GULFPORT ENERGY CORP
Form 10-K
February 15, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)
ý ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2016
OR
¨ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number 000-19514

Gulfport Energy Corporation
(Exact Name of Registrant As Specified in Its Charter)

Delaware	73-1521290
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification Number)
3001 Quail Springs Parkway Oklahoma City, Oklahoma	73134
(Address of Principal Executive Offices)	(Zip Code)

(405) 252-4600
(Registrant Telephone Number, Including Area Code)
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $0.01 per share	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ý No ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No ý
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes ý No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive

proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer ý Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No ý

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant computed as of June 30, 2016, based on the closing price of the common stock on the NASDAQ Global Select Market on June 30, 2016, the last business day of the registrant’s most recently completed second fiscal quarter ($31.26 per share), was $3,918,915,089.

As of February 10, 2017, 158,829,816 shares of the registrant’s common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Gulfport Energy Corporation’s Proxy Statement for the 2017 Annual Meeting of Stockholders are incorporated by reference in Items 10, 11, 12, 13 and 14 of Part III of this Form 10-K.

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FORWARD-LOOKING STATEMENTS

Our disclosure and analysis in this Form 10-K may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expects,” “plans,” “anticipates,” “int “believes,” “estimates,” “projects,” “predicts,” “potential” and similar expressions intended to identify forward-looking statements. All statements, other than statements of historical facts, included in this Form 10-K that address activities, events or developments that we expect or anticipate will or may occur in the future, including such things as estimated future net revenues from oil and gas reserves and the present value thereof, future capital expenditures (including the amount and nature thereof), business strategy and measures to implement strategy, competitive strength, goals, expansion and growth of our business and operations, plans, references to future success, reference to intentions as to future matters and other such matters are forward-looking statements.

These forward-looking statements are largely based on our expectations and beliefs concerning future events, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control.

Although we believe our estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management's assumptions about future events may prove to be inaccurate. Management cautions all readers that the forward-looking statements contained in this Form 10-K are not guarantees of future performance, and we cannot assure any reader that those statements will be realized or the forward-looking events and circumstances will occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to the factors listed in Item 1A. “Risk Factors” and Item 7. “Management's Discussion and Analysis of Financial Condition and Results of Operations” sections and elsewhere in this Form 10-K. All forward-looking statements speak only as of the date of this Form 10-K. We do not intend to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise, except as required by law. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

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PART I

ITEM 1. BUSINESS

General

We are an independent oil and natural gas exploration and production company focused on the exploration, exploitation, acquisition and production of natural gas, natural gas liquids and crude oil in the United States. Our principal properties are located in the Utica Shale primarily in Eastern Ohio and along the Louisiana Gulf Coast in the West Cote Blanche Bay, or WCBB, and Hackberry fields. In December 2016, we entered into a definitive agreement to purchase oil and natural gas assets including 46,400 net surface acres with multiple producing zones, including the Woodford and Springer formations, in Grady, Stephens, and Garvin counties, Oklahoma, (see "- Our Pending Acquisition" below) which we expect to complete in February 2017. In addition, we have an interest in producing properties in the Niobrara Formation of Northwestern Colorado and the Bakken Formation. We also hold a significant acreage position in the Alberta oil sands in Canada through our interest in Grizzly Oil Sands ULC, or Grizzly, and an interest in an entity that operates in the Phu Horm gas field in Thailand. We also hold an approximate 24.2% equity interest in Mammoth Energy Services, Inc., or Mammoth Energy, an oil field services company listed on the NASDAQ Global Select Market, to which we contributed our membership interest in Mammoth Partners LLC (previously, Mammoth Energy Partners LP) in connection with Mammoth Energy's initial public offering completed on October 19, 2016. We seek to achieve reserve growth and increase our cash flow through our annual drilling programs.

As of February 10, 2017, we held leasehold interests in approximately 232,000 gross (213,000 net) acres in the Utica Shale primarily in Eastern Ohio. We spud our first well, the Wagner 1-28H, on our Utica Shale acreage in February 2012 and, as of December 31, 2016, had spud 268 gross wells, 219 of which were completed and were producing. In 2016, we spud 50 gross (43.5 net) wells, of which 16 were completed as producing wells, two were non-productive, and as of December 31, 2016, 26 were in various stages of completion and six were still being drilled. We commenced sales from 54 gross wells (40.2 net wells) in the Utica Shale during 2016. During 2017 (through February 10, 2017), we spud ten gross (9.2 net) wells. As of February 10, 2017, four of these wells were waiting on completion and the other six were still drilling. In addition, other operators drilled 35 gross (6.9 net) wells and commenced sales from 25 gross (6.3 net) wells on our Utica Shale acreage in 2016.

