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Ring Energy, Inc. Releases Third Quarter / Nine Month 2018 Operations Update

MIDLAND, Texas--(BUSINESS WIRE)-- Ring Energy, Inc. (NYSE American: REI) (“Ring”) (“Company”) today released its operations updates for the third quarter and first nine months of 2018. In the three months ended September 30, 2018, the Company, on its Central Basin Platform (“CBP”) asset, drilled 16 new horizontal San Andres wells and were in the process of drilling two more. The Company also drilled two new horizontal wells on its North Gaines Property. All wells drilled in the third quarter were one mile long. In the third quarter, the Company finished testing and filed Initial Potentials (“IPs”) on 15 new horizontal San Andres wells – four wells which were drilled in the first quarter of 2018, five which were drilled in the second quarter of 2018 and six which were drilled in the third quarter of 2018. The average IP on the 15 wells tested in the third quarter 2018 was approximately 435 Barrel of Oil Equivalents (“BOE”) per day, or 103 BOE per 1,000 feet. This compares to 18 new horizontal wells which the Company finished testing in the second quarter of 2018, and had average IPs of 440 BOE per day, or 103 BOE per 1,000 feet. In addition, the Company had 17 new horizontal San Andres wells which were in varying stages of completion and testing on September 30, 2018.

For the nine months ended September 30, 2018, the Company has drilled 40 new horizontal San Andres wells on its CBP asset. In addition, the Company has drilled three new horizontal well on its North Gaines Property, one new horizontal Brushy Canyon well on its Delaware Basin Property, three saltwater disposal wells and continued up-grading the infrastructure in all areas. In the first nine months of 2018, the Company tested and filed IPs on 45 new horizontal wells. The average IP on the 45 wells was 437 BOE per day, or 103 BOE per 1,000 feet.

In the second and third quarters of 2018, the Company performed workovers on 11 existing San Andres horizontal wells because of an iron sulfide buildup in the wellbores. The average cost of each workover was approximately $350,000. Based on a received price per BOE of $50, the payback period ranges from four to six months. Mr. Danny Wilson, Ring’s Executive Vice President and Chief Operating Officer, stated, “We noticed an abnormal decline in some of the older wells, discovered the buildup of iron sulfide, initiated a program of cleaning out and acidizing, and have seen those wells return, and in some cases exceed, our current production curve. This is not a recurring issue and not one that effects all of the wells.”

North Gaines Property –

The Company drilled and completed two new horizontal wells, the Ellen B Peters 4H (“Ellen”) and Loki 2H (“Loki”), on its North Gaines Property in the third quarter. The Company completed testing on the Ellen early in the third quarter and filed an IP of 431 BOE per day. After initial production, the Ellen has stabilized and has been producing approximately 150 barrels of oil per day (“BOPD”) and 60,000 cubic feet of natural gas per day for the past month. The Loki is still being tested but preliminary production results are showing

approximately 100 BOPD and 50,000 cubic feet of natural gas per day. The well still has a high fluid level and management is hopeful that as that level drops the oil production will improve. Mr. Wilson commented, “We continue to be encouraged with the results we are seeing in North Gaines. We continue to learn as we gather more information from each well we drill. We will be drilling two more new horizontal wells in the fourth quarter.”

Delaware Basin Property –

Management stated in the Company’s second quarter 2018 operations update that it had drilled and completed its first horizontal well, the Phoenix State #1H (“Phoenix”), on its Delaware Basin Property in the Brushy Canyon formation. At that time preliminary production results were approximately 130 barrels of oil per day and over 2,800,000 cubic feet of natural gas per day. The well is still undergoing testing as the fluid levels and pressure levels are still high and management believes it is possible to see higher oil rates as the fluid level drops. Currently, the Phoenix is producing approximately 80 BOPD and 1,800,000 cubic feet of natural gas per day. Mr. Danny Wilson, commented, “The Phoenix was drilled on the high end of structure and as such is gassier than we anticipated. We will be drilling two more horizontal wells in the Brushy Canyon formation in the fourth quarter. Both wells are planned to be drilled lower in the structure, where the structure has shown to be thicker, and existing producing vertical wells have shown higher oil cuts and less gas. In preparation for further development we have completed our gas transmission system and have begun selling our gas production.”

As a result, net production for the third quarter of 2018 was approximately 600,000 BOEs, as compared to net production of 376,000 BOEs for the third quarter of 2017, an approximate 59.5% increase, and net production of 532,000 for the second quarter of 2018, an approximate 12.8% increase. September 2018 average net daily production was approximately 7,294 BOEs, as compared to net daily production of 4,345 BOEs in September 2017, an approximate 67.8% increase, and net daily production of 6,605 in June 2018, an approximate 10.4% increase. The average estimated price received per BOE in the third quarter 2018 was $52.00. For the nine months ended September 30, 2018, net production was approximately 1,639,000 BOEs, as compared to 980,000 for the nine months ended September 30, 2017, an approximate 67.2% increase.

Mr. Kelly Hoffman, Ring’s Chief Executive Officer, stated, “The Company is back on track as shown by our third quarter results. We continue to update and improve our infrastructure in preparation for our on-going drilling and development in the CBP, North Gaines and Delaware Basin. We continue to vary our selection of drill sites to include both core and non-core sites for the sole purpose of proving out and delineating for future development and possible acquisition opportunities. We have no plans currently, or in the near future to return to the capital markets as we believe we have ample funds by way of our current cash flow and senior credit facility to accomplish our goals for 2018. Our gas system in the Delaware Basin is now completed and we are currently selling gas from our Phoenix well. Had we been able to sell rather than flare that gas in the third quarter it could have added an additional 150-200 BOEPD to our production.”

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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