September 11, 2018

Ring Energy, Inc. Announces 2018 Capital Expenditure Budget Increase to Estimated $197 Million

MIDLAND, Texas--(BUSINESS WIRE)-- Ring Energy, Inc. (NYSE American: REI) (“Ring”) (“Company”) announced today an approximate $47 million increase in its capital expenditure budget (“CAPEX”) for 2018, making an estimated total of $197 million.

On February 20, 2018, the Company announced a preliminary CAPEX for 2018 of $150 million. Included in that initial budget were the drilling of approximately 60 new horizontal wells on its Central Basin Platform (“CBP”), continued improvements and upgrading of the existing infrastructure, the drilling of additional salt water disposal wells, the upgrading and extension of the Company’s electrical system in Andrews County and the completion of a gas pipeline. All those items directly supported the ongoing drilling and development program on the Company’s CBP asset. In addition, the initial 2018 budget included the drilling of the first horizontal well on its North Gaines property and the first horizontal “Brushy Canyon” well on its Delaware Basin property.

In the first six months of 2018, the Company drilled 24 new horizontal San Andres wells on its CBP asset. In addition, the Company drilled one new horizontal well on its North Gaines Property, one new horizontal Brushy Canyon well on its Delaware Basin Property and three saltwater disposal wells. In the first six months of 2018, the Company tested and filed IPs on 30 new horizontal wells. In addition, the Company performed workovers on nine existing San Andres horizontal wells and made extensive infrastructure improvements and upgrades on all three assets.

Costs incurred in the first six months of 2018 but not included in the initial budget were the result of workovers on existing CBP horizontal wells due to iron sulfide buildup and additional infrastructure which included an extension of the Company’s existing oil, gas and water gathering system due to the Company acquiring additional leases south of the Company’s core area in the CBP. Based on the initial results of the Company’s first horizontal well in the Delaware Basin, management felt it necessary to make timely infrastructure improvements which included high pressure flow lines and an additional disposal well which would have an immediate, positive effect on the current operations, as well as essential improvements for on-going future development. Management noted that by adding those improvements in the second quarter, the Company will be selling gas by the beginning of the fourth quarter 2018. Costs not in the initial 2018 budget associated with the Company’s first North Gaines horizontal well were incurred based on the decision to use the first well as a “test” well to determine the optimum completion process. None of the additional costs incurred were related to the actual new well drilling costs, as all the horizontal wells drilled to date in 2018 have come in at, or below budget.

The Company has increased its second half 2018 budget by $10 million to approximately

$85 million. The budget includes the drilling of 26 new horizontal San Andres wells on its CBP, two new North Gaines horizontal wells and two new Brushy Canyon horizontal wells on its Delaware Basin property. Additionally, the budget includes multiple workovers on existing San Andres horizontal wells and extensive infrastructure upgrades and improvements as the Company continues to maximize the potential of all three properties.

Management noted that the Company is not dependent on the capital markets, as the additional CAPEX funds will consist of current cash flow, as well as funds from the Company's $175 million borrowing base on its $500 million Senior Credit Facility.

Mr. Kelly Hoffman, CEO, stated, "The CAPEX budget increase will allow us to maintain an aggressive drilling and development program through the remainder of 2018. We continue to have no product takeaway issues and stay in constant contact with our purchasers and brokers who assist us with that process. Because of the price differentials all the operators in the Permian Basin are currently experiencing, we choose not to focus on benchmark prices, but actual prices received. For example, at $50 per barrel of oil equivalent ("BOE") received on our one-mile laterals, our estimated internal rate of return ("IRR") is approximately 80%. We have stated on numerous occasions that being cash flow positive by the end of the year was at the top of our priority list. Also at the top of the list is laying the groundwork to maximize our drilling and development program both currently and going forward. We strongly believe the prudent decision is to increase our budget now, delaying our goal of being cash flow positive by the end of the year, in preparation for the future development of all our properties. We couldn't be more excited about the results we are seeing and the future potential of our existing assets. Our production growth is back on track after resolving some minor operational issues and we expect to continue that growth going forward. As always, we continue to look for accretive opportunities, through additional leasing or acquisition, that complement and enhance our core assets."

The amended 2018 CAPEX drilling and operational budget is subject to change based on market conditions, commodity price changes, rig availability, drilling results and general operational results. The Company continues to look for acquisition opportunities but has made no provision in its 2018 amended budget for any acquisition.

About Ring Energy, Inc.

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

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, 2017, its Form 10-Q for the quarter ended June 30, 2018 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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