We currently intend to drill 87 to 97 gross (67 to 74 net) horizontal wells, and commence sales from 72 to 80 gross (61 to 67 net) horizontal wells on our Utica Shale acreage in 2017. We currently anticipate 30 to 34 gross (10 to 11 net) horizontal wells will be drilled, and sales commenced from 42 to 46 gross (nine to 10 net) horizontal wells, by other operators on our Utica Shale acreage. We currently expect our anticipated operated and non-operated activity during 2017 to cost us $645.0 million to $690.0 million.

Aggregate net production from our Utica Shale acreage during the three months ended December 31, 2016 was approximately 70,653 net million cubic feet of natural gas equivalent, or MMcfe, or 768.0 MMcfe per day, of which 89% was from natural gas and 11% was from oil and natural gas liquids, or NGLs.

In 2016, at our WCBB field, we recompleted 54 gross and net wells and spud no new wells. In the fourth quarter of 2016, production at WCBB was approximately 1,272 MMcfe, or an average of 13.8 MMcfe per day, of which 99% was from oil and 1% was from natural gas.

In 2016, at our East Hackberry field, we recompleted 23 gross and net wells and spud no new wells. In the fourth quarter of 2016, net production at East Hackberry was approximately 334 MMcfe, or an average of 3.6 MMcfe per day, of which 97% was from oil and 3% was from natural gas.

In 2016, at our West Hackberry field, we had no recompletions and spud no new wells. In the fourth quarter of 2016, net production at West Hackberry was approximately 45 MMcfe, or an average of 492.8 thousand cubic feet of natural gas equivalent, or Mcfe, per day, of which 99% was from oil and 1% was from natural gas.

We currently estimate our 2017 activities in our Southern Louisiana fields to be approximately $30.0 million to $35.0 million in aggregate to drill 12 to 15 gross and net wells and perform recompletion activities.

As of December 31, 2016, we held leasehold interests in approximately 4,000 net acres in the Niobrara Formation in Northwestern Colorado. During the year ended December 31, 2016, there were no wells spud on our Niobrara

Formation acreage. In the fourth quarter of 2016, net production from our Niobrara Formation acreage was approximately 26 MMcfe, or

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an average of 277.8 Mcfe per day, 100% of which was from oil. During 2017, we currently do not anticipate drilling any wells in the Niobrara Formation.

As of December 31, 2016, we held leasehold interests in approximately 778 net acres in the Bakken Formation of Western North Dakota and Eastern Montana, interests in 18 wells and overriding royalty interests in certain existing and future wells. In the fourth quarter of 2016, our net production from this acreage was approximately 71 MMcfe, or an average of 773.5 Mcfe per day, of which 80% was from oil, 16% was from natural gas and 4% was from natural gas liquids.

We, through our wholly-owned subsidiary Grizzly Holdings Inc., own a 24.9% interest in Grizzly. As of December 31, 2016, Grizzly had approximately 830,000 net acres under lease in the Athabasca, Peace River and Cold Lake oil sands regions of Alberta, Canada. For additional information regarding Grizzly, see "-Our Equity Investments–Grizzly Oil Sands" below.

We own a 23.5% ownership interest in Tatex Thailand II, LLC, or Tatex II. Tatex II, a privately held entity, holds an 8.5% interest in APICO, LLC, or APICO, an international oil and gas exploration company. APICO has a reserve base located in Southeast Asia through its ownership of concessions covering approximately 180,000 acres which includes the Phu Horm Field. For additional information regarding Tatex II and our other activities in Southeast Asia, see "-Our Equity Investments–Thailand" below.

In an effort to facilitate the development of our Utica Shale and other domestic acreage, we have invested in entities that can provide services that are required to support our operations. For additional information regarding these entities, see "-Our Equity Investments–Other Investments" below.

As of December 31, 2016, we had 2.3 Tcfe of proved reserves with a present value of estimated future net revenues, discounted at 10%, or PV-10, of approximately $696.0 million and associated standardized measure of discounted future net cash flows of approximately $688.0 million, excluding reserves attributable to our interests in Grizzly, Tatex II and Tatex III. See Item 2. "Properties-Proved Oil and Natural Gas Reserves" for our definition of PV-10 (a non-GAAP financial measure) and a reconciliation of our standardized measure of discounted future net cash flows (the most directly comparable GAAP measure) to PV-10.

Principal Oil and Natural Gas Properties

The following table presents certain information as of December 31, 2016 reflecting our net interest in our principal producing oil and natural gas properties in the Utica Shale primarily in Eastern Ohio, along the Louisiana Gulf Coast, in the Niobrara Formation in Northwestern Colorado and in the Bakken Formation in Western North Dakota and Eastern Montana.

