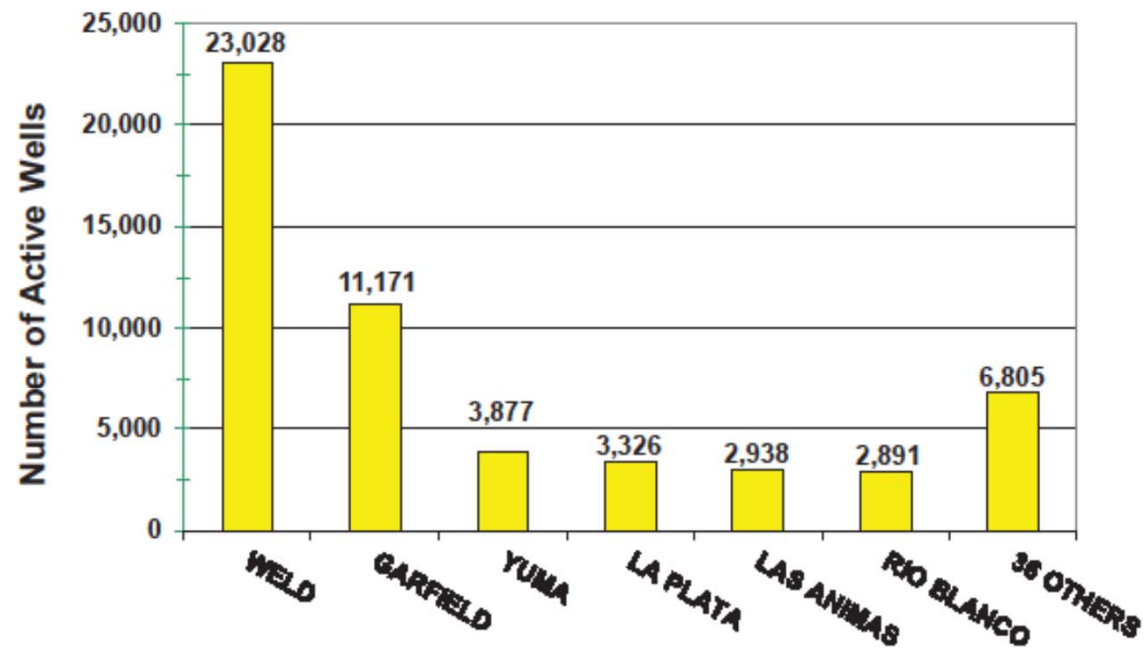


Weld County Oil & Gas Update January 2017

Active Wells, Drilling Permits,
Production, Rig Count, Predictions

NUMBER OF ACTIVE COLORADO OIL & GAS WELLS BY COUNTY

87.4% of Colorado's 54,036 active wells are located in these 6 counties
1-1-2017



CRUDE OIL PRODUCTION

**Weld County #1 Oil Producing County
with 89% of Colorado's Production!**

Through 3rd Quarter 2016 Colorado Oil Production = ~87.2 Million Barrels (BBLs) with **~89% produced in Weld County (~77.9 Million BBLs)**

Weld County 2016 Crude Oil Production will exceed 100 Million BBLs. Final Production totals for 2016 should be available in April 2017.

2015 Oil Production = 127.4 Million BBLs with
~ 90% produced in Weld County (114 Million BBLs).

2014 Oil Production = 95 Million Barrels
with **~86% produced in Weld County (81 Million BBLs).**

NATURAL GAS PRODUCTION

Weld County #1 Natural Gas Producing County in Colorado!
Operators produced 1/3 of the Natural Gas produced in Colorado in 2015 (over ½ Trillion Cubic Feet).

Through 3rd Quarter 2016 Colorado Gas Production = 1.26 Trillion Cubic Feet
38% Weld County (46% of Conventional Natural Gas)

Note: Final Production totals for 2016 should be available in April 2017.

2015 Colorado Gas Production = 1.7 Trillion Cubic Feet
34% Weld County (42% of Conventional Natural Gas)

2014 Colorado Gas Production = 1.6 Trillion Cubic Feet
24% Weld County (31% of Conventional Natural Gas)

TOP PRODUCERS

BASED ON 2016 WELD PRODUCTION (~IN ORDER OF PRODUCTION)

Operator
ANADARKO/KERR MCGEE ONSHORE LLC
NOBLE ENERGY INC
PDC ENERGY INC
EXTRACTION OIL & GAS LLC
BONANZA CREEK ENERGY OPERATING CO LLC
ENCANA OIL & GAS (USA) INC
BILL BARRETT CORPORATION
WHITING OIL & GAS CORPORATION
GREAT WESTERN OPERATING COMPANY LLC
BAYSWATER EXPLORATION AND PRODUCTION
SYNERGY RESOURCES CORPORATION
CRESTONE PEAK RESOURCES OPERATING LLC
CARRIZO NIOBRARA LLC

WELD DRILLING ACTIVITY = 22 Rigs

-vs- ~19 Rigs Jan 2016 (Ave), ~50 Rigs Jan 2015 (Ave)

