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Ring Energy, Inc. Releases First Quarter 2017 Operations Update

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MIDLAND, Texas--(BUSINESS WIRE [1])--Ring Energy, Inc. (NYSE MKT: REI) ("Ring") ("Company") today released its operations update for the first quarter of 2017. The Company, in the three months ended March 31, 2017, drilled seven one-mile lateral horizontal San Andres wells and is currently drilling an eighth on its Central Basin Platform ("CBP") asset. Five of the seven wells have been completed, with the remaining two to be completed in the second quarter. In addition, Ring drilled two new saltwater disposal wells and performed extensive work expanding its oil, gas and water handling infrastructure. On its Delaware Basin ("Delaware") property, the Company drilled two new vertical wells. Both wells are scheduled to be completed in the Cherry Canyon formation in the second quarter. Also on its Delaware property, the Company performed recompletions on two existing Cherry Canyon wells, drilled one new saltwater disposal well, and continued upgrading and expanding the gas and water handling systems.

As a result, net production for the first quarter of 2017 was approximately 266,000 BOEs (Barrel of Oil Equivalent), as compared to net production of 225,500 BOEs for the same quarter in 2016, an approximate 18% increase, and net production of 240,000 for the fourth quarter of 2016, an approximate 10.8% increase. March 2017 average net daily production was approximately 3,618 BOEs, as compared to net daily production of 2,370 BOEs in March 2016. The average estimated price received per BOE in the first quarter 2017 was $45.00.

Central Basin Platform –

In the three months ended March 31, 2017, the Company drilled seven one-mile lateral horizontal San Andres wells and is currently drilling its eighth. Five of the wells have been completed and put in production, with the remaining two to be completed in the second quarter. The five completed wells had 24 hour gross initial production ("IP") rates ranging from 377 barrel of oil equivalents per day ("BOEPD") to well over 800 BOEPD with an average gross BOEPD of 660. These production rates were taken anywhere from 15 to 30 days after the wells were put in production. This compares very favorably with the first three horizontal wells drilled in late 2016 and exceeds the Company's original expectations. Mr. Danny Wilson, Executive Vice President of Operations, commented, "We are extremely pleased with the initial results of our horizontal drilling program on our CBP asset. When we initiated our three-well pilot horizontal drilling program last year, we had certain expectations based on the extensive review and due diligence we performed on both the current and historical results of neighboring operators. As of the end of the first quarter, we have drilled a total of 10 horizontal San Andres Wells on our CBP. Of these, two are 1.5 mile laterals, one is a 1.25 mile lateral, and the remaining seven are one mile laterals. Our original average net estimated ultimate recovery ("EUR") target when starting the program was 55 barrel of oil equivalents ("BOE") per lateral foot, with the knowledge and understanding that some wells will be more productive than others. The initial results on the longer laterals are showing preliminary net EURs of 35 to 55 BOE/ft. Based on a net received oil price of $45/barrel and a drill and complete cost of $2.4 million, those wells will yield over a 90% internal rate of return ("IRR") on the lower end, up to an IRR over 240% on the higher end. The one-mile laterals, although preliminary, are on track to have EURs ranging between 40 net BOE/ft to over 100 net BOE/ft. Based on a received oil price of $45/barrel and a drill and complete cost of $2 million, those wells will yield over a 70% IRR on the lower end, up to an IRR over 500% on the higher end. Currently the average net EUR of all of our horizontal wells exceeds 59 BOE/ft."

Delaware Basin –

In the first quarter of 2017, the Company drilled two new vertical wells, performed two recompletions on existing Cherry Canyon wells, drilled one new saltwater disposal well, and continued to upgrade and expand its gas and water handling systems. The two new vertical wells were drilled deep enough to perform tests and gather information on the Brushy Canyon. Both wells are scheduled to be completed in the Cherry Canyon in the second quarter.

Mr. Kelly Hoffman, Ring's Chief Executive Officer, stated, "The first quarter of 2017 is the culmination of a lot of hard work and perseverance by everyone on our staff. As commodity prices began to improve in late 2016, we put together a development program, focusing on the potential of a horizontal drilling and development program on our Central Basin Platform asset. The results have far exceeded our expectations. We posted record production and are extremely excited for the rest of 2017. Our land staff, through hard work, added an additional 10,000 gross acres to our horizontal footprint in the CBP in the first quarter. This brings our gross horizontal acreage on the CBP to over 54,000 (30,000 net) acres and over 500 gross (285 net) potential horizontal drilling locations. We continue to seek out opportunities that complement our existing asset base while optimizing our current portfolio and growing our production, inventory and reserves."

About Ring Energy, Inc.

Ring Energy, Inc. is an oil and gas exploration, development and production company with current operations in Texas and

Kansas.
www.ringenergy.com [2]

Safe Harbor Statement

This release contains forward-looking statements within the meaning of the “safe-harbor” provisions of the Private Securities Litigation Reform Act of 1995 that involve a wide variety of risks and uncertainties, including, without limitations, statements with respect to the Company’s strategy and prospects. Such statements are subject to certain risks and uncertainties which are disclosed in the Company’s reports filed with the SEC, including its Form 10-K for the fiscal year ended December 31, 2016 and its other filings with the SEC. Readers and investors are cautioned that the Company’s actual results may differ materially from those described in the forward-looking statements due to a number of factors, including, but not limited to, the Company’s ability to acquire productive oil and/or gas properties or to successfully drill and complete oil and/or gas wells on such properties, general economic conditions both domestically and abroad, and the conduct of business by the Company, and other factors that may be more fully described in additional documents set forth by the Company.

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Contact:

K M Financial, Inc.
Bill Parsons, 702-489-4447

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