								Proved Reserves			
Field	NRI/WI (1)	Productive Wells		Non-Productive Wells		Developed Acreage (2)		Gas	Oil	NGLs	Total
	Percentages	Gross	Net	Gross	Net	Gross	Net	MMcf	MBbls	MBbls	MMcfe
Utica Shale (3)	40.33/49.28	393	193.84	5	4.23	48,523	41,081	2,165,739	2,798	20,126	2,303,282
West Cote Blanche Bay Field (4)	80.108/100	116	116	145	145	5,668	5,668	865	2,039	—	13,096
E. Hackberry Field (5)	82.04/100	25	25	119	119	2,910	2,910	210	356	—	2,349
W. Hackberry Field	80.357/100	7	7	6	6	726	726	—	72	—	433
Niobrara Formation	34.52/48.61	3	1.46	1	0.41	2,100	1,050	89	157	—	1,029
Bakken Formation	1.51/1.83	18	0.3	—	—	386	77	153	123	1	899
Overrides/Royalty Non-operated	Various	583	0.77	—	—	—	—	12	1	—	20
Total		1,145	344.37	276	274.64	60,313	51,512	2,167,068	5,546	20,127	2,321,108

(1) Net Revenue Interest (NRI)/Working Interest (WI) for producing wells.

(2) Developed acres are acres spaced or assigned to productive wells. Approximately 23% of our acreage is developed acreage and has been held by production.

(3) Includes NRI/WI from wells that have been drilled or in which we have elected to participate. Includes 174 gross (22.25 net) wells drilled by other operators on our acreage.

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(4) We have a 100% working interest (80.108% average NRI) from the surface to the base of the 13900 Sand which is located at 11,320 feet. Below the base of the 13900 Sand, we have a 40.40% non-operated working interest (29.95% NRI).

(5) NRI shown is for producing wells.

Utica Shale (primarily in Eastern Ohio)

Location and Land

As of December 31, 2016, we held leasehold interests in approximately 232,000 gross (213,000 net) acres in the Utica Shale.

Area History

The Ohio Department of Natural Resources reported that in the Utica Shale in Ohio, as of December 31, 2016, there were 1,472 producing horizontal wells, 256 horizontal wells that had been drilled but were not yet completed or connected to a pipeline, 19 horizontal wells that were being drilled and an additional 460 horizontal wells that had been permitted.

Geology

The Utica Shale is located in the Appalachian Basin of the United States and Canada. The Utica Shale is a rock unit comprised of organic-rich calcareous black shale that was deposited about 440 million to 460 million years ago during the Late Ordovician period. It overlies the Trenton Limestone and is located a few thousand feet below the Marcellus Shale.

Recently, the application of horizontal drilling, combined with multi-staged hydraulic fracturing to create permeable flow paths from shale units into wellbores, has resulted in increased drilling activity and production in the Devonian-age Marcellus Shale and the Ordovician-age Utica Shale in the Appalachian Basin states of Pennsylvania, West Virginia, Southern New York and Eastern Ohio. This proven technology has potential for application in other shale units which extend across much of the Appalachian Basin region.

The Utica Shale is estimated to be thicker and more geographically extensive than the Marcellus Shale. The source rock portion of the Utica Shale underlies portions of Kentucky, Maryland, New York, Ohio, Pennsylvania, Tennessee, West Virginia and Virginia in the United States and is also present beneath parts of Lake Ontario, Lake Erie and Ontario, Canada. Throughout this area, the Utica Shale ranges in thickness from less than 100 feet to over 500 feet. There is a general thinning from east to west.

The Utica Shale is also significantly deeper than the Marcellus Shale. In some parts of Pennsylvania, the Utica Shale is estimated to be over two miles below sea level and up to 7,000 feet below the Marcellus Shale. However, the depth of the Utica Shale decreases to the west into Ohio and to the northwest under the Great Lakes and into Canada to less than 2,000 feet below sea level.

The Utica Shale is estimated to have higher carbonate and lower clay mineral content than the Marcellus Shale. The difference in mineralogy generally produces a different response to hydraulic fracturing treatments. Operators in the Utica play continue to refine completions techniques to optimize productivity.

Facilities

There are standard land oil and natural gas processing facilities in the Utica Shale. Our facilities located at well site pads include storage tank batteries, oil/gas/water separation equipment, vapor recovery units, line heaters, compression emission control devices and applicable metering.

