

## Non-GAAP Financial Measures

### Cash Interest

Cash Interest is a supplemental non-GAAP financial measure that is used by management and external users of the Company's financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Cash Interest as interest expense plus capitalized interest less amortization and write-offs of deferred financing costs and debt discounts included in interest expense. Cash Interest is not a measure of interest expense as determined by United States generally accepted accounting principles, or GAAP.

The following table presents a reconciliation of the GAAP financial measure of interest expense to the non-GAAP financial measure of Cash Interest for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(In thousands)			
<b>Interest expense</b>	\$ 36,838	\$ 34,979	\$ 73,159	\$ 73,718
Capitalized interest	2,816	4,835	5,636	9,303
Amortization of deferred financing costs	(1,709)	(2,030)	(3,399)	(5,947)
Amortization of debt discount	(2,480)	—	(4,835)	—
<b>Cash Interest</b>	<b>\$ 35,465</b>	<b>\$ 37,784</b>	<b>\$ 70,561</b>	<b>\$ 77,074</b>

### Adjusted EBITDA Reconciliations

Adjusted EBITDA and Free Cash Flow are supplemental non-GAAP financial measures that are used by management and external users of the Company's financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Adjusted EBITDA as earnings before interest expense, income taxes, depreciation, depletion, amortization, exploration expenses and other similar non-cash or non-recurring charges. The Company defines Free Cash Flow as Adjusted EBITDA less Cash Interest and CapEx, excluding capitalized interest. Adjusted EBITDA and Free Cash Flow are not measures of net income (loss) or cash flows as determined by GAAP.



The following table presents reconciliations of the GAAP financial measures of net income (loss) and net cash provided by (used in) operating activities to the non-GAAP financial measures of Adjusted EBITDA and Free Cash Flow for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(In thousands)			
<b>Net income (loss)</b>	\$ 16,568	\$ (89,931)	\$ 40,393	\$ (154,386)
Loss on sale of properties	—	1,311	—	1,311
Gain on extinguishment of debt	—	(11,642)	—	(18,658)
Net (gain) loss on derivative instruments	(50,532)	90,846	(106,607)	76,471
Derivative settlements <sup>(1)</sup>	(939)	30,477	(8,899)	103,790
Interest expense, net of capitalized interest	36,838	34,979	73,159	73,718
Depreciation, depletion and amortization	125,291	122,488	251,957	244,937
Impairment	3,200	23	5,882	3,585
Exploration expenses	1,667	340	3,156	703
Stock-based compensation expenses	7,115	6,249	13,823	12,979
Income tax (benefit) expense	2,339	(52,498)	18,376	(80,127)
Other non-cash adjustments	(213)	(484)	699	723
<b>Adjusted EBITDA</b>	<b>141,334</b>	<b>132,158</b>	<b>291,939</b>	<b>265,046</b>
Cash interest	(35,465)	(37,784)	(70,561)	(77,074)
Capital expenditures <sup>(2)</sup>	(172,975)	(131,288)	(282,770)	(219,243)
Capitalized interest	2,816	4,835	5,636	9,303
<b>Free Cash Flow</b>	<b>\$ (64,290)</b>	<b>\$ (32,079)</b>	<b>\$ (55,756)</b>	<b>\$ (21,968)</b>
<b>Net cash provided by operating activities</b>	<b>\$ 102,062</b>	<b>\$ 137,452</b>	<b>\$ 209,861</b>	<b>\$ 91,401</b>
Derivative settlements <sup>(1)</sup>	(939)	30,477	(8,899)	103,790
Interest expense, net of capitalized interest	36,838	34,979	73,159	73,718
Exploration expenses	1,667	340	3,156	703
Deferred financing costs amortization and other	(3,931)	(1,486)	(8,871)	(6,552)
Changes in working capital	5,850	(69,120)	22,834	1,263
Other non-cash adjustments	(213)	(484)	699	723
<b>Adjusted EBITDA</b>	<b>141,334</b>	<b>132,158</b>	<b>291,939</b>	<b>265,046</b>
Cash interest	(35,465)	(37,784)	(70,561)	(77,074)
Capital expenditures <sup>(2)</sup>	(172,975)	(131,288)	(282,770)	(219,243)
Capitalized interest	2,816	4,835	5,636	9,303
<b>Free Cash Flow</b>	<b>\$ (64,290)</b>	<b>\$ (32,079)</b>	<b>\$ (55,756)</b>	<b>\$ (21,968)</b>

- (1) Cash settlements represent the cumulative gains and losses on our derivative instruments for the periods presented and do not include a recovery of costs that were paid to acquire or modify the derivative instruments that were settled.
- (2) Capital expenditures reflected in the table above differ from the amounts shown in the statement of cash flows in our condensed consolidated financial statements because amounts reflected in the table above include changes in accrued liabilities from the previous reporting period for capital expenditures, while the amounts presented in the statement of cash flows are presented on a cash basis.

