

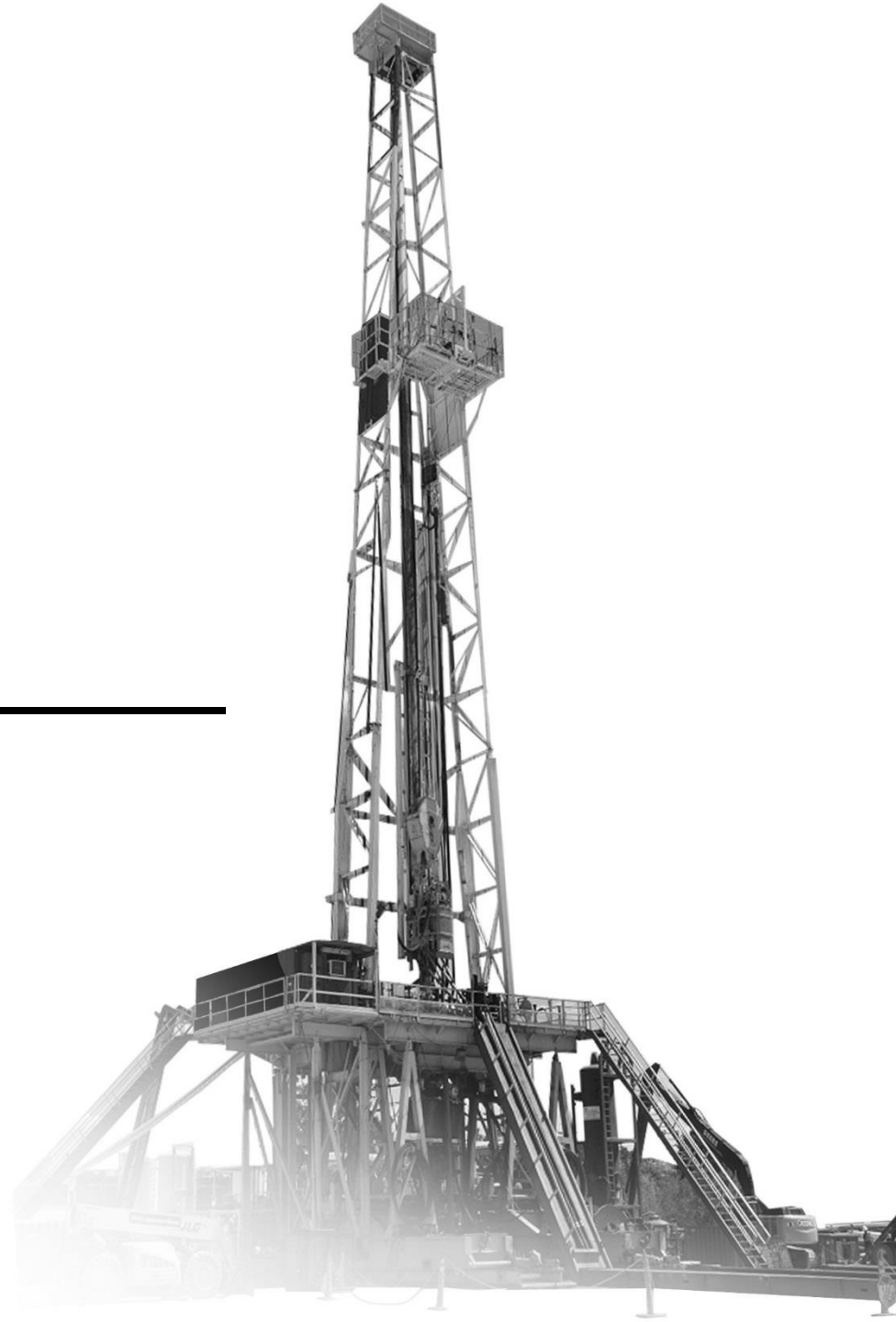


**EARTHSTONE**  
*Energy, Inc.*

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## **EnerCom Dallas Conference**

February 21, 2018



# 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,” “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: risks relating to any unforeseen liabilities; further declines in oil, natural gas liquids or natural gas prices; 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 level of indebtedness and periodic redeterminations of the borrowing base under Earthstone’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 asset dispositions 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 2016 Annual Report on Form 10-K/A, quarterly reports on Form 10-Q, recent current reports on Form 8-K and any amendments of such filings, 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.

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# Disclaimer

## *Oil and Gas Reserves*

The SEC generally permits oil and gas companies, in filings made with the SEC, to disclose estimated proved reserves, which are estimates of reserve quantities that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, and certain probable and possible reserves that meet the SEC's definitions for such terms. Earthstone discloses only estimated proved reserves in its filings with the SEC. Earthstone's estimated proved reserves as of December 31, 2016 contained in this presentation were prepared by Cawley, Gillespie & Associates, Inc., an independent engineering firm ("CG&A"), and comply with definitions promulgated by the SEC. Bold Energy III LLC's ("Bold") estimated proved reserves as of December 31, 2016 contained in this presentation were prepared by CG&A, Inc. Additional information on Earthstone's and Bold's estimated proved reserves is contained in Earthstone's filings with the SEC. 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.

Certain estimates of proved reserves contained herein were independently prepared by CG&A utilizing NYMEX 5-year strip prices for oil and natural gas as of December 31, 2016.

# Investment Highlights

## Midland Basin Focused Company with Growing Inventory

- ✓ Actively growing in the Midland Basin
- ✓ Growth through drill bit, acquisitions and significant business combinations
- ✓ ~850 total gross drilling locations across core plays
- ✓ Upside from down-spacing and added benches

## Prudently Managed Balance Sheet

- ✓ Liquidity of \$183 million<sup>(1)</sup>, adequate to fund near-term capital expenses
- ✓ Conservative capital structure with low leverage
- ✓ Traditional reserve-based credit facility with standard covenants

## Visible Production Growth & Drilling Program with Substantial Optionality

- ✓ Midland Basin and Eagle Ford wells-in-progress provide ability to ramp up production quickly
- ✓ Majority of acreage in key areas is HBP

## Proven Management Team

- ✓ Four prior successful public entities
- ✓ Operational excellence
- ✓ Repeat institutional investors
- ✓ Market recognition from investors and sellside research analysts

(1) Liquidity estimated of December 31, 2017 based on \$25mm drawn on revolving credit facility and \$23mm of cash on hand. Borrowing base was upsized to \$185mm in Q4 2017.

# Track Record

- **Management team has consistently created shareholder value**

- Repeated success with multiple entities over 25 years
- Results have created long-term and recurring shareholders
- Extensive industry and financial relationships
- Technical and operational excellence
  - Multi-basin experience
  - Resource & conventional expertise
  - Complex drilling & horizontal resource proficiency
  - Efficient and low-cost operator
  - Proven acquisition and exploitation results



GeoResources, Inc.

**2007 – 2012 GeoResources, Inc. (“GEOI”)**  
Eagle Ford, Bakken / Three Forks, Gulf Coast  
*Initial investors – 35% IRR*  
*Initial investors – 4.8x return*

Initial Southern Bay investors achieved a combined 7.4x ROI upon the merger with GeoResources and subsequent sale in 2012

**2005 – 2007 Southern Bay Energy, LLC (Private)**

Gulf Coast, Permian Basin  
*Initial investors – 40% IRR*

**2001 – 2004 AROC, Inc. (Private)**

Gulf Coast, Permian Basin, Mid-Con.  
*Preferred investors – 17% IRR*  
*Initial investors – 4x return*

**1997 – 2001 Texoil, Inc. (“TXLI”)**

Gulf Coast, Permian Basin  
*Preferred investors – 2.5x return*  
*Follow-on investors – 3x return*  
*Initial investors – 10x return*

**1992 – 1996 Hampton Resources Corp. (“HPTR”)**

Gulf Coast  
*Preferred investors – 30% IRR*  
*Initial investors – 7x return*

Note: “Initial investors” refers to (i) in the case of private entities, investors that participated in the initial capitalization or recapitalization of the entity at the time a change in management occurred, or (ii) in the case of public entities, public shareholders existing at the date the transaction was announced to the public. Past performance is not necessarily indicative of future results.

# Management


- Strong management and technical team with demonstrated ability and prior success
- Equity ownership - interests are clearly aligned with shareholders

	Years of Experience	Years Working Together	Responsibility
Frank Lodzinski	45	28	President and CEO
Robert Anderson	30	13	Corporate Development and Engineering
Mark Lumpkin	20	1	CFO
Steve Collins	28	21	Completions and Operations
Tim Merrifield	37	17	Geology and Geophysics
Francis Mury	42	28	Drilling and Development
Ray Singleton	37	3	Operations and A&D, Northern Region
Tony Oviedo	35	1	Accounting and Administration
Lane McKinney	20	4	Land
Scott Thelander	11	1	Finance

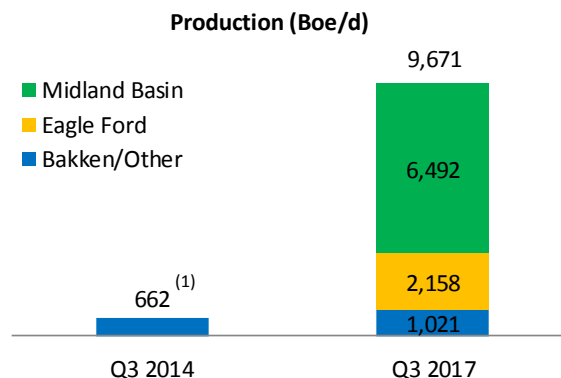
# Earthstone – A Platform for Steady Growth

- Since December 2014, Earthstone has evolved from a micro cap, non-op Bakken / Three Forks company to a small cap operator that is primarily focused in the Midland Basin

**November 2014**



**Bakken / Three Forks**  
662 Boe/d<sup>(1)</sup>



**Q3 2017**



**Midland Basin**  
**Eagle Ford**  
**Bakken / Three Forks**  
9,671 Boe/d


## Resource Expansion

**December 2014**



**Strategic Combination**  
**Eagle Ford Operator**


**December 2014**



**Q2/Q3 2015**  
**Private Sellers**

**Eagle Ford**  
**Karnes, Gonzales,**  
**Fayette Counties, TX**

**Q2 2016**



**Midland Basin**  
**5,883 Net Acres**  
**Howard, Glasscock**  
**Counties, TX**

**Q2 2017**



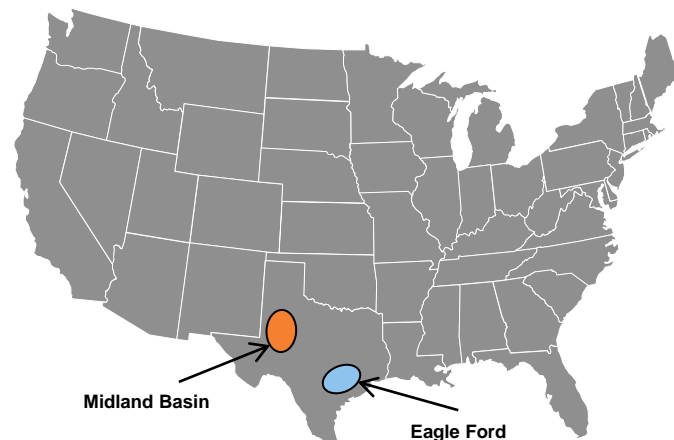
**Midland Basin**  
**20,900 Net Acres**  
**Reagan, Upton,**  
**Midland Counties, TX**

(1) Daily production for the three month period ended September 30, 2014.

