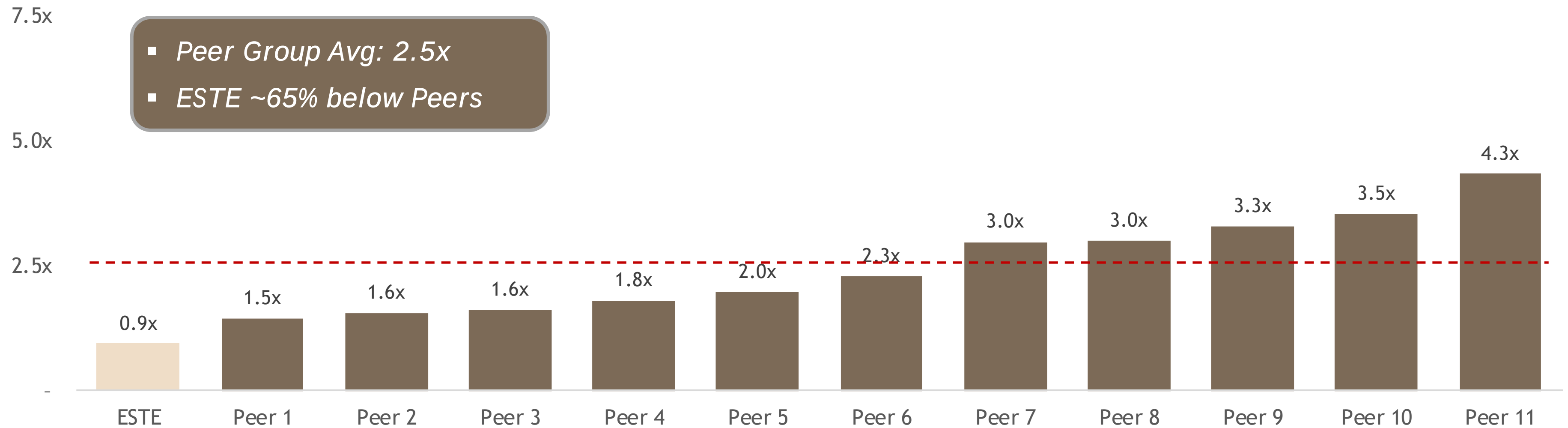
ESTE has traded above its broader / higher graded peer group despite market price declines

Source: Factset, Wall Street research. Market data as of 8/9/19
(1) Peers include CDEV, CPE, CRZO, JAG, LPI, MTDR, PE, QEP, ROSE, SM and WPX

Leverage and Adjusted EBITDAX

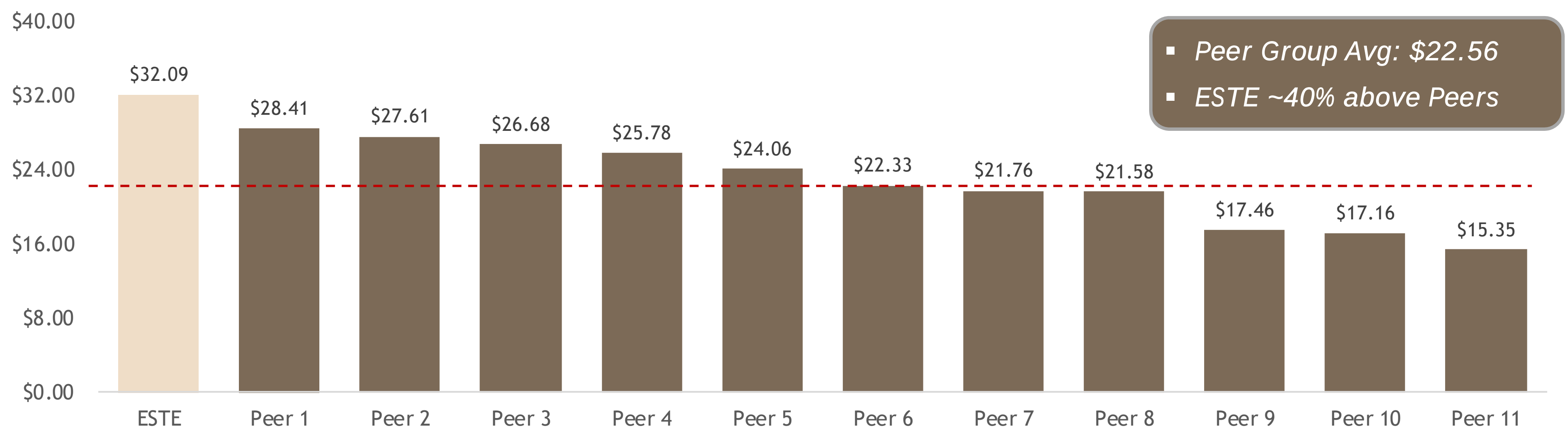
Total Debt / 1Q19 Annualized Adjusted EBITDAX (1)

