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Ring Energy, Inc. Releases Fourth Quarter / Twelve Month 2018 Operations Update

MIDLAND, Texas--(BUSINESS WIRE)-- Ring Energy, Inc. (NYSE American: REI) (“Ring”) (“Company”) today released its operations updates for the fourth quarter and twelve months of 2018. In the three months ended December 31, 2018, the Company drilled 12 new horizontal wells. The Company drilled eight new horizontal San Andres wells on its Central Basin Platform (“CBP”) asset, one new horizontal San Andres well on its North Gaines Property and three new horizontal Brushy Canyon wells on its Delaware Basin Property. All wells drilled in the fourth quarter were one mile long. In the fourth quarter, the Company finished testing and filed Initial Potentials (“IPs”) on 12 new horizontal San Andres wells - four of which were drilled in the fourth quarter 2018 and eight which were drilled earlier in the year. The average IP on the 12 wells tested in the fourth quarter 2018 was approximately 414 Barrel of Oil Equivalents (“BOE”) per day, or 103 BOE per 1,000 feet. This compares to 15 new horizontal wells which the Company finished testing in the third quarter of 2018, and had average IPs of 435 BOE per day, or 103 BOE per 1,000 feet.

For the twelve months ended December 31, 2018, the Company drilled 57 new horizontal wells. The Company drilled 49 new horizontal San Andres wells on its CBP asset, three new horizontal San Andres wells and one horizontal test well on its North Gaines Property, and four new horizontal Brushy Canyon wells on its Delaware Basin Property. For the twelve months ended December 31, 2018, the Company tested and filed IPs on 57 new horizontal wells. The average IP on the 57 wells was 432 BOE per day, or 103 BOE per 1,000 feet.

North Gaines Property –

In the fourth quarter of 2018, the Company drilled one new horizontal well on its North Gaines Property. The Ellen B. Peters #3H is the first horizontal well the Company has used a “Plug and Perf” completion method versus the “Sliding Sleeve” which was used on the previous wells. The well was put on production in mid-November, reached a peak rate of approximately 500 barrels of oil per day (“BOPD”), and has now leveled off between 200 to 250 BOPD with a 35%-40% oil cut. Mr. Danny Wilson, Ring’s Executive Vice President and Chief Operating Officer, commented, “We are very excited with the results we have seen from all our wells on the North Gaines property, so much so that we are including the drilling of additional wells in the 2019 budget and have already filed for drilling permits. The water production from the Ellen B. Peters #3H is substantially lower than the previous wells, which we attribute to the change in completion procedure. We are currently in the process of implementing additional infrastructure in preparation for the on-going drilling and development in 2019.”

Delaware Basin Property –

Three new horizontal Brushy Canyon wells were drilled in the fourth quarter 2018. Based on the preliminary production results the Company experienced from its first Brushy Canyon

horizontal well (the Phoenix #1H) drilled in the southwest area of the property, two of the new wells were drilled in the northeast part of the Company's leasehold. Mr. Danny Wilson stated, "Our first Brushy Canyon horizontal well, the Phoenix #1H, was drilled on the high end of the structure (southwest area) and is producing a high percentage of natural gas. The Hugin 1H and the Hippogriff 4H were purposely drilled lower in structure (northeast area) in an effort to seek a thicker oil column and higher oil cuts. As a result, the Hugin 1H was completed in mid-December and preliminary production results have shown approximately 290 BOPD and 485 MCF per day, which is more than double the oil production we saw from the Phoenix 1H. Testing on the Hugin 1H continues as the fluid level is still very high and we feel the well will get stronger as the fluid level is reduced. The Hippogriff 4H is waiting on completion. The third well, the Phoenix 2H, was drilled just west of the Phoenix 1H and we expect it to be very similar based on preliminary indications gathered through the completion process. We are very pleased with the results and are planning additional development in 2019."

As a result, net production for the fourth quarter of 2018, including flared gas which is now being sold, was approximately 623,800 BOEs, as compared to net production of 422,000 BOEs for the fourth quarter of 2017, an approximate 47.8% increase, and net production of 600,000 BOEs for the third quarter of 2018, an approximate 4% increase. December 2018 average net production (including flared gas), was approximately 7,099 BOEs, as compared to net daily production of 5,352 BOEs in December 2017, an approximate 32.6% increase, and net daily production of 7,294 in September 2018, an approximate 2.6% decrease. For the twelve months ended December 31, 2018, net production (including flared gas), was approximately 2,262,800 BOEs, as compared to 1,402,000 BOEs for the twelve months ended December 31, 2017, an approximate 61.4% increase.

Management commented that the inclusion of flared gas in the fourth quarter and twelve-month production numbers and percentages represent a more accurate assessment of the Company's current operations. The total amount of natural gas that was flared in November and December represents approximately 15,800 BOEs and was due to a "purchaser" infrastructure issue. The issue has been resolved and the Company's produced natural gas is currently being sold.

The average estimated price received per BOE in the fourth quarter 2018 was $43.50.

Mr. Kelly Hoffman, Ring's Chief Executive Officer, stated, "2018 was another exciting year of growth for Ring Energy. We drilled 57 new horizontal wells in 2018. Several of them were specifically drilled in locations to aid us in delineating structure and one was used as a science well on our North Gaines property to test different completion techniques. As a result, four of the wells drilled and completed in the fourth quarter on our Central Basin Platform ("CBP") had IP's averaging over 500 BOE's per day. Preliminary results on both our North Gaines and Delaware assets are showing improved oil production with better oil cuts and less water. Even though we drilled and completed fewer wells in the fourth quarter, we were still able to show increased production over the previous quarter. Management's goal had always been to deliver low double-digit production growth quarter over quarter, but with a Company of our size it is not practical to focus on one quarter's results instead of annualized results when temporary delays in operations (weather, mechanical, etc.) can have an immediate impact. We are extremely proud that we had over a 60% growth in production from 2017, and that did not include gas which is currently being sold. We

announced in mid-December we were initiating a one rig drilling and development program for 2019. Our focus will be on becoming cash flow neutral / positive as soon as possible, while still producing meaningful annual production growth. By the end of January, we will release our capital expenditure budget ("capex") for 2019. We have maintained a strong balance sheet, eliminated the need to be reliant on the capital markets, and preserved the integrity of our senior credit facility which has allowed us to look for acquisition opportunities that complement our existing properties and be immediately accretive to our shareholders. In December, we announced the addition of over 5,300 acres in, around and contiguous to our core assets on the CBP. This acreage, at a realized price of $45 per BOE, could potentially add as much as $180 million in PV-10 value ($2.85 per common share) and will immediately contribute to our annualized growth by adding over two years of drilling locations to our current inventory. While 2018 was a volatile year and brought about many challenges, 2019 looks to be an exciting year for Ring and its shareholders."

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 September 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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