# Company Overview

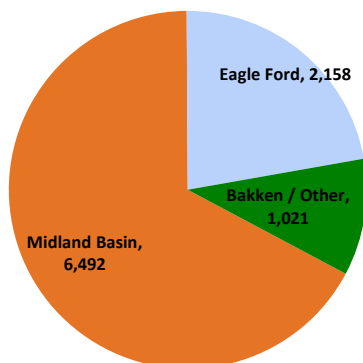
- The Woodlands, Texas based E&P company focused on development and production of oil and natural gas with current operations in the Midland Basin (~27,000 core net acres) and the Eagle Ford (~16,500 core net acres)
  - Closed sale of Bakken assets in December 2017
- Strategy of growing through the drill bit, organic leasing, and attractive asset acquisitions and business combinations
- Q3 2017 production of 9,671 Boe/d (63% oil, 82% liquids)
- On May 9, 2017, Earthstone closed a business combination with Bold Energy III LLC
  - 20,900 net acres predominantly in Reagan, Upton, and Midland Counties
  - 500+ gross locations; 99% operated; 87% working interest
- In May 2016, Earthstone closed its business combination with Lynden Energy Corp. and established its initial presence in the Midland Basin
  - 5,883 net acres in Howard, Glasscock, Midland, and Martin Counties
  - 177 gross locations; 40% working interest

## Asset Location



## Production Summary

Q3 2017 Net Production: 9,671 Boe/d



## Market Statistics<sup>(1)</sup>

(\$mm, Except Share Price)

Class A Common Stock (mm)	27.5
Class B Common Stock (mm)	36.1
<b>Total Common Stock Outstanding (mm)</b>	<b>63.6</b>
Stock Price (2/14/2018)	\$9.93
<b>Market Capitalization</b>	<b>\$631.1</b>
Plus: Total Debt	\$25.0
Less: Cash	(\$23.0)
<b>Enterprise Value</b>	<b>\$633.2</b>

(1) Class A and Class B Common Stock outstanding as of November 1, 2017. Total debt and cash balances are estimates as of December 31, 2017.



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



Operations	Midland Basin Net Acres	26,900
	Net Midland Basin Locations	475
	% Operated in Midland Basin	77%
	Q3 2017 Production (Mboe/d)	9.7
	% Oil	63%
Reserves	12/31/2016 Estimated Proved Reserves (MMboe) <sup>(1)</sup>	66.1
	% Oil	63%
Q3 Financial	Q3 2017 Revenue (\$mm)	\$31
	Q3 2017 Adjusted EBITDAX (\$mm) <sup>(2)</sup>	\$19
	Q3 2017 LOE (\$/boe) <sup>(3)</sup>	\$6.08
	Q3 2017 G&A (\$/boe) <sup>(4)</sup>	\$6.30
	Borrowing Base (\$mm)	\$185

(1) Reserve quantities and values for Earthstone and Bold were independently estimated by Cawley, Gillespie & Associates, Inc. utilizing NYMEX 5-year strip prices as of December 31, 2016 (Oil – \$56.19, \$56.59, \$56.10, \$56.05, \$56.21 / Gas - \$3.61, \$3.14, \$2.87, \$2.88, \$2.90).

(2) Excludes transaction costs. See "Reconciliation of Non-GAAP Financial Measure – Adjusted EBITDAX".

(3) Includes re-engineering, workovers and ad valorem taxes.

(4) Excludes transaction costs and non-cash stock-based compensation.

# Key Operating Areas

## Midland Basin

1P Reserves (MMBoe)	51.5
% PD	20%
% Oil	61%
PV-10 (\$mm)	402.0
Q3 2017 Net Production (Boe/d)	6,492
Gross Producing Wells	191
Core Net Acres	26,900
Core Gross Drilling Locations	677

## Eagle Ford

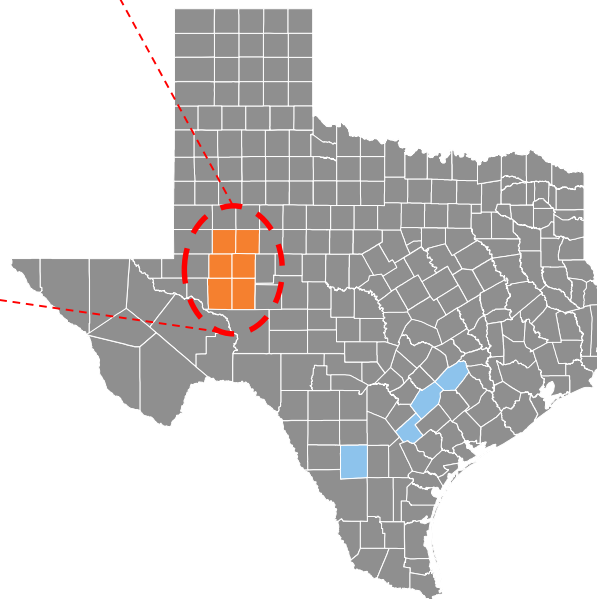
1P Reserves (MMBoe)	11.0
% PD	46%
% Oil	69%
PV-10 (\$mm)	97.1
Q3 2017 Net Production (Boe/d)	2,158
Gross Producing Wells	164
Core Net Acres	16,500
Core Gross Drilling Locations	160

## Bakken / Other<sup>(1)</sup>

1P Reserves (MMBoe)	3.6
% PD	80%
% Oil	63%
PV-10 (\$mm)	26.7
Q3 2017 Net Production (Boe/d)	1,021
Gross Producing Wells	299
Core Net Acres	5,900
Core Gross Drilling Locations	155

## Total

1P Reserves (MMBoe)	66.1
% PD	28%
% Oil	63%
PV-10 (\$mm)	525.8
Q3 2017 Net Production (Boe/d)	9,671
Gross Producing Wells	654
Core Net Acres	49,300
Core Gross Drilling Locations	992



Notes: Reserve quantities and values as of December 31, 2016 for Earthstone and Bold were independently estimated by Cawley, Gillespie & Associates, Inc. utilizing NYMEX 5-year strip prices as of December 31, 2016 (Oil – \$56.19, \$56.59, \$56.10, \$56.05, \$56.21 / Gas - \$3.61, \$3.14, \$2.87, \$2.88, \$2.90). PV-10 is a non-GAAP financial measure. Please see "Non-GAAP Financial Measure – PV-10".

(1) Includes all other properties located in North Dakota, Montana, East/South Texas and Oklahoma.

# Asset Overview

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# Significant Operated Position in the Midland Basin

## Operated Position in Core Midland Basin<sup>(1)</sup>

20,700 net acres, 87% working interest, 500 gross locations identified in only 3 benches

## Q3 2017 Net Production of 5,357 Boe/d

(63% oil, 84% liquids)<sup>(1)</sup>

Wells in progress drive immediate production growth

## Attractive Rates of Returns<sup>(2)</sup>

Single well IRRs of 25-50% (strip prices)

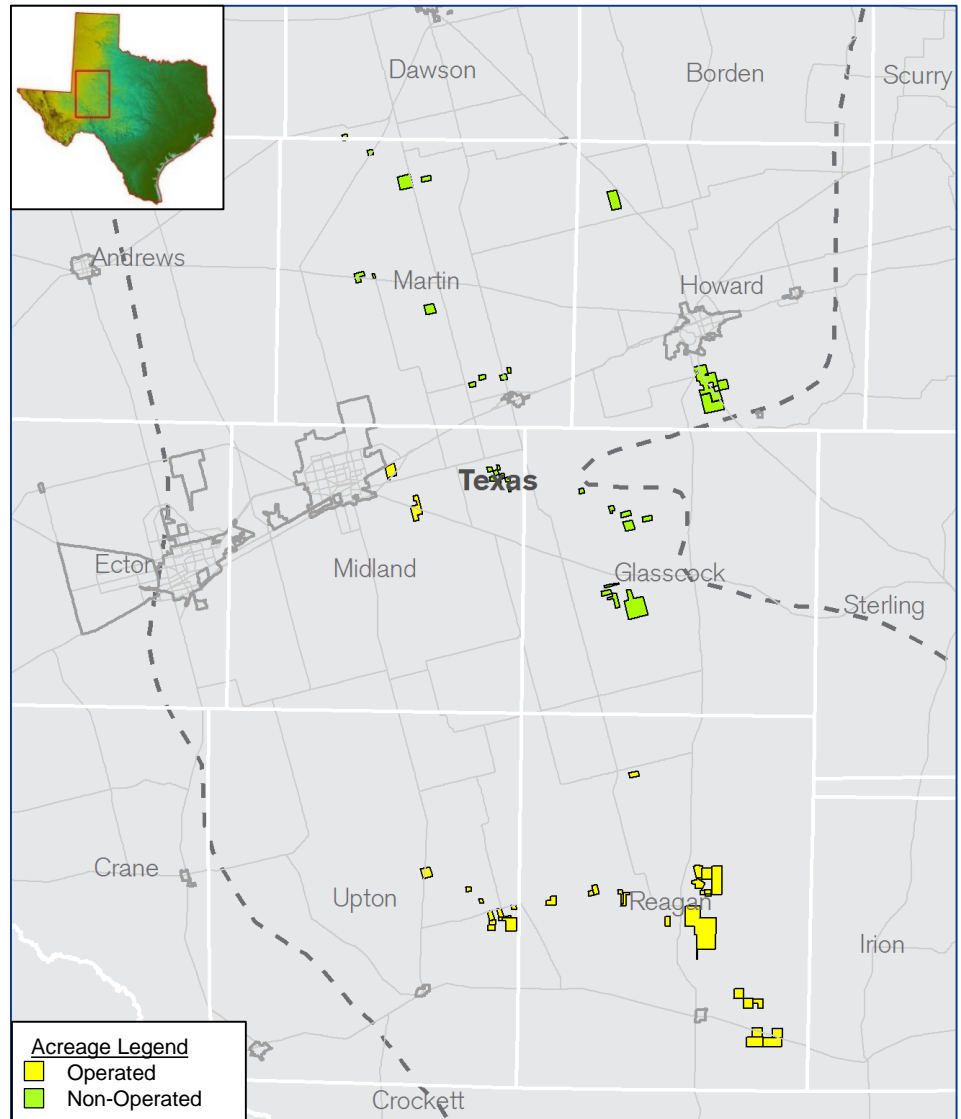
## Position Delineated In Multiple Benches