## Segment Adjusted EBITDA Reconciliations

The following tables present reconciliations of the GAAP financial measure of income (loss) before income taxes to the non-GAAP financial measure of Adjusted EBITDA for the Company's three reportable business segments on a gross basis for the periods presented:

### Exploration and Production

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(In thousands)			
<b>Income (loss) before income taxes</b>	\$ (3,900)	\$ (158,978)	\$ 16,836	\$ (264,744)
Loss on sale of properties	—	1,669	—	1,669
Gain on extinguishment of debt	—	(11,642)	—	(18,658)
Net (gain) loss on derivative instruments	(50,532)	90,846	(106,607)	76,471
Derivative settlements <sup>(1)</sup>	(939)	30,477	(8,899)	103,790
Interest expense, net of capitalized interest	36,838	34,979	73,159	73,718
Depreciation, depletion and amortization	122,785	120,039	247,193	240,881
Impairment	3,200	23	5,882	1,154
Exploration expenses	1,667	340	3,156	703
Stock-based compensation expenses	6,897	6,077	13,395	12,625
Other non-cash adjustments	(213)	(484)	699	723
<b>Adjusted EBITDA</b>	<b>\$ 115,803</b>	<b>\$ 113,346</b>	<b>\$ 244,814</b>	<b>\$ 228,332</b>

- (1) Cash settlements represent the cumulative gains and losses on our derivative instruments for the periods presented and do not include a recovery of costs that were paid to acquire or modify the derivative instruments that were settled.

### Midstream Services

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(In thousands)			
<b>Income before income taxes</b>	\$ 23,106	\$ 18,040	\$ 43,867	\$ 33,198
Gain on sale of properties	—	(358)	—	(358)
Depreciation, depletion and amortization	3,753	1,732	7,211	3,415
Impairment	—	—	—	2,431
Stock-based compensation expenses	365	224	713	443
<b>Adjusted EBITDA</b>	<b>\$ 27,224</b>	<b>\$ 19,638</b>	<b>\$ 51,791</b>	<b>\$ 39,129</b>

### Well Services

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(In thousands)			
<b>Income (loss) before income taxes</b>	\$ 1,950	\$ (2,142)	\$ (1,637)	\$ 1,885
Depreciation, depletion and amortization	3,057	3,895	6,222	8,127
Stock-based compensation expenses	338	235	734	899
<b>Adjusted EBITDA</b>	<b>\$ 5,345</b>	<b>\$ 1,988</b>	<b>\$ 5,319</b>	<b>\$ 10,911</b>

## Adjusted Net Income (Loss) and Adjusted Diluted Earnings (Loss) Per Share

Adjusted Net Income (Loss) and Adjusted Diluted Earnings (Loss) Per Share are supplemental non-GAAP financial measures that are used by management and external users of the Company's financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Adjusted Net Income (Loss) as net income (loss) after adjusting first for (1) the impact of certain non-cash items, including non-cash changes in the fair value of derivative instruments, impairment, and other similar non-cash charges, or non-recurring items and then (2) the non-cash and non-recurring items' impact on taxes based on the Company's effective tax rate applicable to those adjusting items in the same period. Adjusted Net Income (Loss) is not a measure of net income (loss) as determined by GAAP. The Company defines Adjusted Diluted Earnings (Loss) Per Share as Adjusted Net Income (Loss) divided by diluted weighted average shares outstanding.

The following table presents reconciliations of the GAAP financial measure of net income (loss) to the non-GAAP financial measure of Adjusted Net Income (Loss) and the GAAP financial measure of diluted earnings (loss) per share to the non-GAAP financial measure of Adjusted Diluted Earnings (Loss) Per Share for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(In thousands, except per share data)			
<b>Net income (loss)</b>	\$ 16,568	\$ (89,931)	\$ 40,393	\$ (154,386)
Loss on sale of properties	—	1,311	—	1,311
Gain on extinguishment of debt	—	(11,642)	—	(18,658)
Net (gain) loss on derivative instruments	(50,532)	90,846	(106,607)	76,471
Derivative settlements <sup>(1)</sup>	(939)	30,477	(8,899)	103,790
Impairment	3,200	23	5,882	3,585
Amortization of deferred financing costs	1,709	2,030	3,399	5,947
Amortization of debt discount	2,480	—	4,835	—
Other non-cash adjustments	(213)	(484)	699	723
Tax impact <sup>(2)</sup>	16,575	(42,075)	37,679	(64,731)
<b>Adjusted Net Loss</b>	<b>\$ (11,152)</b>	<b>\$ (19,445)</b>	<b>\$ (22,619)</b>	<b>\$ (45,948)</b>
<b>Diluted earnings (loss) per share</b>	\$ 0.07	\$ (0.51)	\$ 0.17	\$ (0.91)
Loss on sale of properties	—	0.01	—	0.01
Gain on extinguishment of debt	—	(0.07)	—	(0.11)
Net (gain) loss on derivative instruments	(0.22)	0.51	(0.45)	0.45
Derivative settlements <sup>(1)</sup>	—	0.17	(0.04)	0.61
Impairment	0.01	—	0.02	0.02
Amortization of deferred financing costs	0.01	0.01	0.01	0.03
Amortization of debt discount	0.01	—	0.02	—
Tax impact <sup>(2)</sup>	0.07	(0.23)	0.17	(0.37)
<b>Non-GAAP Diluted Loss Per Share</b>	<b>\$ (0.05)</b>	<b>\$ (0.11)</b>	<b>\$ (0.10)</b>	<b>\$ (0.27)</b>
Diluted weighted average shares outstanding	234,917	176,984	236,281	169,953
Effective tax rate applicable to adjustment items	37.4%	37.4%	37.4%	37.4%

- (1) Cash settlements represent the cumulative gains and losses on our derivative instruments for the periods presented and do not include a recovery of costs that were paid to acquire or modify the derivative instruments that were settled.
- (2) The tax impact is computed utilizing our effective tax rate applicable to the adjustments for certain non-cash and non-recurring items.