WELD COUNTY DRILLING ACTIVITY:

2016 = 731 (76% of 968 well starts in CO)

2014 = 1560 (70% of 2239 well starts in CO)

2015 = 1084 (75% of 1437 well starts in CO)

Current Drilling Rigs Leased by Company Operating in Weld County:

Anadarko/Kerr McGee = 5

Extraction = 4 (will lay down 1 rig end of Jan)

PDC = 3

Noble = 2

Synergy = 2

Crestone Peak = 2

Bill Barrett = 1

Bayswater = 1 (will laydown mid Jan)

Fifth Creek = 1

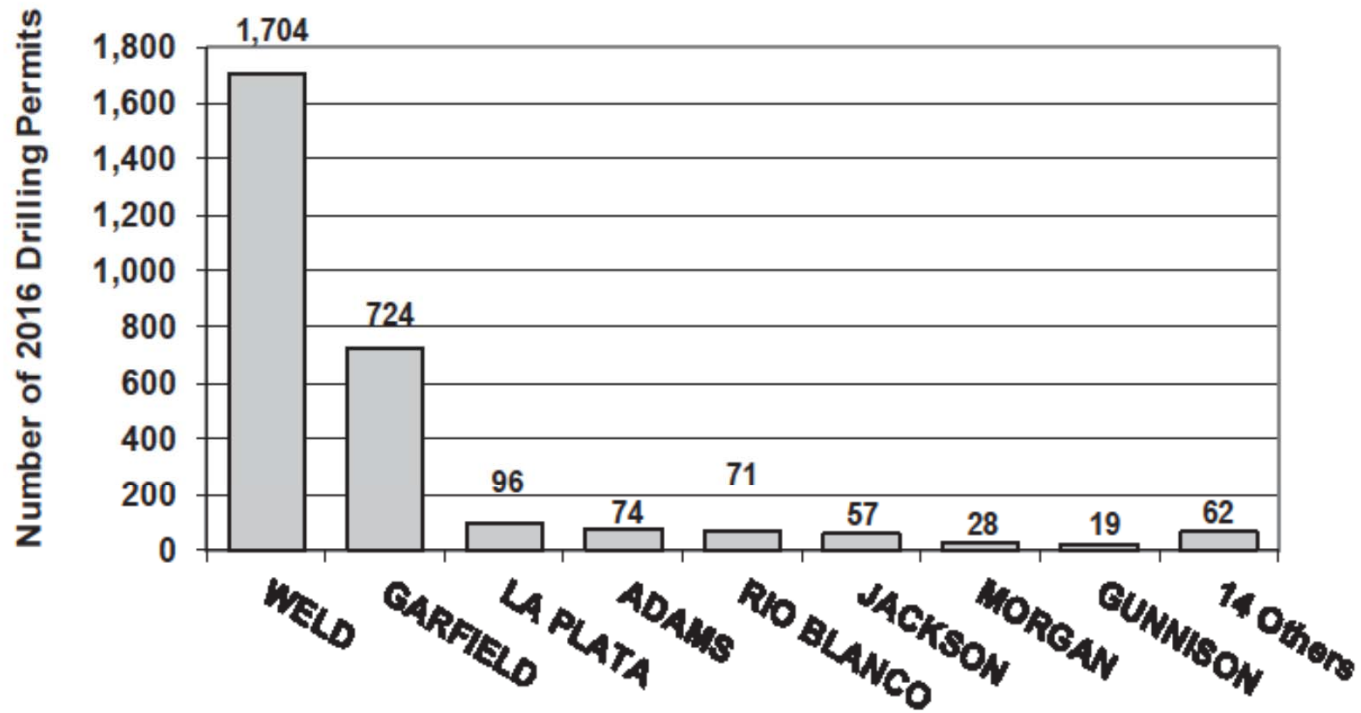
Great Western = 1

Whiting = 1

Reflects near term changes (Data gathered from Form 42's and O&G producers). Surface and Work Over Rigs excluded.

NUMBER OF 2016 DRILLING PERMITS, ALL COLORADO COUNTIES

2,835 drilling permits have been approved in 22 of Colorado's 64 Counties
1-1-2017