Strong offset results in the Wolfcamp A and B, Significant Wolfcamp C potential

## Combined Teams with Proven Track Records

Proven technical execution and operational expertise

## Completion Evolution Sets Stage for Further Well Performance Improvement

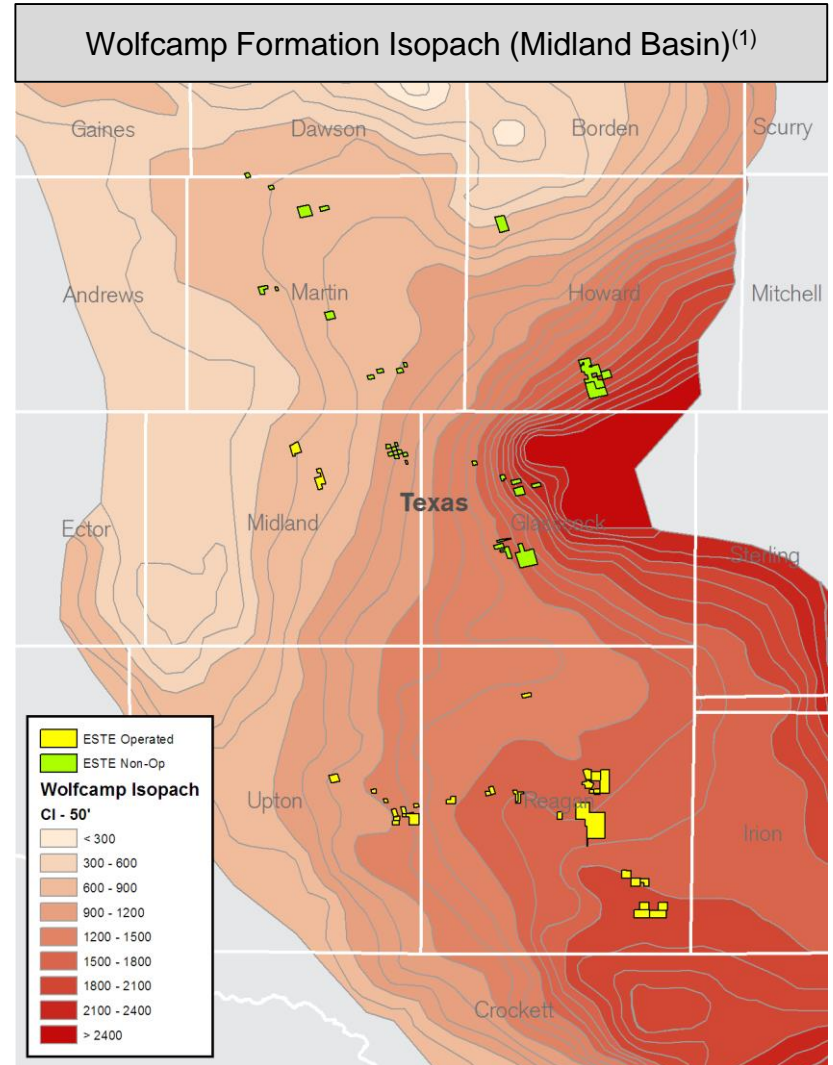


(1) Does not include non-operated position from Lynden acquisition.

(2) Single well returns based on NYMEX 5-year strip prices as of May 1, 2017 (Oil - \$49.58, \$50.21, \$49.95, \$50.15, \$50.81 / Gas - \$3.33, \$3.08, \$2.87, \$2.87, \$2.90).

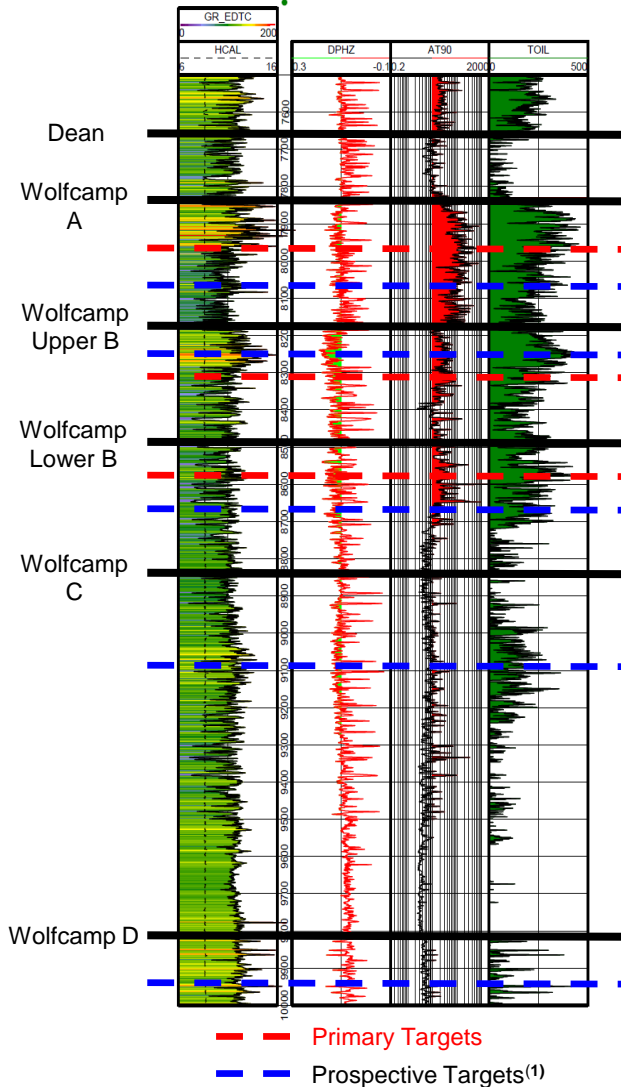
# Consistent Thickness in Place Across the Position

- Reagan County Wolfcamp
  - Thickest Wolfcamp shale section in Midland Basin
- Current Reagan/Upton inventory
  - 1 Wolfcamp A target
  - 2 Wolfcamp B targets
- 7 viable target benches tested or developed by industry
  - 2 Wolfcamp A targets
  - 3 Wolfcamp B targets
  - 1 Wolfcamp C target
  - 1 Wolfcamp D target
- Offset operators have developed five benches in a stacked “wine rack” pattern
  - 2 Wolfcamp A targets
  - 3 Wolfcamp B targets
- Thermal maturity places ESTE’s acreage in oil window with low gas/oil ratios (“GOR”)
  - Average 80% Liquids, 20% Gas
- Shallower true vertical depth (“TVD”) than northern end of Midland Basin
  - D&C costs are lower

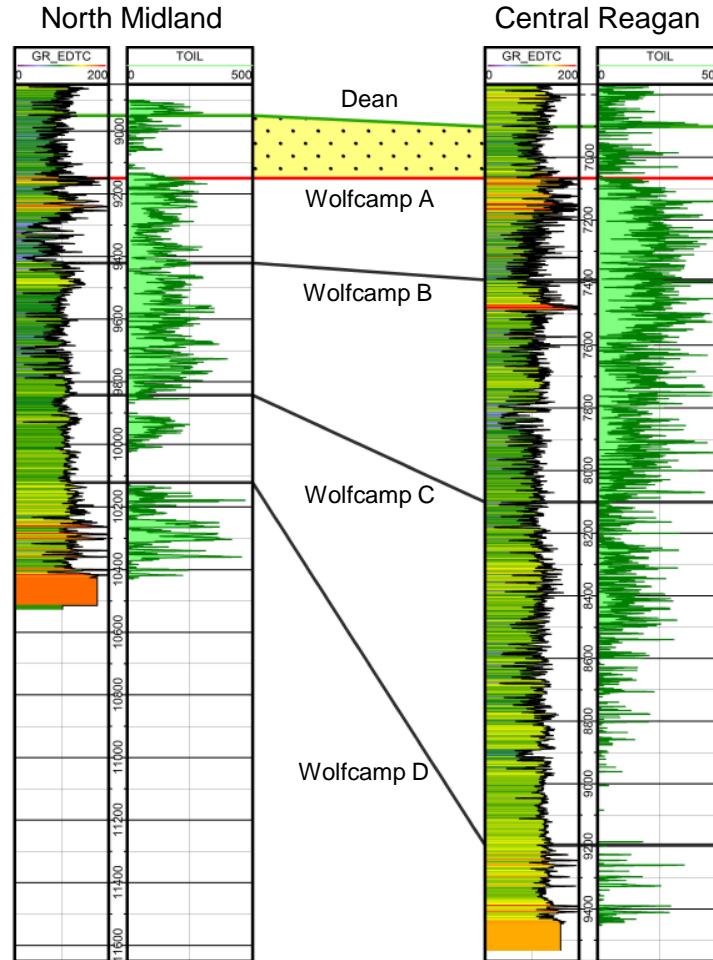


# High Quality Pay Across Multiple Zones

Reagan County Type Section



Reagan Co. Resource Greater than Midland Co.



