December 20, 2016

Halcón Resources Provides Update on El Halcón Drilling Plans and Preliminary 2017 Guidance

HOUSTON, Dec. 20, 2016 (GLOBE NEWSWIRE) -- Halcón Resources Corporation (NYSE:HK) ("Halcón" or the "Company") today announced its plans to recommence drilling in its El Halcón area of the East Texas Eagle Ford in early 2017. The Company also provided an update on fourth quarter 2016 production in addition to preliminary production and capex guidance for 2017.

East Texas Eagle Ford Update

Due to low commodity prices, the Company has not operated a rig on its El Halcón acreage in nearly a year. Halcón's decision to resume drilling in this area is driven by the recent improvement in oil prices, in addition to the Company's technical review of recent offset operator activity in the play. Based on a review of 18 recent offset operator wells, the Company believes it can significantly improve EURs and well economics in the El Halcón area by applying an enhanced completion utilizing slickwater fracs and high intensity proppant loading to improve near wellbore fracturing of the target zone.

Halcón Resources Chart

El Halcón Enhanced Type Curve Economics - Oil Price Sensitivity

Halcón currently has approximately 80,000 net acres prospective for the Eagle Ford formation in East Texas, approximately 82% of which is held by production. The Company has approximately 500 remaining gross operated locations with an average working interest of ~80% based on 1,000 foot spacing. Halcón believes the enhanced completion technique may reduce well spacing to 500 feet and therefore increase the number of remaining locations to more than 1,000.

The table and chart below illustrate the Company's preliminary type curve expectations for wells completed with the enhanced completion technique.

Projected El Halcón Type Curve Data Based on Enhanced Completions (Preliminary)

Lateral Length (Ft)	Stages	Fluid Type	Proppant Amount	D&C Cost ($MM)(1)	Avg. Estimated EUR (Mboe)(2)	IRR at Strip(3)	PV-10 at Strip(2)(3) ($MM)
7,500	50	Slickwater	3000 - 3500 lbs/ft	$8.0	706	39%	$4.8

(1) Includes all costs associated with drilling and completing a well (i.e. location, title, facilities, artificial lift, etc.).
(2) See "Forward Looking Statements" for important disclosures about EURs and PV-10.
(3) Based on NYMEX strip oil and gas prices as of 12/2/16 (oil at $54.29/bbl in 2017, $54.82/bbl in 2018 and $54.89/bbl in 2019).

A photo of the chart accompanying this release is available here http://www.globenewswire.com/NewsRoom/AttachmentNg/07184df4-9568-4b08-afa5-eb99aa9c1ce0

Q4 2016 Production Update and Preliminary 2017 Guidance

The Company is currently running one operated rig in the Fort Berthold Indian Reservation ("FBIR") area of the Williston Basin and plans to continue to keep this rig in the FBIR area through 2017. As mentioned above, Halcón plans to drill and complete 5 wells in its El Halcón area in the first half of 2017. Additionally, the Company plans to add a second operated rig in the Williston Basin area in the second quarter of 2017, which is expected to drill a 5 well pad in Williams County before moving to the FBIR area in late 2017.

Halcón expects fourth quarter 2016 production to average between 38,000 and 39,000 boe/d. Fourth quarter 2016 production has been negatively impacted by inclement weather in the Williston Basin.

For 2017, the Company expects to spend approximately $200 MM on drilling and completion costs and generate 39,000 to 41,000 boe/d of production (78% oil, 12% gas and 10% NGL). The midpoint of this production range represents an 8% year over year growth rate versus 2016. Halcón expects to be cash flow neutral in 2017 based on this capital program and current strip prices for oil and gas.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Statements that are not strictly historical statements constitute forward-looking statements and may often, but not always, be identified by the use of such words such as "expects", "believes", "intends", "anticipates", "plans", "estimates", "potential", "possible", or "probable" or statements that certain actions, events or results "may", "will", "should", or "could" be taken, occur or be achieved. Forward looking statements include gross drilling locations, estimated drilling and completion costs, EURs, IRR and PV-10 for enhanced completion techniques, among others. This release uses the term "EUR" to describe estimates of potentially recoverable hydrocarbons that the SEC rules prohibit from being included in filings with the SEC. These are based on the Company's internal estimates of hydrocarbon quantities that may be potentially discovered through exploratory drilling or recovered with additional drilling or recovery techniques. These quantities do not constitute "reserves" within the meaning of the Society of Petroleum Engineer's Petroleum Resource Management System or SEC rules and are subject to substantially greater uncertainties relating to recovery than reserves. "EUR," or Estimated Ultimate Recovery, refers to our management's internal estimates based on per well hydrocarbon quantities that may be potentially recovered from a hypothetical future well completed as a producer in the area. For areas where the Company has no or very limited operating history, EURs are based on publicly available information relating to operations of producers operating in such areas. For areas where the Company has sufficient operating data to make its own estimates, EURs are based on internal estimates by the Company's management and reserve engineers. Forward-looking statements are based on current beliefs and expectations and involve certain assumptions or estimates that involve various risks and uncertainties that could cause actual results to differ materially from those reflected in the statements. These risks include, but are not limited to, effects on market price of the Company's common stock and on the Company's ability to access the capital markets, and the risks set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and other filings submitted by the Company to the SEC, copies of which may be obtained from the SEC's website at www.sec.gov or through the Company's website at www.halconresources.com. Readers should not place undue reliance on any such forward-looking statements, which are made only as of the date hereof. The Company has no duty, and assumes no obligation, to update forward-looking statements as a result of new information, future events or changes in the Company's expectations.

The disclosure in this press release of PV-10 value at strip prices of enhanced completions may also be considered a non-GAAP financial measure, which differs from the GAAP standardized measure of discounted future net cash flows. The standardized measure is calculated based estimates of year-end proved reserves using average first day of the month prices for the preceding twelve month period, reduced by estimated costs based on year-end economic conditions and estimated future income tax expenses. Because of these differences, there is no corresponding GAAP measure for the PV-10 value disclosed in this press release. Accordingly, it is not practicable for us to reconcile the PV-10 value disclosed herein to the GAAP standardized measure of discounted future net cash flows. PV-10 value is an important measure used by investors and independent oil and gas producers for evaluating relative significance of oil and natural gas properties.

Contact:

Quentin Hicks

SVP, Finance & Investor Relations

Halcón Resources

(832) 538-0557

Primary Logo