

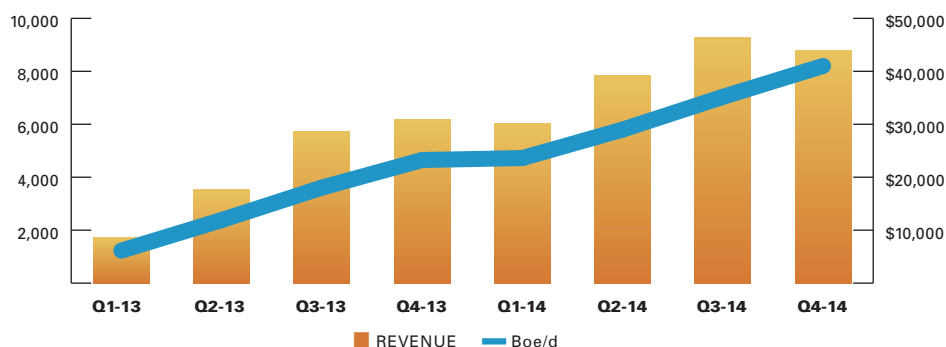


FINANCIAL OVERVIEW

Through our emphasis on operating and G&A cost control initiatives, the Company's record oil and natural gas sales translated to best-in-class Adjusted EBITDAX Margin (79 percent) among peers our size and a full 10 absolute percentage points higher than the average of our entire peer group.

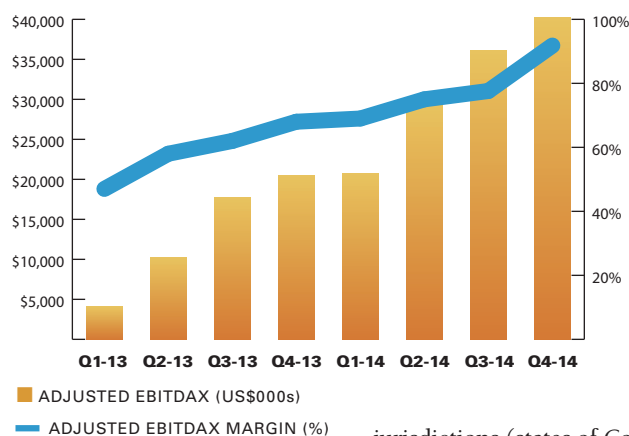
As a result of its significant production increase, the Company's 2014 oil, NGL and natural gas sales revenue increased by \$74.4 million to \$159.8 million; an 87 percent increase compared to \$85.3 million in 2013.

REVENUE (US\$000s) AND PRODUCTION (Boe/d)



This topline growth resulted in Adjusted EBITDAX increase of \$73.8 million to \$126.4 million (79 percent of revenue); a 140 percent increase compared to \$52.6 million (62 percent of revenue) in 2013. In other words, for every \$1.00 of revenue growth compared to 2013, the Company added \$0.99 of 2014 Adjusted EBITDAX growth.

ADJUSTED EBITDAX AND MARGIN



This Adjusted EBITDAX (generally a good proxy for our operating cash flow) increase was primarily the result of increased revenue and the following cost controlled operating expenses:

- *Lease operating expenses* increased only slightly (12 percent), despite significant production increases (108 percent). As a result of several changes in its field operations and economies of scale, the Company has realized improvement in its lease operating costs per barrel.

- *Production taxes* also only increased slightly (11 percent), despite significant revenue increase (87 percent). Through a series of strategic dispositions, the Company has shifted its state production mix from primarily high severance tax rate

jurisdictions (states of Colorado and North Dakota) to lower severance tax rate jurisdictions (states of Texas and Oklahoma).

- *General and administrative expenses* remained relatively flat compared to prior year. This is primarily due to the fact that the Company began ramping up staffing in 2013 as it expected development growth in late 2013 and 2014.