**Wolfcamp A**  
Thickness increases 50-100'  
from Midland to Reagan County.

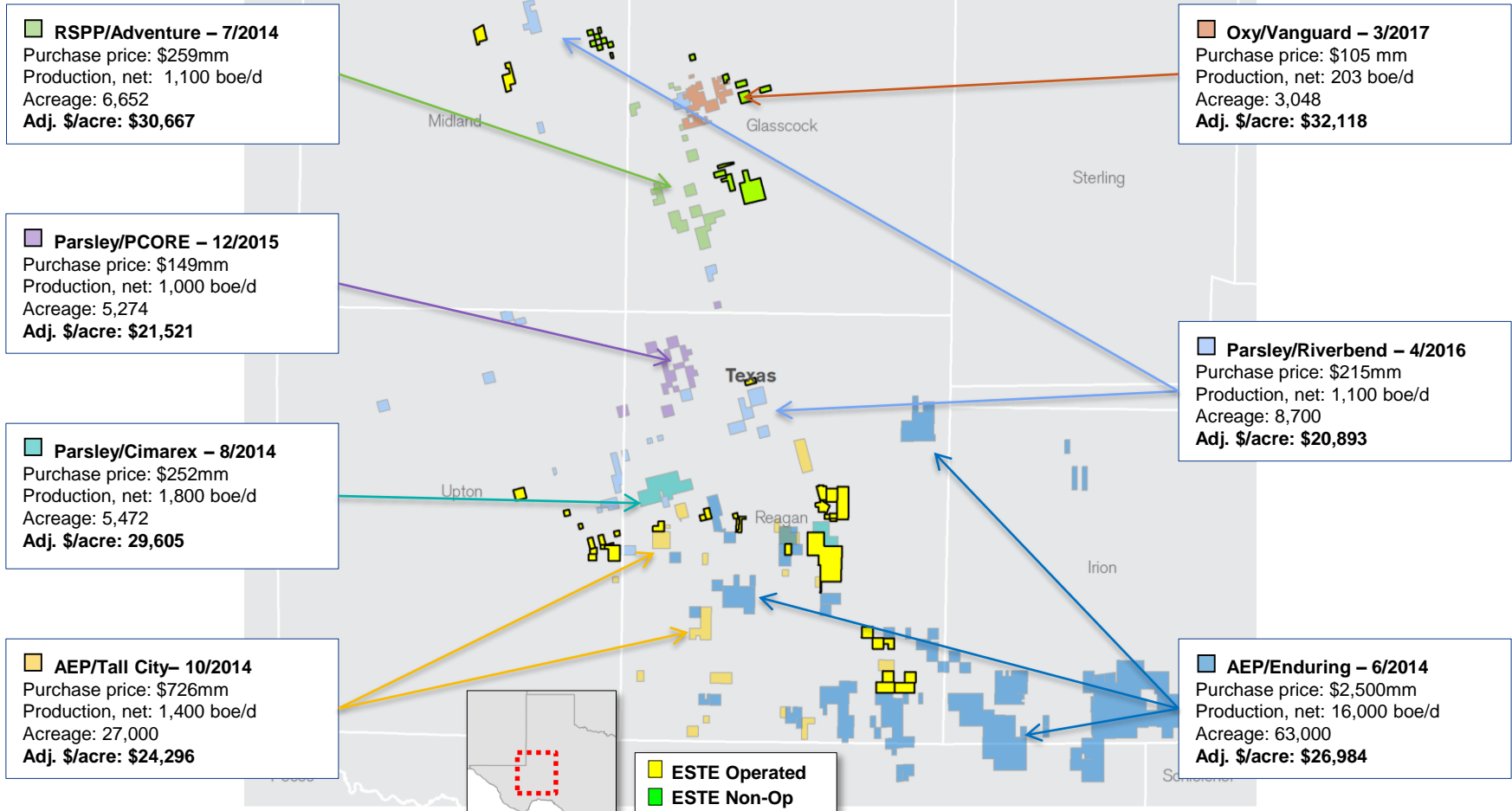
**Wolfcamp B**  
Thickness increases 250-300'  
from Midland to Reagan County.

**Wolfcamp C**  
Bench is much thicker in Reagan  
County.

(1) Prospective targets tested in offset wells by other operators.

# Significant Acreage Position in Midland Basin Core at an Attractive Price

## Selected Midland Basin Transactions



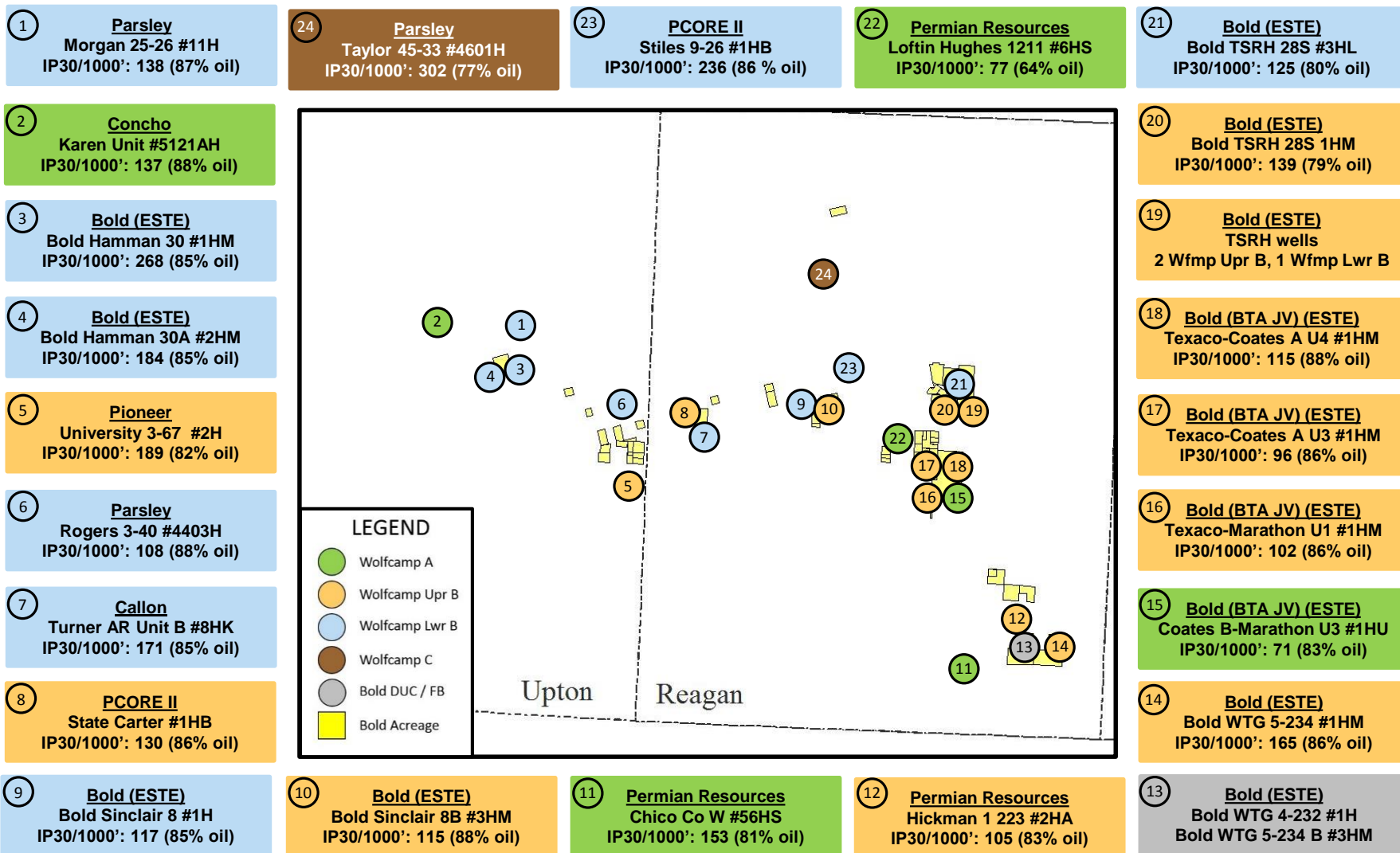
**Compelling Bold purchase price of ~\$12,000<sup>(1)</sup> per undeveloped net acre compares favorably to recent Midland Basin acquisitions**

Source: Company filings and 1Derrick.

Note: Includes transactions with purchase prices greater than or equal to \$100mm at announcement in Reagan, Glasscock and Upton counties for which transaction price and PDP is publicly available. Transaction value excludes PDP value of: \$50,000/boe/d for transactions in 2014, \$35,000/boe/d for transactions in 2015, \$30,000/boe/d in 1H 2016 and \$35,000/boe/d thereafter.

(1) Based on announced transaction value of ~\$324mm on 11/8/2016 and PDP value of \$35,000/boe/d.