DRILLING PERMITS

2016 Drilling Permits Issued in Weld
= 1704 (**60%** of 2835 in CO)

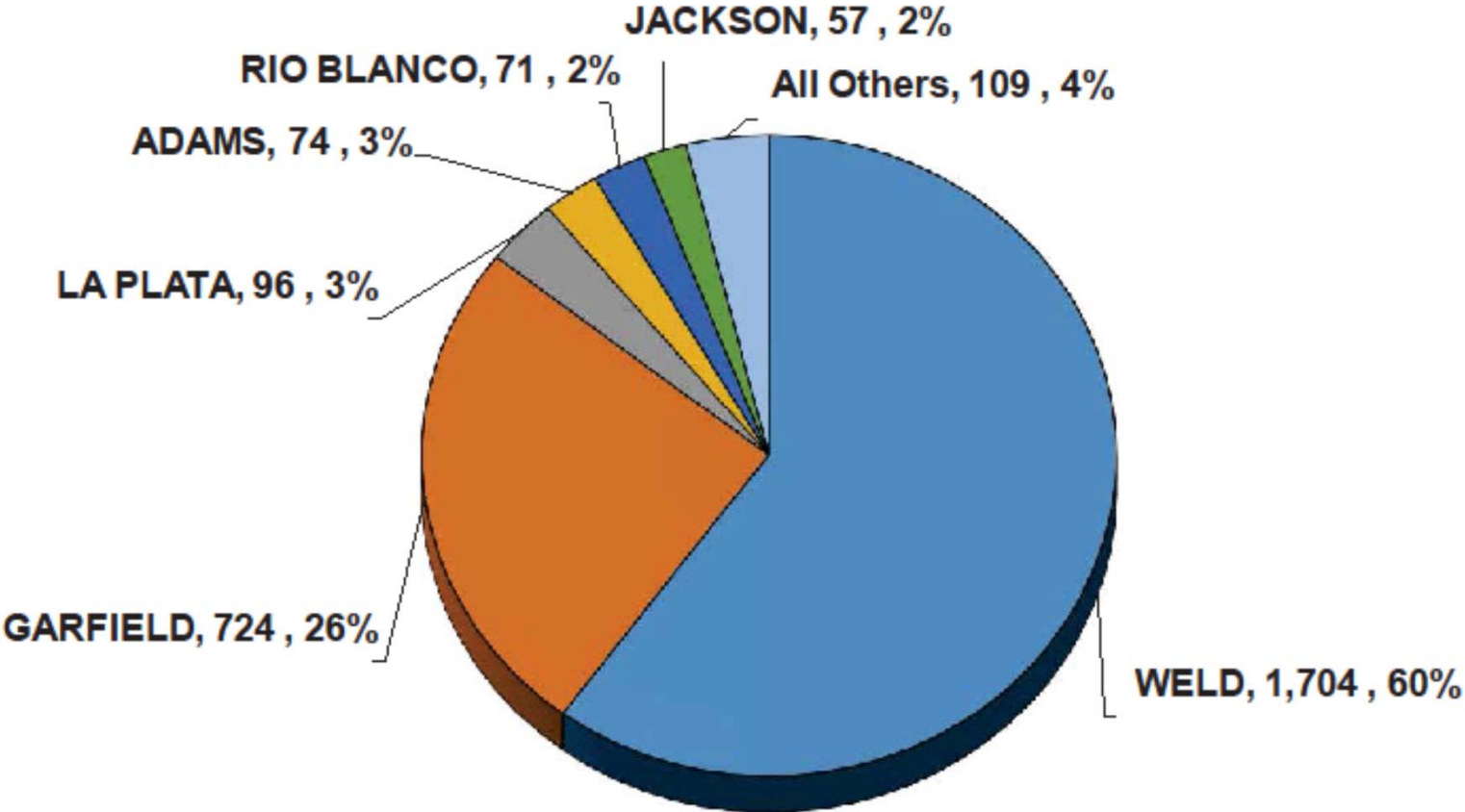
2015 Drilling Permits Issued in Weld
= 1841 (62% of 2568 in CO)

2014 Drilling Permits Issued in Weld
= 2303 (55% of 4190 in CO)

Permitting Trends: Horizontal drilling in Weld with longer laterals - permitting of 2 & 2.5 mile laterals becoming more common. Fresh water for completions transported via temporary surface pipelines from source to point of use. Increased instances of moving crude oil from production facilities via pipeline instead of truck. Though the grouping of horizontal wells on multi-well pads and production facilities results in less overall surface impact, albeit with larger individual tank battery locations, operators are also building and permitting these locations with fewer on-site storage tanks, which decreases the foot print and over-all size (appearance).

COLORADO OIL AND GAS 2016 DRILLING PERMITS BY COUNTY

as of 1-1-2017



Predictions

Activity dependent on price of crude (WTI) and producers response

<https://www.eia.gov/forecasts/steo/report/prices.cfm>

2014 Ave Crude Oil Price ~\$93/BBL

2015 Ave Crude Oil Price ~\$49/BBL

2016 Ave Crude Oil Price ~\$43/BBL

2017 Ave Crude Oil Price ~\$52.50/BBL (EIA Forecast)

Operators have been drilling wells but delaying completions (frac). There are many wells awaiting completion and having their production brought on line. This delay in completion reduced the immediate need for frac crews and production facilities which has impacted oil and gas employment. These drilled wells awaiting completion and production can allow operators to bring new production on line quickly when they deem it necessary. As the rig count declined the number of drilling, completions, and field construction/support jobs declined. Have seen fewer rigs, faster drilling times, longer laterals and lower production costs. The rig count decline stabilized the Summer of 2016 and has been slowly increasing.

U.S. Energy Information Administration's Colorado Energy Profile:

<https://www.eia.gov/state/analysis.cfm?sid=CO>

Questions?

Troy E. Swain, B.S.

Weld County Oil & Gas Liaison and LGD

1555 N. 17th Avenue

Greeley, CO 80631

(970) 400-3579