

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

We define Adjusted EBITDA as earnings before interest expense, income taxes, depletion, depreciation and amortization, accretion of asset retirement obligations, property impairments, unrealized derivative gains and losses, certain other non-cash items and non-cash stock-based compensation expense, and net gain or loss on asset sales and inventory impairment. Adjusted EBITDA is not a measure of net income or cash flows as determined by GAAP. Adjusted EBITDA is a supplemental non-GAAP financial measure that is used by management and external users of our consolidated financial statements, such as industry analysts, investors, lenders and rating agencies.

Management believes Adjusted EBITDA is necessary because it allows us to evaluate our operating performance and compare the results of operations from period to period without regard to our financing methods or capital structure. We exclude the items listed above from net income (loss) in calculating Adjusted EBITDA because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which certain assets were acquired.

Adjusted EBITDA should not be considered an alternative to, or more meaningful than, net income or cash flows from operating activities as determined in accordance with GAAP or as an indicator of our operating performance or liquidity. Certain items excluded from Adjusted EBITDA are significant components of understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure. Our Adjusted EBITDA may not be comparable to similarly titled measures of another company because all companies may not calculate Adjusted EBITDA in the same manner. The following table presents our calculation of Adjusted EBITDA and the reconciliation of Adjusted EBITDA to the GAAP financial measures of net income (loss) and net cash provided by operating activities, respectively.

	Year Ended December 31,						
	2009	2010	2011	2012	2013	2014	2015
<i>(In thousands)</i>							
<b>Unaudited Adjusted EBITDA reconciliation to</b>							
<b>Net Income (Loss):</b>							
Net income (loss)	(\$14,425)	\$6,377	(\$10,309)	(\$33,261)	\$45,094	\$110,771	(\$679,785)
Interest expense	-	3	683	1,002	5,687	5,334	21,754
Total income tax (benefit) provision	(9,925)	3,521	(5,521)	(1,430)	9,697	64,375	(147,368)
Depletion, depreciation and amortization	10,743	15,596	31,754	80,454	98,395	134,737	178,847
Accretion of asset retirement obligations	137	155	209	256	348	504	734
Full-cost ceiling impairment	25,244	-	35,673	63,475	21,229	-	\$801,166
Unrealized loss (gain) on derivatives	2,375	(3,139)	(5,138)	4,802	7,232	(58,302)	39,265
Stock-based compensation expense	656	898	2,406	140	3,897	5,524	9,450
Net (gain) loss on asset sales and inventory impairment	379	224	154	485	192	-	(\$908)
<b>Adjusted EBITDA</b>	<b>\$15,184</b>	<b>\$23,635</b>	<b>\$49,911</b>	<b>\$115,923</b>	<b>\$191,771</b>	<b>\$262,943</b>	<b>\$223,155</b>
<i>(In thousands)</i>							
<b>Unaudited Adjusted EBITDA reconciliation to</b>							
<b>Net Cash Provided by Operating Activities:</b>							
Net cash provided by operating activities	\$1,791	\$27,273	\$61,868	\$124,228	\$179,470	\$251,481	\$208,535
Net change in operating assets and liabilities	15,717	(2,230)	(12,594)	(9,307)	6,210	5,978	(8,980)
Interest expense, net of non-cash portion	-	3	683	1,002	5,687	5,334	20,902
Current income tax (benefit) provision	(\$2,324)	(1,411)	(46)	-	404	133	2,959
Net (income) loss attributable to non-controlling interest in subsidiary	-	-	-	-	-	17	(261)
<b>Adjusted EBITDA</b>	<b>\$15,184</b>	<b>\$23,635</b>	<b>\$49,911</b>	<b>\$115,923</b>	<b>\$191,771</b>	<b>\$262,943</b>	<b>\$223,155</b>