# Excellent Results in Multiple Benches

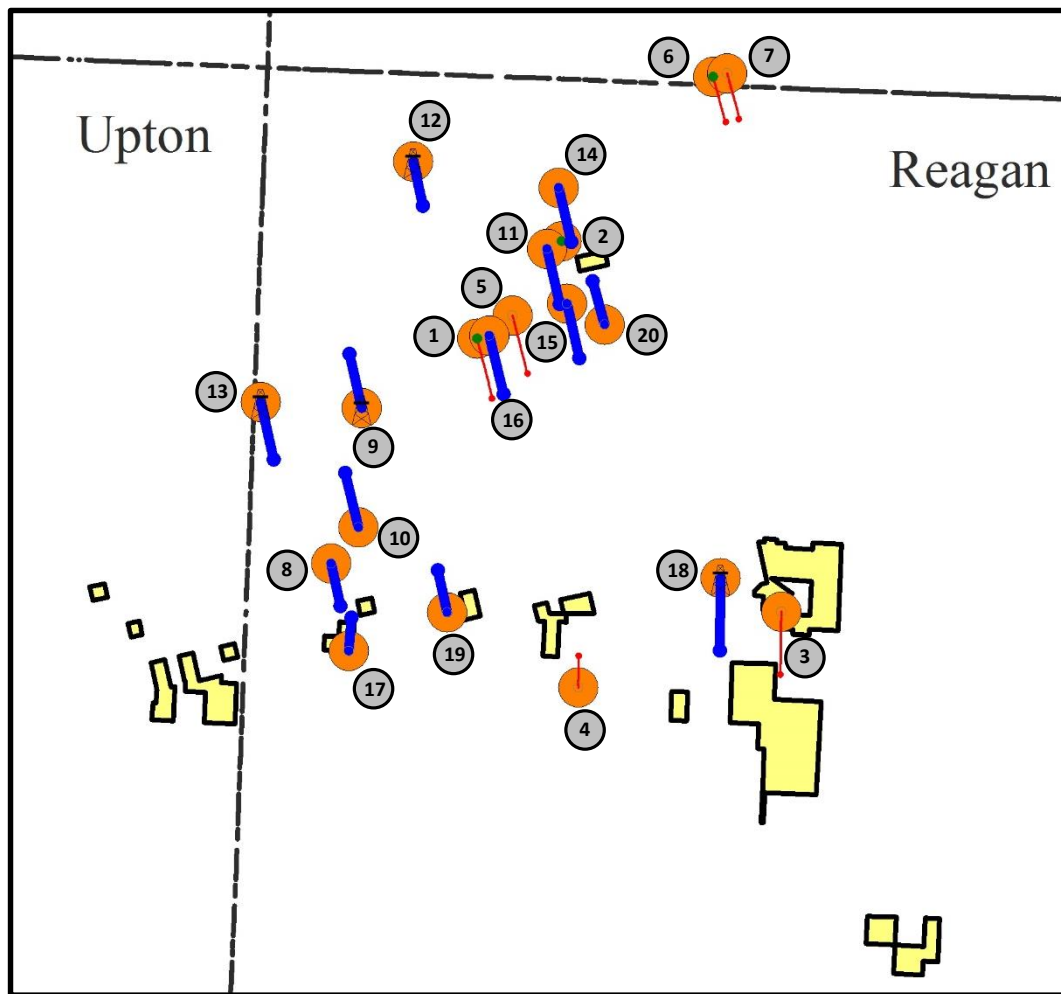


Source: Company filings and investor presentations.  
Note: IP30/1000' are in Boe/d. Wells completed since August 2015.



# Recent Wolfcamp C Activity in Southern Midland Basin

1	PE Taylor 45-33 #4601H IPW2: 2465 BO, 4495 MCFG Cum: 290 MBO in 8 months	2	PE Paige 13A & 12A #4810H IPW2: 1351 BO, 2856 MCFG IP60 of 1600 Boe/d (~56% oil)
3	Parsley Char Hughes 28-2 #4803H IP24: 1,000+ BO/d	4	Parsley Victor 1223 #4804H Completed
5	Parsley Oliver 39-34 #4807H Completed	6	Laredo Lane Trust E 43-42 #1NL IPW2: 607 BO, 933 MCF (12/17)
7	Laredo Lane Trust E 43-42 #5NL IPW2: 491 BO, 1446 MCF (12/17)	8	Callon Eaglehead C A3 #26CH Completed
9	Parsley Bast 34 & 39 #4809H Permitted May 2017	10	Parsley Brynlee 9 & 8 Permitted May 2017
11	Parsley Devin 25-24 #4801H Permitted May 2017	12	Parsley Nunn 5-44 #4803H Permitted October 2017
13	Parsley Kathryn 43 & 42 #4803H Permitted October 2017	14	Parsley Paige 13C-12H #4815H Permitted December 2017
15	Parsley Dallas Keuchel 37-36-C #4805H Permitted December 2017	16	Parsley Taylor 45 & 33 #4807H Permitted January 2018
17	Earthstone (Bold Operating) West Hartgrove 1 #2C Permitted January 2018	18	Sable Hughes East 7-22 #47HD Permitted January 2018
19	Parsley Lucy Lindsay 1-36-H #4815H Permitted January 2018	20	Parsley Greg Maddox 31-32-D #4807H Permitted February 2018



ESTE Leasehold



Wolfcamp C Well or Permit

Note: Reflects Wolfcamp C permits filed since July 2016.

# Differentiated, Balanced Inventory in Midland Basin

## Midland Basin Overview

- Contiguous acreage positions provides significant development advantage
- Long lateral development increases capital efficiency
- Over 70% of Midland horizontal locations have laterals of ~7,000 feet or greater
- Additional upside from:
  - Middle Spraberry
  - Added benches in Wolfcamp B
  - Wolfcamp C
  - Wolfcamp D
- Actively pursuing acreage and acquisition bolt-on opportunities to increase lateral lengths
- Near-term drilling focused in the Wolfcamp A and the Wolfcamp B based on positive offset results, but are optimistic about the upside potential in other zones

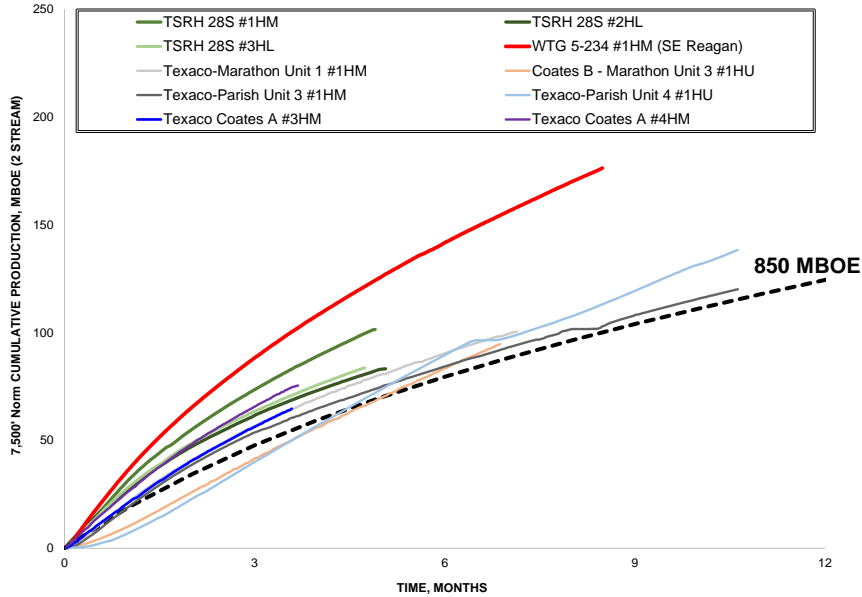
## Gross locations by lateral length and target

Target	Gross Locations by Lateral Length			Total	% total
	5,000' - 6,000'	7,000' - 8,500'	10,000'		
Lower Spraberry	0	20	16	36	5%
Wolfcamp A	65	89	74	228	34%
Wolfcamp B Upper	62	76	73	211	31%
Wolfcamp B lower	67	62	41	170	25%
Wolfcamp C	0	0	16	16	2%
Wolfcamp D	1	11	4	16	2%
<b>Total</b>	<b>195</b>	<b>258</b>	<b>224</b>	<b>677</b>	<b>100%</b>
<i>% total</i>	29%	38%	33%	100%	

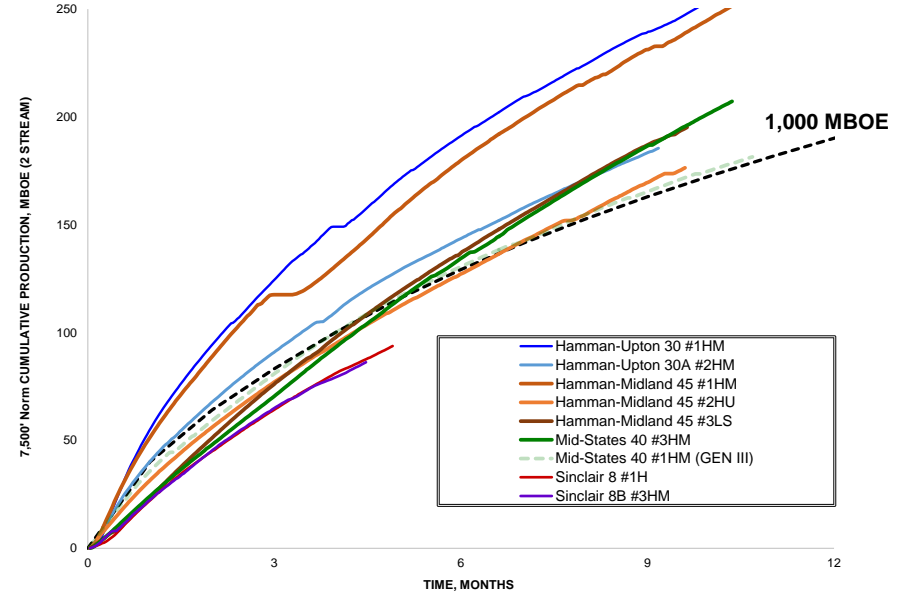
# Well Performance Update

- All areas outperforming initial expectations (plots include all wells with Gen 4 completions)
- All areas and target horizons generating attractive returns at strip prices with cost inflation
- Completion evolution leading to enhanced recovery

## Central & SE Reagan Results



## Midland, Upton, W. Reagan Results



### Type Curve Summary (100% WI, 75% NRI 7,500' Laterals)

Area	DC & E <sup>(1)</sup>	EUR	% Oil	% NGL	ROR	
	M\$	MBOE			\$50/\$3	\$60/\$3
Midland	6,700	1,000	69	16	50%	79%
W Reagan / Upton	6,600	1,000	69	17	51%	81%
Central Reagan	6,400	850	69	17	23%	34%
SE Reagan	6,300	850	70	15	23%	35%

(1) Reflects estimated 2017 DC & E costs.