Recent and Future Activities

We spud our first well, the Wagner 1-28H, on our Utica Shale acreage in February 2012 and, as of December 31, 2016, had spud 268 gross wells, 219 of which were completed and were producing. In 2016, we spud 50 gross (43.5 net) wells, of which 16 were completed as producing wells and two were non-productive, and as of December 31, 2016, 26 were in various stages of completion and six were still being drilled. We commenced sales from 54 gross wells (40.2 net wells) in the Utica Shale during 2016. During 2017 (through February 10, 2017), we spud ten gross (9.2 net) wells. As of February 10, 2017, four of these

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wells were waiting on completion and the other six were still drilling. In addition, other operators drilled 35 gross (6.9 net) wells and commenced sales from 25 gross (6.3 net) wells on our Utica Shale acreage in 2016.

We currently intend to drill 87 to 97 gross (67 to 74 net) horizontal wells, and commence sales from 72 to 80 gross (61 to 67 net) horizontal wells, on our Utica Shale acreage in 2017. We currently anticipate 30 to 34 gross (10 to 11 net) horizontal wells will be drilled, and sales commenced from 42 to 46 gross (nine to 10 net) horizontal wells, by other operators on our Utica Shale acreage during 2017. We currently anticipate our 2017 capital expenditures to be $645.0 million to $690.0 million related to our operated and non-operated Utica Shale activities. As of February 10, 2017, we had six operated horizontal rigs drilling in the play.

Production Status

Aggregate net production from our Utica Shale acreage during the three months ended December 31, 2016 was approximately 70,653 net million cubic feet of natural gas equivalent, or MMcfe, or 768.0 MMcfe per day, of which 89% was from natural gas and 11% was from oil and natural gas liquids.

West Cote Blanche Bay Field

Location and Land

The WCBB field is located approximately five miles off the coast of Louisiana in a shallow bay with water depths averaging eight to ten feet. We own a 100% working interest (80.108% net revenue interest, or NRI), and are the operator, in depths above the base of the 13900 Sand which is located at 11,320 feet. In addition, we own a 40.40% non-operated working interest (29.95% NRI) in depths below the base of the 13900 Sand, which is operated by Chevron Corporation. Our leasehold interests at WCBB contain 5,668 gross acres.

Area History and Production

Texaco, now Chevron Corporation, drilled the discovery well in this field in 1940 based on a seismic and gravitational anomaly. WCBB was subsequently developed on an even 160-acre pattern for much of the remainder of the decade. Developmental drilling continued and reached its peak in the 1970s when over 300 wells were drilled in the field. Of the 1,077 wells drilled as of December 31, 2016, 973 were completed as producing wells. From the date of our acquisition of WCBB in 1997 through December 31, 2016, we drilled 265 new wells, 233 of which were productive, for an 88% success rate. As of December 31, 2016, estimated field cumulative gross production was 199 MMBO and 237.2 Bcf of gas. Of the 1,077 wells drilled in WCBB as of December 31, 2016, 116 were producing, 145 were shut-in, and six were being used as salt water disposal wells. The other 810 wells have been plugged and abandoned.

Geology

WCBB overlies one of the largest salt dome structures on the Gulf Coast. The field is characterized by a piercement salt dome, which created traps from the Pleistocene through the Miocene formations. The relative movements affected deposition and created a complex system of fault traps. The compensating fault sets generally trend northwest to southeast and are intersected by sets having a major radial component. Later-stage movement caused extension over the dome and a large graben system (a downthrown area bounded by normal faults) was formed.

There are over 100 distinct sandstone reservoirs recognized throughout most of the field, and nearly 200 major and minor discrete intervals have been tested. Within the 1,077 wells that had been drilled in the field as of December 31, 2016, over 4,000 potential zones have been penetrated. These sands are highly porous and permeable reservoirs primarily with a strong water drive.

WCBB is a structurally and stratigraphically complex field. All of the proved undeveloped, or PUD, locations at WCBB are adjacent to faults and abut at least one fault. Our drilling programs are designed to penetrate each PUD trap with a new wellbore in a structurally optimum position, usually very close to the fault seal. The majority of these wells have been, and new wells drilled in connection with our drilling programs will be, directionally drilled using steering tools and downhole motors. The tolerance for error in getting near the fault is low, so the complex faulting does introduce the risk of crossing the fault before encountering the zone of interest, which could result in part or all of the zone being absent in the borehole. This, in turn, can result in lower than expected or no reserves for that zone. The new wellbores eliminate the mechanical risk associated with trying to produce the zone from an old existing wellbore, while the wellbore locations are selected in an effort to more

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efficiently drain each reservoir. The vast majority of the PUD targets are up-dip offsets to wells that produced from a sub-optimal position within a particular zone.

Facilities

We own and operate a production facility at WCBB that includes four production tank batteries, seven natural gas compressors, a storage barge facility, a dock, a dehydration unit and a salt water disposal system.

