

Positive 2017 Recycle Ratio

Recycle Ratio: (Margin divided by F&D)

Current 2017 Strip Natural Gas price: ~\$2.50

Less: 4Q 2015 Corporate differential \$0.35

4Q 2015 All-in cash unit costs \$1.66

Adjusted Margin ~\$0.49

**Expected future development
Cost for PUD reserves \$0.40**

Positive 2017 unhedged Recycle Ratio 1.23