# Blocking Up Acreage – East Central Upton County

## Pre Acreage Trade

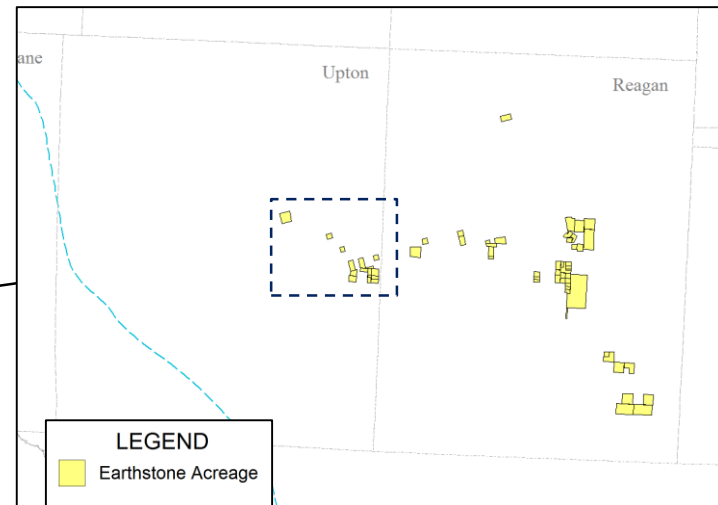


## Post Acreage Trade



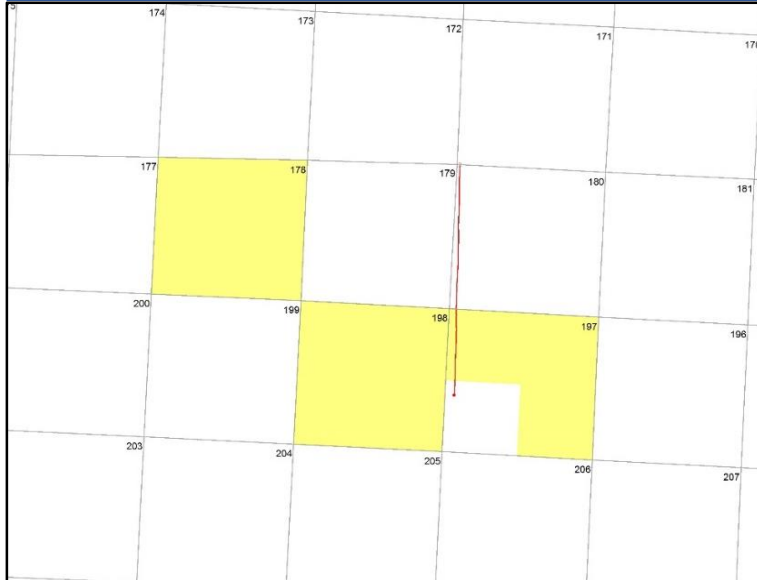
## Acreage Trade Highlights

- ✓ Completed trade with offset operator to block up acreage for longer laterals
- ✓ Earthstone now has 2,650 net acres in the Benedum prospect with average 95%WI (80% NRI)
- ✓ Trade gives Earthstone 62 gross potential drilling locations in the Wolfcamp A, Upper B, and Lower B
- ✓ Average lateral length ~ 6,650'
- ✓ 2 wells planned for 2018

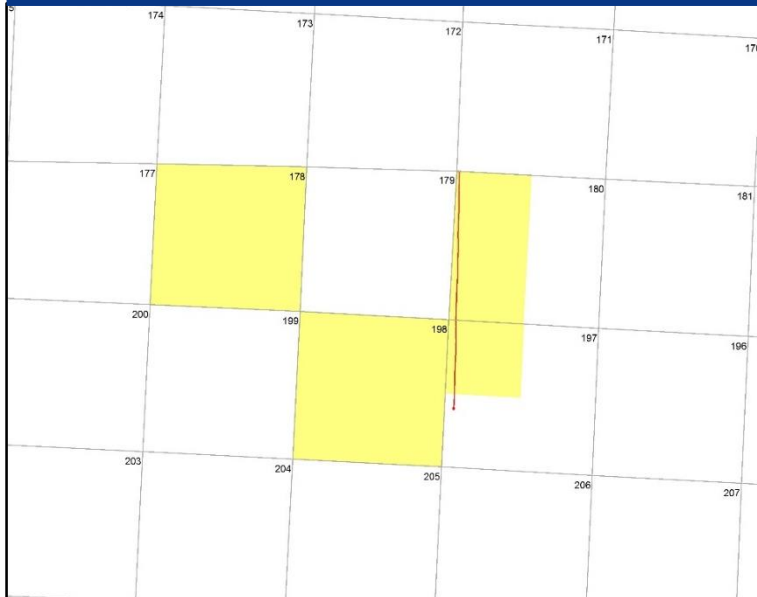


# Blocking Up Acreage – Southeast Reagan County

## Pre Acreage Trade



## Post Acreage Trade



## Acreage Trade Highlights

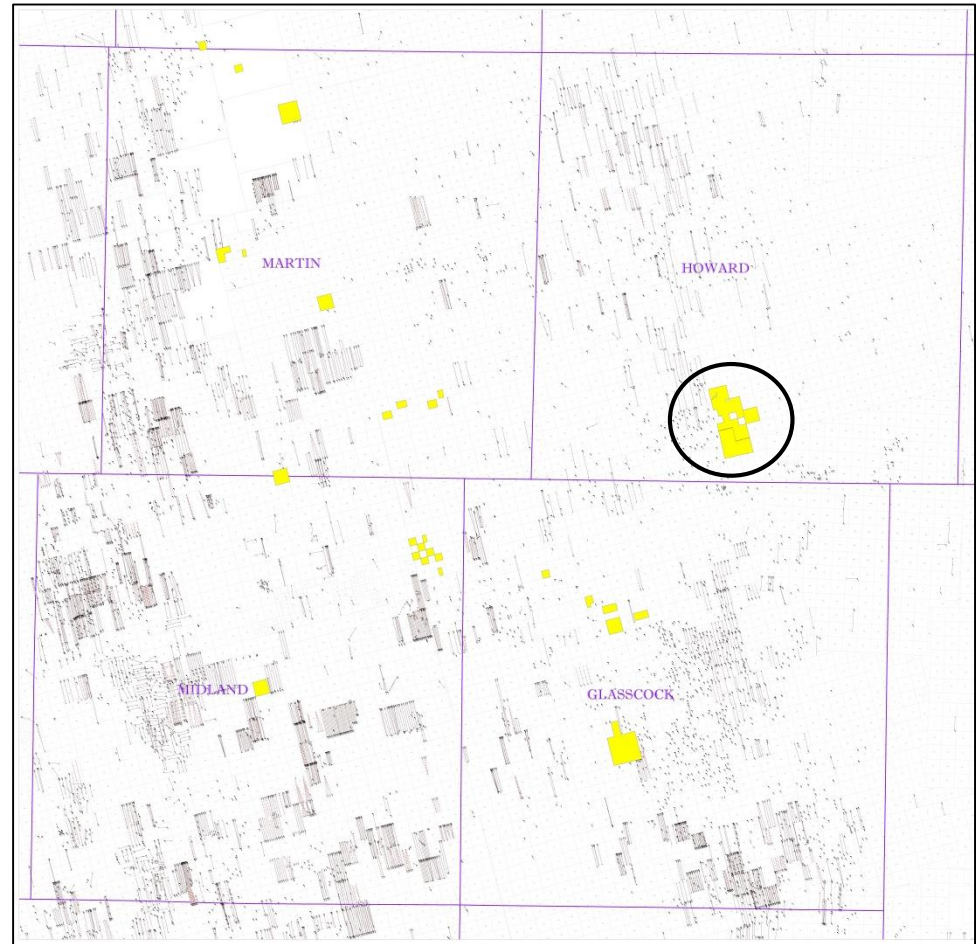
- ✓ Completed trade with offset operator and became operator of the RCR RE 180 well and unit
- ✓ 480 net acres in the RCR Unit with 100% WI (76% NRI)
- ✓ Ability to drill future wells with 7,500 ft laterals
- ✓ Retained 2.5% ORRI in offsetting 640 acre standup unit
- ✓ RCR RE 180 well online in December 2017
- ✓ Continuing to pursue other adjacent acreage acquisitions/trades to increase lateral lengths

# Midland Basin Non-Op Asset Overview

## Glasscock, Howard, Martin and Midland Counties, Texas

County	Gross Acres	Working Interest (%)	Net Acres
Martin	1,757	43.750	769
	1,127	20.000	225
Midland	640	43.750	280
Glasscock	4,480	43.750	1,960
Howard	6,121	40.625	2,487
Howard	640	25.390	162
<b>Total:</b>	<b>14,765</b>		<b>5,883</b>

- Strong offsetting operator results in Lower Spraberry, Wolfcamp A, B and D
- Additional horizontal upside in Middle Spraberry, Jo Mill and Wolfcamp C
- Horizontal activity on the Company's acreage
  - 2 producing horizontal Wolfcamp wells in Glasscock County
  - 1 producing horizontal Wolfcamp well in Howard County



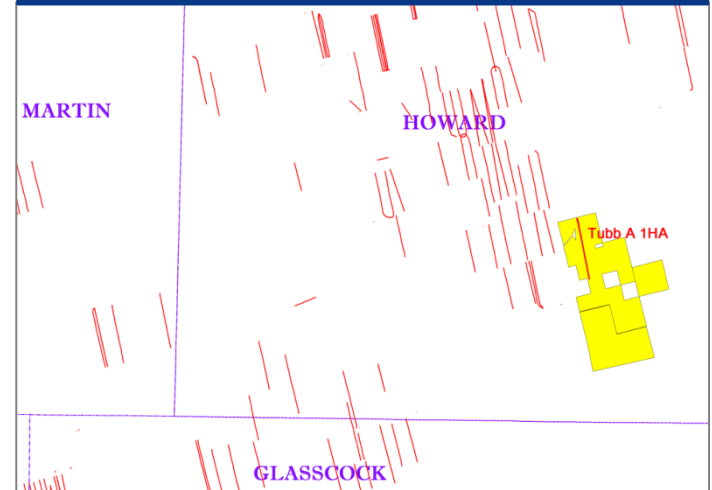
- Company Acreage
- Recent Horizontal Drilling