Recent Activity

In 2016, at our WCBB field, we recompleted 54 gross and net wells and spud no new wells. As of February 10, 2017, we had recompleted 14 gross and net wells during 2017 in our WCBB field.

Production Status

In the fourth quarter of 2016, our net production at WCBB was approximately 1,272 MMcfe, or an average of 13.8 MMcfe per day, of which 99% was from oil and 1% was from natural gas.

East Hackberry Field

Location and Land

The East Hackberry field in Louisiana is located along the western shore and the land surrounding Lake Calcasieu, 15 miles inland from the Gulf of Mexico. We own a 100% working interest (approximately 82.04% average NRI) in certain producing oil and natural gas properties situated in the East Hackberry field. As of December 31, 2016, we held beneficial interests in approximately 4,116 acres, including the Erwin Heirs Block, which is located on land, and the adjacent State Lease 50 Block, which is located primarily in the shallow waters of Lake Calcasieu.

Area History and Production

The East Hackberry field was discovered in 1926 by Gulf Oil Company, now Chevron Corporation, by a gravitational anomaly survey. The massive shallow salt stock presented an easily recognizable gravity anomaly indicating a productive field. Initial production began in 1927 and has continued to the present. The estimated cumulative oil and condensate production through 2016 was over 4,758 MBO and 332 Bcf of casinghead gas production. A total of 269 wells have been drilled on our portion of the field. As of December 31, 2016, 25 wells had daily production, 119 were shut-in and three had been converted to salt water disposal wells. The remaining 122 wells had been plugged and abandoned.

Geology

The Hackberry field is a major salt intrusive feature, elliptical in shape as opposed to a classic “dome,” divided into east and west field entities by a saddle. Structurally, our East Hackberry acreage is located on the eastern end of the Hackberry salt ridge. There are over 30 pay zones at this field. The salt intrusion formed a series of structurally complex and steeply dipping fault blocks in the Lower Miocene and Oligocene age rocks. These fault blocks serve as traps for hydrocarbon accumulation. Our wells currently produce from perforations found between 5,100 and 12,200 feet.

Facilities

We have a field office that serves both the East and West Hackberry fields. In addition, we own and operate three production facilities at East Hackberry that include two land based tank batteries, a production barge, three natural gas compressors, dehydration units and salt water disposal systems.

Recent Activity

During 2016 at East Hackberry, we recompleted 23 gross and net wells and spud no new wells. As of February 10, 2017, we had recompleted two gross and net wells during 2017 in our East Hackberry field.

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Production Status

In the fourth quarter of 2016, our net production at East Hackberry was approximately 334 MMcfe, or an average of 3.6 MMcfe per day, of which 97% was from oil and 3% was from natural gas.

West Hackberry Field

Location and Land

The West Hackberry field is located on land and is five miles west of Lake Calcasieu in Cameron Parish, Louisiana, approximately 85 miles west of Lafayette and 15 miles inland from the Gulf of Mexico. We own a 100% working interest (approximately 80.00% NRI) in 1,032 acres within the West Hackberry field. Our leases at West Hackberry are located within two miles of one of the United States Department of Energy's Strategic Petroleum Reserves.

Area History

The first discovery well at West Hackberry was drilled in 1938 and the field was developed by Superior Oil Company, now ExxonMobil Corporation, between 1938 and 1988. The estimated cumulative oil and condensate production through 2016 was 493 MBO and 140 Bcf of natural gas. As of December 31, 2016, 41 wells had been drilled on our portion of West Hackberry. As of December 31, 2016, seven of such wells were producing, six were shut-in and one had been converted to a saltwater disposal well. The remaining 27 wells have been plugged and abandoned.

Geology

Structurally, our West Hackberry acreage is located on the western end of the Hackberry salt ridge. There are over 30 pay zones at this field. West Hackberry consists of a series of fault-bounded traps in the Oligocene-age Vincent and Keough sands associated with the Hackberry Salt Ridge. Recoveries from these thick, porous, water-drive reservoirs have resulted in per well cumulative production of almost 700 MBOE.

Recent Activity

During 2016 at West Hackberry, we had no recompletions and spud no new wells.

Production Status

In the fourth quarter of 2016, our net production at West Hackberry was approximately 45 MMcfe, or an average of 492.8 Mcfe per day, of which 99% was from oil and 1% was from natural gas.

Facilities

We own and operate a production facility at West Hackberry that includes a land based tank battery and salt water disposal system.

Niobrara Formation (Northwestern Colorado)

Location and Land

Effective as of April 1, 2010, we acquired leasehold interests in the Niobrara Formation in Northwestern Colorado and, as of December 31, 2016, we held leases for approximately 4,000 net acres. In 2016, no wells were spud on our Niobrara Formation acreage.