- *Peer Group Avg: 2.5x*
- *ESTE ~65% below Peers*



1Q19 Adjusted EBITDAX / BOE (1)

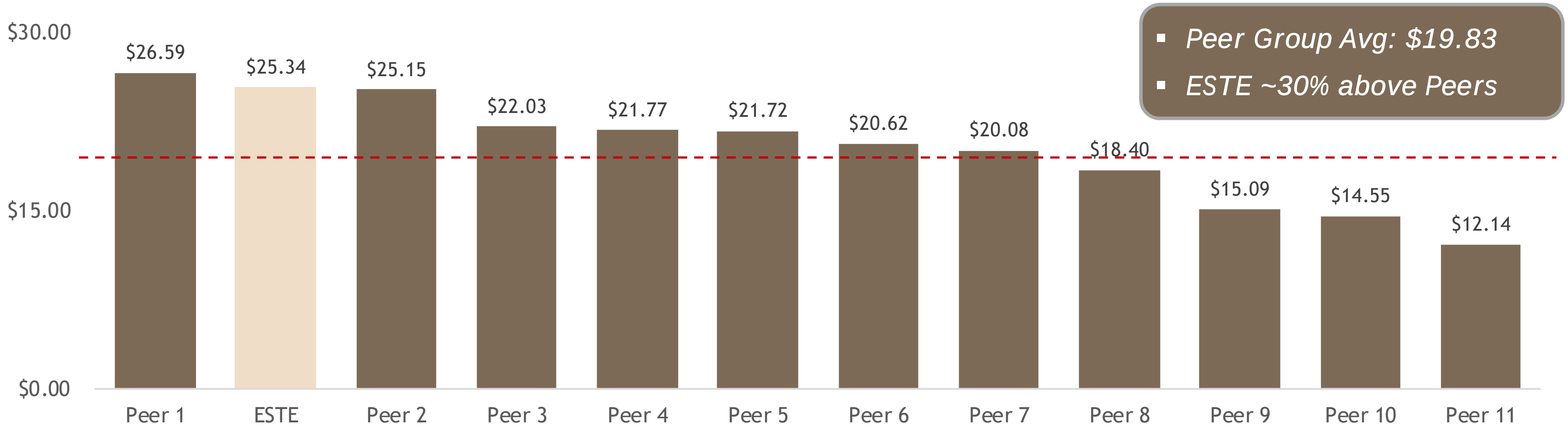
- *Peer Group Avg: $22.56*
- *ESTE ~40% above Peers*



Note: Peers include CDEV, CPE, CRZO, JAG, LPI, MTDR, PE, QEP, ROSE, SM and WPX
(1) Adjusted EBITDAX includes expensing any capitalized G&A. Companies that capitalized a portion of their G&A include: CPE, CRZO, LPI and MTDR