# Howard County – Wolfcamp A Well Performance (Tubb A 1HA)

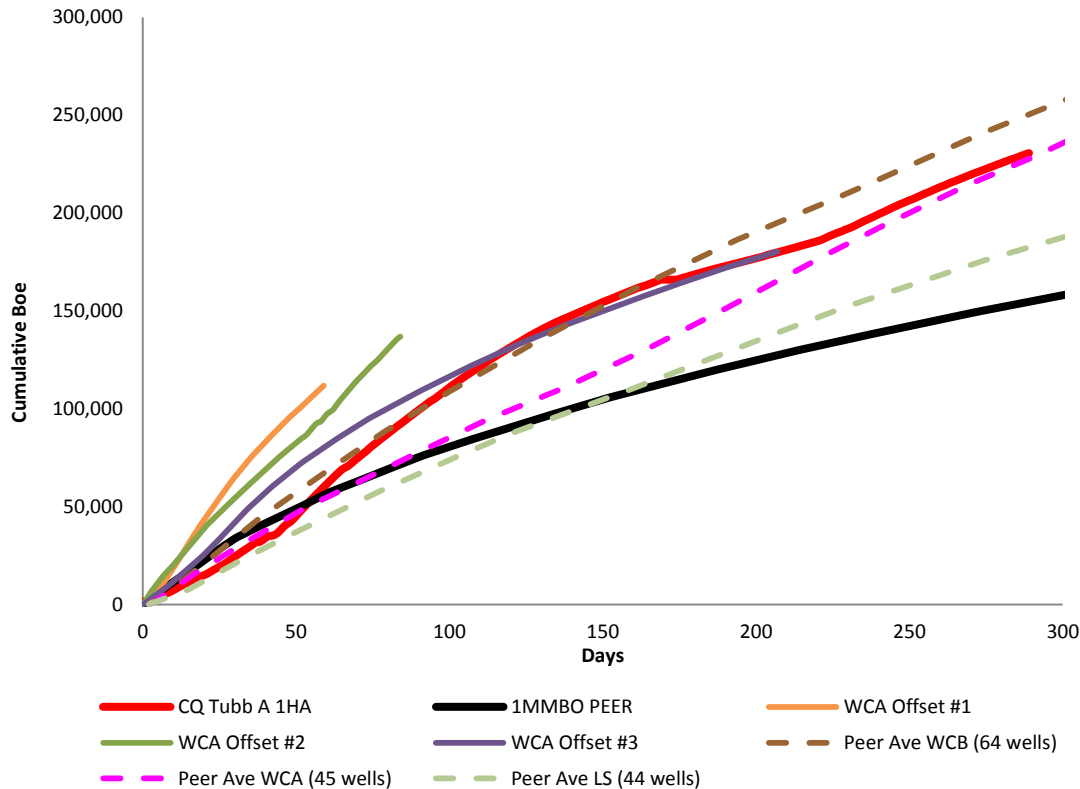
## Well Statistics

- 9,366' lateral, 66 stages
- 2,000 lbs/ft of proppant
- 2-stream cumulative production = 231,000 Boe (82% oil) after 289 days
- Installed ESP after flowing for 43 days

## Map



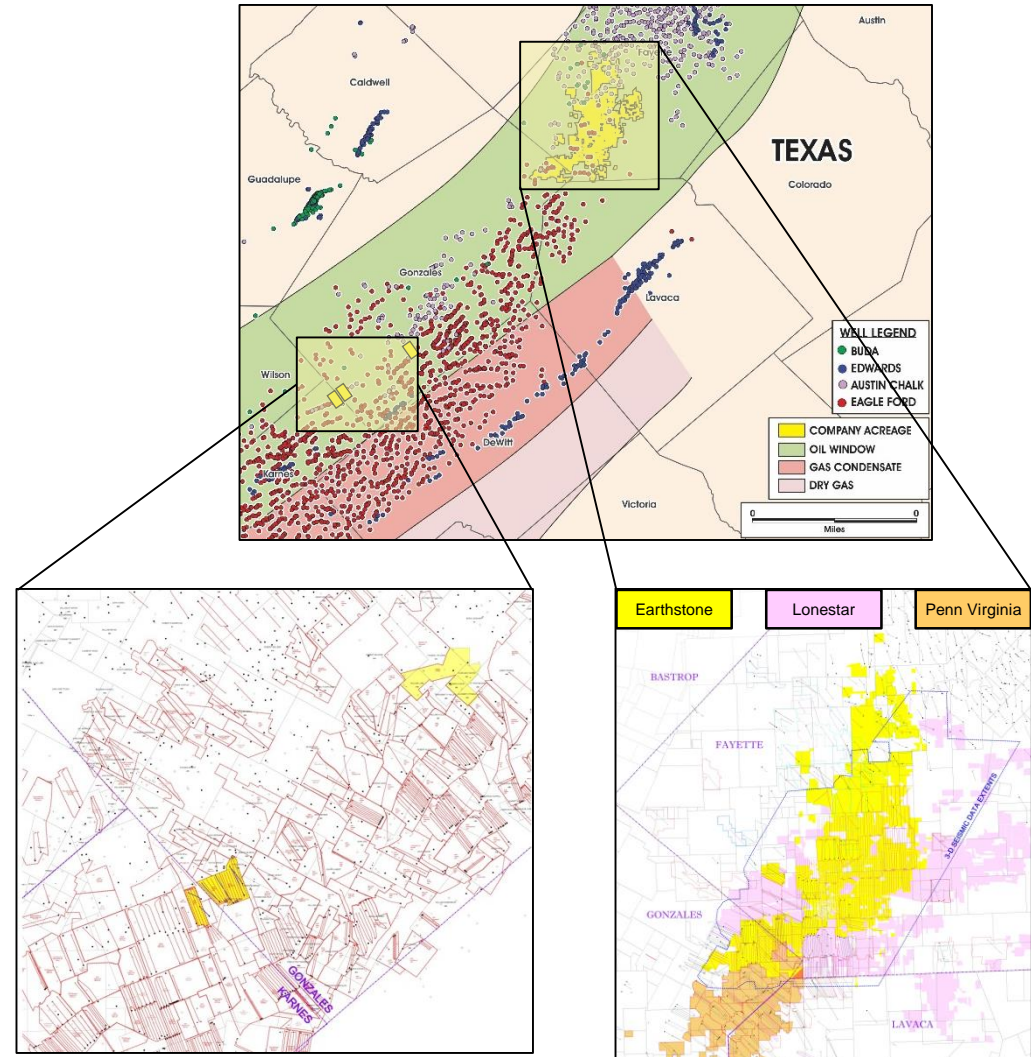
## Tubb A 1 HA Performance



# Eagle Ford Asset Overview

- Operated Karnes, Gonzales, and Fayette, Texas
  - 36,520 gross / 16,500 net leasehold acres
  - Working interests range from 17% to 50%
  - 60% held-by-production
- 101 gross / 44.8 net producing wells (93 operated / 8 non-op)
- Approximately 170 identified gross Eagle Ford drilling locations
- Majority of acreage covered by 173 square mile 3-D seismic shoot
  - Avoid faulting for steering Eagle Ford wells
  - Indicate natural fractures
  - Delineate other prospective opportunities
- Other Potential: Upper Eagle Ford, Austin Chalk, Buda, Wilcox, and Edwards
- Non-operated La Salle County
  - 61 gross producing wells
  - 25,100 gross / 2,900 net leasehold acres
  - Working interests range from 10% to 15%