Area History

The Niobrara Formation is a shale oil rock formation located in Colorado, Northwest Kansas, Southwest Nebraska, and Southeast Wyoming. Oil and natural gas can be found at depths of 3,000 to 14,000 feet and is drilled both vertically and horizontally. The Upper Cretaceous Niobrara Formation has emerged as another potential crude oil resource play in various basins throughout the northern Rocky Mountain region. As with most resource plays, the Niobrara Formation has a history of producing through conventional technology with some of the earliest production dating back to the early 1900s. Natural

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fracturing has played a key role in producing the Niobrara Formation historically due to the low porosity and low permeability of the formation. Because of this, conventional production has been very localized and limited in area extent. We believe the Niobrara Formation can be produced on a more widespread basis using today's horizontal multi-stage fracture stimulation technology where the Niobrara Formation is thermally mature.

Geology

The Niobrara Formation oil play in Northwestern Colorado is located between the Piceance Basin to the south and the Sand Wash Basin to the north. Rocks mainly consist of interbedded organic-rich shales, calcareous shales and marlstones. It is the fractured marlstone intervals locally known as the Buck Peak, Tow Creek and Wolf Mountain benches that account for the majority of the area's production. These fractured carbonate reservoirs are associated with anticlinal, synclinal and monoclinal folds, and fault zones. This proven oil accumulation is considered to be continuous in nature and lightly explored. Source rocks are predominantly oil prone and thermally mature with respect to oil generation. The producing intervals are geologically equivalent to the Niobrara Formation reservoirs of the DJ and Powder River Basins, which are currently emerging as a major crude resource play.

Production Status

In the fourth quarter of 2016, net production from our Niobrara Formation acreage was approximately 26 MMcfe, or an average of 277.8 Mcfe per day, 100% of which was from oil.

Facilities

There are typical land oil and natural gas processing facilities in the Niobrara Formation. Our facilities located at well locations include storage tank batteries, oil/gas/water separation equipment and pumping units.

Recent Activity

There were no new wells drilled on our Niobrara Formation acreage in 2016. We do not anticipate drilling any wells in the Niobrara Formation during 2017.

Bakken Formation

Location and Land

The Bakken Formation is located in the Williston Basin areas of Western North Dakota and Eastern Montana. As of December 31, 2016, we held approximately 778 net acres, interests in 18 wells and overriding royalty interests in certain existing and future wells.

Production Status

In the fourth quarter of 2016, our net production from this acreage was approximately 71 MMcfe, or an average of 773.5 Mcfe per day, of which 80% was from oil, 16% was from natural gas and 4% was from natural gas liquids.

Facilities

There are typical land, oil and natural gas processing facilities in the Williston Basin. The facilities located at well locations include storage tank batteries, oil/gas/water separation equipment and pumping units.

Recent Activities

There were no new wells drilled on our Bakken Formation acreage in 2016. We do not anticipate drilling any wells in the Bakken Formation during 2017.

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Additional Properties

Louisiana. In addition to our interests in the WCBB, East Hackberry and West Hackberry fields, we also own working interests and overriding royalty interest in various fields in Louisiana, Texas and Oklahoma as described in the following table as of December 31, 2016:

Field	State	Parish/County	Acreage Working Interest		Overriding Royalty Interests		Producing Wells	Non-Producing Wells
Deer Island	Louisiana	Terrebonne	3.125	%	—		1	—
Napoleonville	Louisiana	Assumption	—		2.5	%	3	—
Crest	Texas	Ochiltree	2	%	—		1	—
Eagle City South	Oklahoma	Dewey	1.04	%	—		1	—
Fay South	Oklahoma	Blaine	0.301	%	—		1	—
Squaw Cheek	Oklahoma	Blaine	0.13	%	—		1	—
Watonga Chickasha Trend	Oklahoma	Canadian	0.052	%	—		1	—
Green River Basin	Colorado	Moffat	0.0686	%	—		1	—