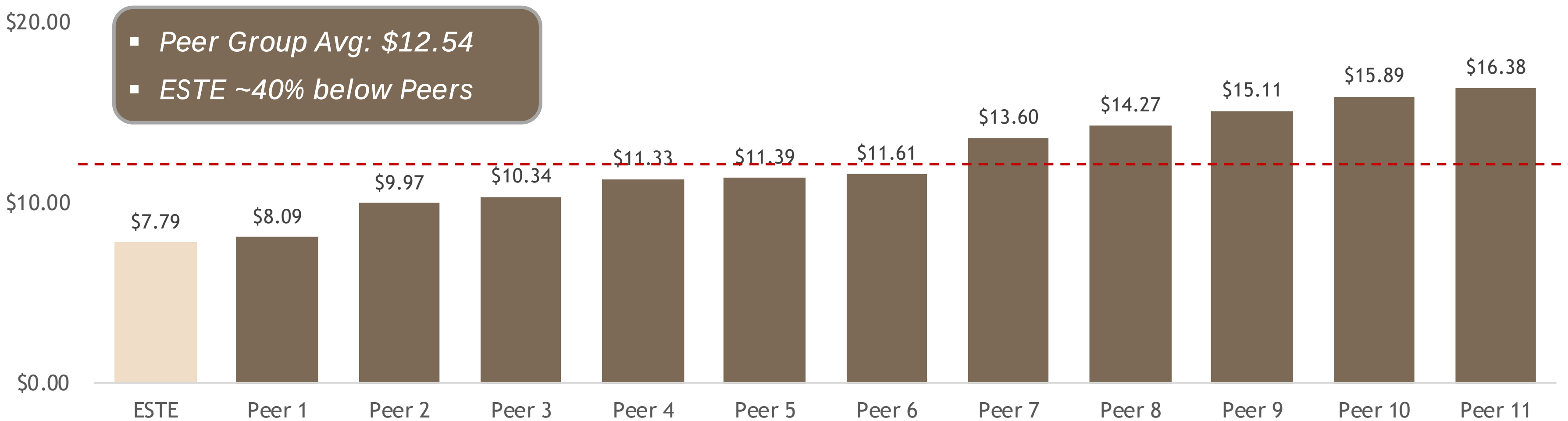
Top Tier Cash Margins and Finding Costs

1Q19 All-in Unhedged Cash Margin ($/Boe) (1)



- *Peer Group Avg: $19.83*
- *ESTE ~30% above Peers*

2018 F&D – All Sources ($/Boe) (2)



- *Peer Group Avg: $12.54*
- *ESTE ~40% below Peers*

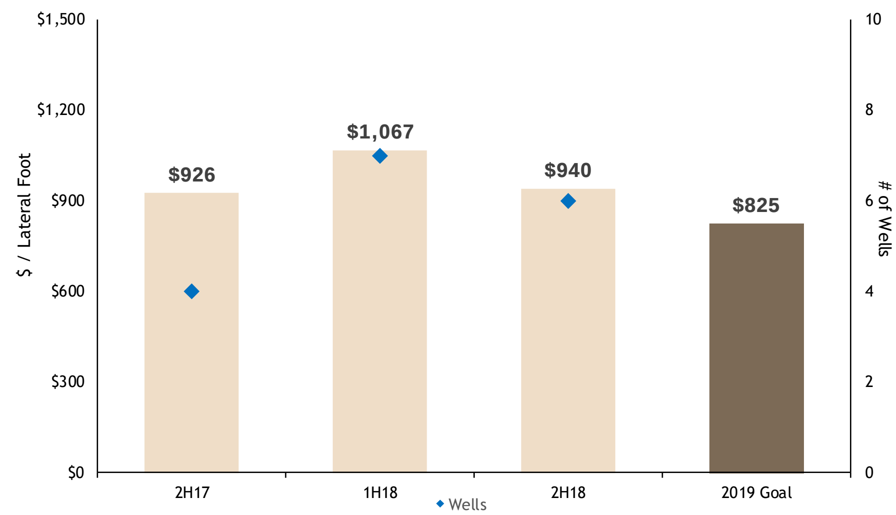
Note: Peers include CDEV, CPE, CRZO, JAG, LPI, MTDR, PE, QEP, ROSE, SM and WPX
(1) Source: 1Q 2019 company filings. All-in unhedged cash margin calculated on a per Boe basis as revenues prior to hedge impact less LOE, ad valorem and production taxes, transportation expense, cash G&A expense and interest expense. Excludes impact of hedging and income taxes. Cash G&A and interest expense includes expensing of capitalized cash G&A and capitalized interest expense, respectively
(2) Source: 2018 year-end reserve disclosures from company filings. Calculated as: (Total Costs Incurred / (Reserve Revisions + Extensions & Discoveries + Purchases))