## Karnes, Gonzales, and Fayette Counties, Texas

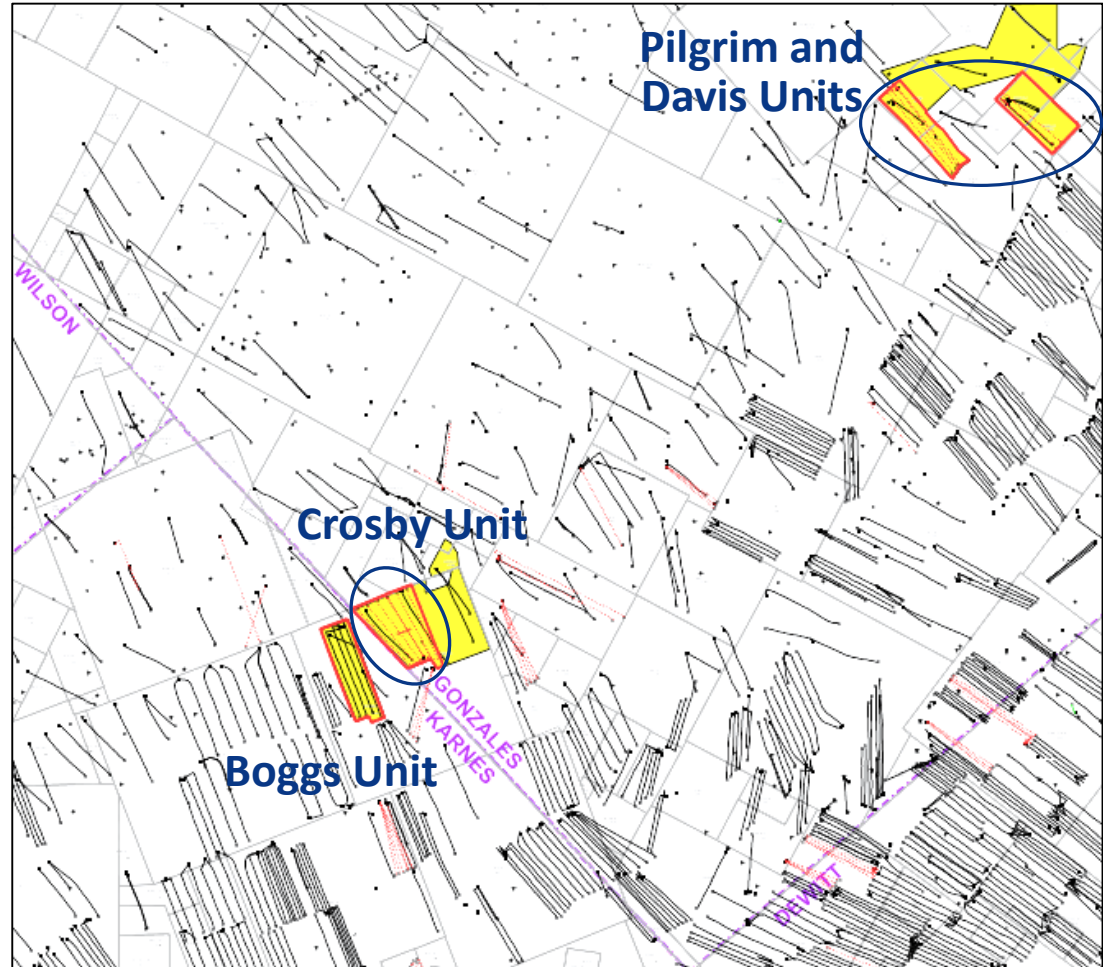


Offset operators include EOG, Encana and Marathon



# Recent Eagle Ford Activity

- 11 gross wells drilled in southwestern Gonzales County with completions initiated in November 2017
  - 2 wells in Davis Unit (5,300 foot lateral); 17% working interest; Completed
  - 3 wells in Pilgrim Unit (7,300 foot lateral); 19% working interest; Completed
  - 6 wells in Crosby Unit (5,300 foot lateral); 25% working interest; Currently completing
- Joint Development Agreements (“JDA”) with IOG Capital to fund a majority of Earthstone’s capital expenditures for a 50% interest in 13 wells in the Eagle Ford (11 drilled in 2017 and completed in 2017 and beginning of 2018)
  - JDAs in the Pilgrim, Davis and Crosby Units
  - Operated interests previously included 33% in Davis Unit, 38% in Pilgrim Unit and 50% in Crosby Unit
  - Reduced estimated 2017 budget by \$17 million
- Offsetting successful Earthstone Boggs Unit
  - 4 wells completed in October 2016
  - Cumulative production of 494 MBoe (94% oil) through August 2017
  - Average lateral length of ~6,260 feet
  - Average proppant of ~2,260 lbs/ft



# Financial Overview

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# 2018 Capital Budget, Guidance and Current Liquidity

## 2018 Capital Budget<sup>(1)</sup>

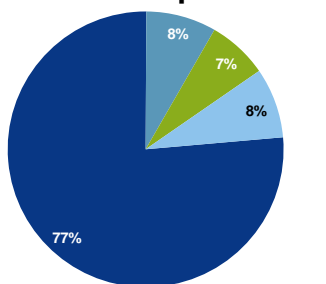
	\$mm	Gross / Net Well Count	
		Spudded	On-Line
Drilling and Completion:			
Operated Midland Basin	130	20 / 19	22 / 19.6
Non-Operated Midland Basin	14	5 / 2	5 / 2
Operated Eagle Ford	12	10 / 2.1	16 / 3.6
Land / Infrastructure	14		
<b>Total</b>	<b>\$170</b>		

## 2018 FY Guidance<sup>(1)(2)</sup>

2018 Average Production (Boe/d)	12,000 – 12,500
% Oil	64%
% Gas	17%
% NGL	19%
Operating Costs:	
Lease Operating and Workover (\$/Boe)	\$4.75 – \$5.25
Production Taxes (% of Revenue)	5.0% – 5.3%
G&A (\$/Boe)	\$5.00 – \$5.50

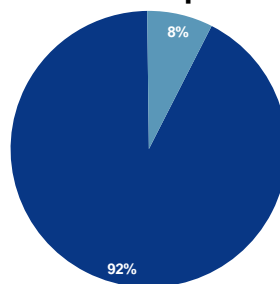
## 2018 Capex by Project Area<sup>(1)</sup>

Total Capex



■ Operated Midland Basin   ■ Non-Operated Midland Basin  
■ Operated Eagle Ford   ■ Land / Infrastructure

D&C Capex



■ Midland Basin   ■ Eagle Ford

## Current Liquidity (12/31/17)<sup>(3)</sup>

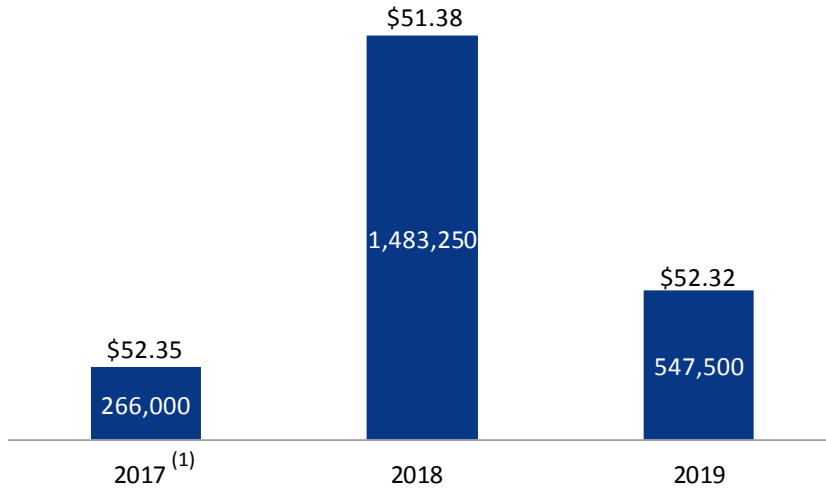
(\$mm)	12/31/2017
Cash	23.0
Revolver Borrowings	25.0
<b>Total Debt</b>	<b>\$25.0</b>
Revolver Borrowing Base	185.0
Less: Revolver Borrowings	(25.0)
Plus: Cash	23.0
<b>Liquidity</b>	<b>\$183.0</b>

Notes:

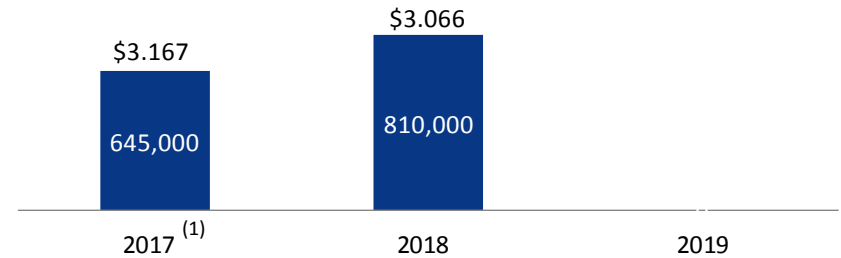
- (1) Assumes a 1-rig program for the operated Midland Basin acreage.
- (2) G&A excludes transaction costs and non-cash stock-based compensation. Guidance is forward-looking information that is subject to a number of risks and uncertainties, many of which are beyond Earthstone's control.
- (3) Estimated revolver balance of \$25mm and cash balance of \$23mm as of December 31, 2017.

# Hedging Summary

## Oil Production Hedged (Bbls; \$/Bbl)



## Gas Production Hedged (MMBtu; \$/MMBtu)



(1) Hedges for Q4 2017.

# Analyst Coverage

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# Contact Information

**Frank Lodzinski** President and CEO

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**Robert Anderson** EVP, Corporate Development and Engineering

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**Mark Lumpkin, Jr.** EVP, Chief Financial Officer

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**Scott Thelander** Director of Finance

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# Reconciliation of Non-GAAP Financial Measure – Adjusted EBITDAX

Adjusted EBITDAX is used as a supplemental financial measure by our management and by external users of our financial statements, such as investors, commercial banks and others, to assess our operating performance compared to that of other companies in our industry, without regard to financing methods, capital structure or historical costs basis. We define “Adjusted EBITDAX” as net income plus, accretion; impairment expense; depletion, depreciation, and amortization; interest expense, net; transaction costs; gain on sale of oil and gas properties; exploration expense; rig idle expense; unrealized loss on derivatives; non-cash stock based compensation; and income tax (benefit).

Our Adjusted EBITDAX should not be considered an alternative to net income, operating income, cash flow provided by operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Our Adjusted EBITDAX may not be comparable to similarly titled measures of another company because all companies may not calculate Adjusted EBITDAX in the same manner.

The following table provides a reconciliation of net income to Adjusted EBITDAX for the three months ended September 30, 2017:

(\$000's)	Q3 2017
Net income	\$4,008
Accretion	72
Impairment expense	92
Depletion, depreciation, and amortization	10,330
Interest expense, net	903
Transaction costs	109
Gain on sale of assets	(2,157)
Unrealized loss on MTM of hedges	4,159
Non-cash stock based compensation	1,687
Income tax benefit	(94)
<b>Adjusted EBITDAX</b>	<b>\$19,109</b>

## Non-GAAP Financial Measure – PV-10

Present Value Discounted at 10% (“PV-10”) is a non-GAAP financial measure that differs from the GAAP measure “standardized measure of discounted future net cash flows” in that PV-10 is calculated without regard to future income taxes and does not utilize SEC pricing. Earthstone management believes that the presentation of the PV-10 value is relevant and useful to investors because it presents the estimated discounted future net cash flows attributable to our estimated proved reserves independent of our income tax attributes, thereby isolating the intrinsic value of the estimated future cash flows attributable to our reserves. Because many factors that are unique to each individual company impact the amount of future income taxes to be paid, Earthstone believes the use of a pre-tax measure provides greater comparability of assets when evaluating companies. PV-10 does not necessarily represent the fair market value of oil and natural gas properties. PV-10 is not a measure of financial or operational performance under GAAP, nor should it be considered in isolation or as a substitute for the standardized measure of discounted future net cash flows as defined under GAAP.

Earthstone and Bold PV-10 as of December 31, 2016 were independently estimated by Cawley, Gillespie & Associates, Inc. utilizing NYMEX 5-year strip prices as of December 31, 2016 (Oil – \$56.19, \$56.59, \$56.10, \$56.05, \$56.21 / Gas - \$3.61, \$3.14, \$2.87, \$2.88, \$2.90).