Our Pending Acquisition

We have entered into a purchase agreement, dated as of December 13, 2016, with Vitruvian II Woodford, LLC, an unrelated third-party seller, referred to herein as the Seller or Vitruvian, to acquire certain assets of the Seller for a total purchase price consisting of $1.35 billion in cash and approximately 23.9 million in shares of our common stock, subject to certain adjustments, which we refer to herein as the Pending Acquisition. The assets subject to the Pending Acquisition include 46,400 net surface acres, with multiple producing zones including the Woodford and Springer formations, in Grady, Stephens and Garvin Counties, Oklahoma. Given the potential for numerous producing intervals across this acreage, we have identified approximately 1,750 gross drilling locations, comprised of only Woodford and Springer zones with significant upside potential through infill drilling and additional prospective zones present on the acreage. The properties subject to the Pending Acquisition are located primarily in the over-pressured liquids-rich to dry gas windows of the SCOOP play and include approximately 183 MMcfe per day of net production for October 2016, based on information provided by the Seller. The Pending Acquisition also includes 48 producing horizontal wells and an additional interest in over 150 non-operated horizontal wells. Four rigs are currently operating on the acreage and we intend to maintain a four-rig cadence in the play during 2017. Based on the estimates prepared by the Seller as of September 30, 2016 and audited by Netherland, Sewell & Associates, Inc., or NSAI, the estimated proved reserves attributable to the acreage subject to the Pending Acquisition are approximately 1.1 Tcfe. These estimates are internal estimates prepared by the Seller, and we may revise such estimates following the completion of the Pending Acquisition. We do not currently hold any leasehold interests or have any operations in the SCOOP play. The Pending Acquisition is expected to provide basin diversification to our operations. We intend to fund the cash portion of the purchase price of the Pending Acquisition with the net proceeds from the December 2016 common stock and senior note offerings and cash on hand. We anticipate completing the Pending Acquisition in February 2017. However, the Pending Acquisition remains subject to completion of due diligence and satisfaction or waiver of other closing conditions. There can be no assurance that the Pending Acquisition will be completed or that we will acquire all or any portion of the acreage subject to the Pending Acquisition. See Item 1A. "Risk Factors - Risks Relating to the Pending Acquisition."

Our Equity Investments

Grizzly Oil Sands. We, through our wholly-owned subsidiary Grizzly Holdings Inc., own a 24.9% interest in Grizzly. As of December 31, 2016, Grizzly had approximately 830,000 net acres under lease in the Athabasca, Peace River and Cold Lake oil sands regions of Alberta, Canada. Grizzly has three oil sands projects in various stages of development. Grizzly commenced commercial production from its Algar Lake Phase 1 steam-assisted gravity drainage, or SAGD, oil sand project during the second quarter of 2014 and has received regulatory approval for up to 11,300 barrels per day of bitumen production. Grizzly produced approximately 900 barrels of bitumen per day at its Algar Lake SAGD

project during the first quarter of 2015. In April 2015, Grizzly determined to cease bitumen production at its Algar Lake facility due to the level of commodity prices. Grizzly continues to monitor market conditions as it assesses future plans for the facility. We reviewed our investment in Grizzly as of September 30, 2015 and December 31, 2015, and again at March 31, 2016, for impairment based on FASB ASC 323-Investments: Equity Method and Joint Ventures, or FASB ASC 323, due to certain qualitative factors and engaged an independent third party to assist management in determining fair value calculations of its investment. As a result of the calculated fair values and other qualitative factors, we concluded that an other than temporary impairment was required under

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FASB ASC 323, resulting in an aggregate impairment loss of $101.6 million for the year ended December 31, 2015 and $23.1 million for the for the year ended December 31, 2016. As of and during the period ended December 31, 2016, commodity prices had increased as compared to the quarter ended March 31, 2016, and there were no impairment indicators that required further evaluation for impairment. If commodity prices decline again in the future, further impairment of our investment in Grizzly may result. In the first quarter of 2012, Grizzly acquired the May River property comprising approximately 47,000 acres. An initial 12,000 barrel per day development application was filed with the regulatory authorities in the fourth quarter of 2013, covering the eastern portion of the May River lease. The development application continues to move through the regulatory process and is expected to be approved in the first half of 2017. In the first quarter of 2014, a 2-D seismic program covering approximately 83 kilometers was completed to more fully define the resource over the remaining lease beyond the development application area. At the Thickwood thermal project, a development application for a 12,000 barrel per day oil sands project was filed in the fourth quarter of 2012. Since then, the Alberta Energy Regulator, or AER, announced it is implementing a policy for future regulatory requirements for reservoir containment in shallow SAGD areas, which impacts the Thickwood application. Additional work to advance the Thickwood application will be required and is expected to be addressed once the May River development approval is received. In December 2015, Grizzly suspended the review of the Thickwood application by the AER. The Thickwood application will be resubmitted once the regulations have been updated. Grizzly has also developed delineation drilling, seismic and regulatory work plans at its Cadotte, Peace River property. Grizzly continues to pursue a rail marketing strategy to ensure consistent and flexible access to premium markets for its production, including its Windell truck to rail terminal located near Conklin, Alberta, which commenced transloading blended bitumen production from Algar Lake on to rail cars for delivery to the US Gulf Coast markets in the second quarter of 2014.