Continuous Focus on Operational Improvement

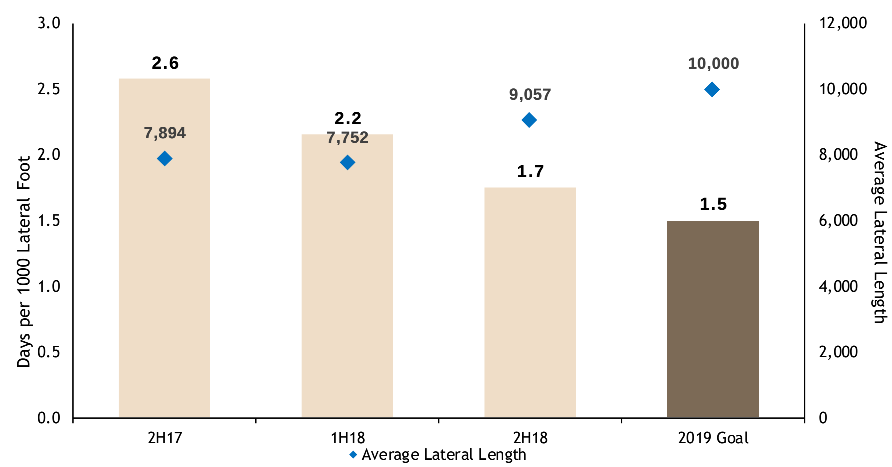
- Meaningful improvements in drilling days and prudent service cost management over past year
  - D&C / lateral foot flat despite inflationary environment in the last 12 months
- Continue to see improvement in completion efficiencies
  - Over the last 12 months, improved completions efficiency from 5 stages per day to 9 stages per day
- Larger inventory of extended lateral locations also expected to drive improved efficiencies
- Earthstone's completion evolution is setting the stage for further well performance improvement
  - Use of in-basin sand to help drive down costs while not affecting well performance
  - Continue to evaluate new completion techniques to cost effectively enhance well performance

Track record of driving down costs through improved operational efficiencies to drive returns

Actual Drilling, Completions & Equipment Cost / Foot (1)(2)



Spud to Rig Release Days (1)(3)



(1) Excludes wells that required additional casing string or pilot well test
(2) Based on current guidance and management estimates
(3) Spud to rig release days = average spud to rig release days / (average lateral foot/1000) for 10,000' laterals

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Earthstone Strengths Make Us A Natural Consolidator		
Keys To Successful Consolidation	**Earthstone Strengths**	
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Actively seeking acquisitions and business combinations

Appendix

Contact Information

Frank A. Lodzinski	Chairman and Chief Executive Officer
Robert J. Anderson	President
Mark Lumpkin, Jr.	EVP, Chief Financial Officer
Scott Thelander	Vice President of Finance

Corporate Offices

Houston	1400 Woodloch Forest Drive | Suite 300 | The Woodlands, TX 77380 | (281) 298-4246
Midland	600 N. Marienfeld | Suite 1000 | Midland, TX 79701 | (432) 686-1100
Website	www.earthstoneenergy.com

Reconciliation of Non-GAAP Financial Measure

Earthstone uses Adjusted EBITDAX, a financial measure that is not presented in accordance with United States generally accepted accounting principles ("GAAP"). Adjusted EBITDAX is a supplemental non-GAAP financial measure that is used by Earthstone's management team and external users of its financial statements, such as industry analysts, investors, lenders and rating agencies. Earthstone's management team believes Adjusted EBITDAX is useful because it allows Earthstone to more effectively evaluate its operating performance and compare the results of its operations from period to period without regard to its financing methods or capital structure.

Earthstone defines Adjusted EBITDAX as net income (loss) plus, when applicable, loss (gain) on sale of oil and gas properties; accretion of asset retirement obligations; impairment expense; depletion, depreciation and amortization; transaction costs; interest expense, net; exploration expense; unrealized loss (gain) on derivative contracts; stock based compensation (non-cash); and income tax expense (benefit). Earthstone excludes the foregoing items from net income (loss) in arriving at Adjusted EBITDAX because these amounts can vary substantially from company to company within their industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDAX should not be considered as an alternative to, or more meaningful than, net income (loss) as determined in accordance with GAAP or as an indicator of Earthstone's operating performance or liquidity. Certain items excluded from Adjusted EBITDAX are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historic costs of depreciable assets, none of which are components of Adjusted EBITDAX. Earthstone's computation of Adjusted EBITDAX may not be comparable to other similarly titled measures of other companies or to similar measures in Earthstone's revolving credit facility.

The following table provides a reconciliation of Net income to Adjusted EBITDAX for:

2Q19 Adjusted EBITDAX ($ in 000s)

	2Q19
Net income (loss)	$19,537
Accretion of asset retirement obligations	$54
Impairment expense	$0
Depletion, depreciation and amortization	$14,197
Interest expense, net	$1,677
Transaction costs	$0
Loss/(Gain) on sale of oil and gas properties	$201
Exploration expense	$0
Unrealized loss (gain) on derivative contracts	($4,902)
Stock based compensation (non-cash) (2)	$2,261
Income tax expense (benefit)	$613
Adjusted EBITDAX	**$33,637**

FY 2018 Adjusted EBITDAX ($ in 000s)

	FY 18
Net income (loss) (1)	$95,213
Accretion of asset retirement obligations	$169
Impairment expense	$4,581
Depletion, depreciation and amortization	$47,568
Interest expense, net	$2,898
Transaction costs	$13,524
Loss/(Gain) on sale of oil and gas properties	($1,919)
Exploration expense	$630
Unrealized loss (gain) on derivative contracts	($76,038)
Stock based compensation (non-cash) (2)	$7,071
Income tax expense (benefit)	$2,470
Adjusted EBITDAX	**$96,167**

(1) Net income includes a $4.8 million charge to expense accrual representing management's estimate of a pending lawsuit settlement
(2) Included in General and administrative expense in the Consolidated Statements of Operations

Reserves Summary and Non-GAAP Financial Measure (PV-10)

Earthstone's proved reserves as of December 31, 2018 were independently estimated by Cawley, Gillespie & Associates, Inc. ("CGA"), independent petroleum engineers, utilizing SEC prescribed oil and gas prices of $65.56/bbl and $3.100/mmbtu, respectively, calculated for December 31, 2018. SEC prices net of differentials were $61.52/bbl and $2.16/Mcf for oil and gas, respectively.

Year-End 2018 SEC Proved Reserves

Reserves Category	Oil (Mbbls)	Gas (MMcf)	NGL (MBbls)	Total (MBoe)	PV-10 ($ in thousands)
Proved Developed	14,325	26,110	4,969	23,646	$435,736
Proved Undeveloped	44,709	87,107	15,974	75,201	572,764
Total	**59,034**	**113,217**	**20,943**	**98,847**	**$1,008,500**

We believe that the above reserve summary including PV-10 is relevant and useful to investors because it presents the discounted (at 10%) future net cash flows attributable to our estimated net proved reserves which is a useful measure for evaluating the relative monetary significance of our oil and natural gas properties. Further, investors may utilize the measure as a basis for comparison of the relative size and value of our reserves to other companies. We use this measure when assessing the potential return on investment related to our oil and natural gas properties. PV-10, however, is not a substitute for the Standardized Measure which includes estimated future income taxes. Our PV-10 measure and the Standardized Measure do not purport to present the fair value of our oil and natural gas reserves. The following table provides a reconciliation of PV-10 of the Company's estimated proved properties to the Standardized Measure (in thousands):

Reconciliation of PV-10

Present Value of estimated future net revenues (PV-10)	$1,008,500
Future income taxes, discounted at 10%	(49,048)
Standardized measure of discounted future net cash flows	**$959,452**

F&D Costs per Unit

F&D costs per unit is a non-GAAP metric commonly used in the oil and gas exploration and production industry by companies, investors and analysts in order to measure a company's ability of adding and developing reserves at a reasonable cost. F&D costs per unit is a statistical indicator that has limitations, including its predictive and comparative value. In addition, because F&D costs per unit do not consider the costs or timing of future production of new reserves, such measures may not be adequate measures of value creation. This reserve metric may not be comparable to similarly titled measurements used by other companies.

The calculation for F&D costs per unit is based on estimated costs incurred in 2018. The calculation for F&D costs per unit does not include future development costs required for the development of proved undeveloped reserves.

The following table provides a calculation of the F&D costs per unit.

F&D Costs per Unit

Costs Incurred ($ in thousands)	2018
Acquisition costs:	
Proved	$41,569
Unproved	31,268
Exploration costs	630
Development costs	153,161
Total Costs Incurred	**$226,628**

Reserve Additions (MBoe)	2018
Extensions and Discoveries	16,209
Purchases	6,810
Revisions	6,075
Total Reserves Added	**29,094**
F&D Cost Per Boe	**$7.79**