Thailand. We own a 23.5% ownership interest in Tatex II. Tatex II, a privately held entity, holds an 8.5% interest in APICO, an international oil and gas exploration company. APICO has a reserve base located in Southeast Asia through its ownership of concessions covering approximately 180,000 acres which includes the Phu Horm Field. Our investment is accounted for on the equity method. Tatex II accounts for its investment in APICO using the cost method. In December 2006, first gas sales were achieved at the Phu Horm field located in northeast Thailand. Phu Horm's initial gross production was approximately 60 MMcf per day. For 2016, net gas production was approximately 118 MMcf per day and condensate production was 435 barrels per day. PTT Exploration and Production Public Company Limited operates the field with a 55% interest. Other interest owners include APICO (35% interest) and ExxonMobil (10% interest). Our gross working interest (through Tatex II as a member of APICO) in the Phu Horm field is 0.7%. Since our ownership in the Phu Horm field is indirect and Tatex II's investment in APICO is accounted for by the cost method, these reserves are not included in our year-end reserve information.

Other Investments. In an effort to facilitate the development of our Utica Shale and other domestic acreage, we have invested in entities that can provide services that are required to support our operations. In 2012, we participated in the formation of Stingray Pressure Pumping LLC, or Stingray Pressure, and Stingray Logistics LLC, or Stingray Logistics, with an initial ownership interest in each entity of 50%. These entities provide well completion and other well services. In 2011 and 2012, we acquired an aggregate 40% equity interest in Bison Drilling and Field Services LLC, or Bison, which owns and operates drilling rigs and related equipment. Also in 2011, we acquired a 25% interest in Muskie Proppant LLC, or Muskie, which is engaged in the processing and sale of hydraulic fracturing grade sand. In the fourth quarter of 2014, we contributed our investments in Stingray Pressure, Stingray Logistics, Bison and Muskie to Mammoth Energy Partners LP, or Mammoth, in exchange for a 30.5% limited partner interest in this newly formed limited partnership. On October 19, 2016, Mammoth Energy Services, Inc., or Mammoth Energy, which is the parent company of Mammoth, completed its initial public offering, or the IPO, of 7,750,000 shares of its common stock at a public offering price of $15.00 per share, of which 7,500,000 shares were sold by Mammoth Energy and 250,000 shares were sold by certain selling stockholders, including 76,250 shares sold by us for which we received net proceeds of $1.1 million. Prior to the completion of the IPO, we were issued 9,150,000 shares of Mammoth Energy common stock in return for the contribution of our 30.5% interest in Mammoth Energy Partners LLC (as the sucessor to Mammoth). We intend to use the net proceeds for the sale of our Mammoth Energy shares in the IPO for general

corporate purposes. As of December 31, 2016, we owned an approximate 24.2% interest in Mammoth Energy.
In 2013, we participated in the formation of Stingray Energy Services LLC, or Stingray Energy, with an initial ownership interest of 50%. Stingray Energy provides rental tools for land-based oil and natural gas drilling, completion and workover activities as well as the transfer of fresh water to wellsites. In 2012, we participated in the formation of Stingray Cementing LLC, or Stingray Cementing, with an initial ownership of 50%. Stingray Cementing provides well completion and other well services. In 2012, we also participated in the formation of Blackhawk Midstream LLC, or Blackhawk, and Timber Wolf Terminals LLC, or Timber Wolf, with an initial ownership interest of 50% in each entity. Blackhawk coordinates gathering, compression, processing and marketing activities in connection with the development of our Utica Shale acreage and Timber Wolf will operate a crude/condensate terminal and a sand transloading facility in Ohio. Also in 2012, we acquired a 22.5% equity interest in Windsor Midstream LLC, or Midstream, which owned a 28.4% equity interest in a gas processing plant in

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West Texas. In 2014, we acquired a 25% equity interest in Sturgeon Acquisitions LLC, or Sturgeon. Sturgeon owns an entity that operates sand mines that produce hydraulic fracturing grade sand.

In February 2016, we, through our wholly owned subsidiary Gulfport Midstream Holdings, LLC, or Midstream Holdings, entered into an agreement with Rice Midstream Holdings LLC, or Rice, a subsidiary of Rice Energy Inc., to develop natural gas gathering assets in eastern Belmont County and Monroe County, Ohio, which we refer to as the dedicated areas. We own a 25% interest in the newly formed entity called Strike Force Midstream LLC, or Strike Force, and Rice acts as operator and owns the remaining 75% interest in Strike Force. Construction of the gathering assets, which is underway, is providing gathering services for an increasing number of Gulfport operated wells and connectivity of existing dry gas gathering systems and interchangeability of natural gas across our firm portfolio. The first phase of the project has been completed: a lateral that connects two existing dry gas gathering systems on which we currently flow the majority of our dry gas volumes. First flow commenced through this lateral on February 1, 2016.