Rice Energy Announces 2017 Capital Budget and Guidance

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CANONSBURG, Pa., Feb. 22, 2017 /PRNewswire/ - **Rice Energy Inc.** (NYSE: RICE) ("Rice Energy") today announced its 2017 capital budget and guidance. Estimated capital investments and financial guidance include:

- $1,035 million budget for drilling and completion activity in the Marcellus and Utica dry gas cores
- Planned Marcellus wells to average 8,500 feet, cost $7.4 million to develop ($875 per lateral foot), yield 18.4 Bcf EUR (2.16 Bcf/1000') and expected to generate 100% IRRs at strip pricing(1)
- Planned Utica laterals to average 10,500 feet (12% longer than 2016), cost $13.0 million to develop ($1,235 per lateral foot), yield 24.5 Bcf EUR (2.33 Bcf/1000') and expected to generate 80% IRRs at strip pricing(1)
- $225 million land budget to secure core acreage in Rice's existing focus areas
- Forecasted 2017 net production of 1,290 - 1,355 MMcfe/d, a 59% increase from 2016(2)
- Approximately 90% of estimated 2017 production hedged at a weighted average NYMEX floor price of $3.24 per MMBtu(2)
- Rice Midstream Holdings LLC ("RMH") capital budget of $315 million
- Forecasted RMH gathering throughput of 1,125 - 1,185 MDth/d, a 59% - 67% increase over 2016 throughput

Commenting on the 2017 capital budget and guidance, Daniel J. Rice IV, Chief Executive Officer, said, "Our 2017 capital budget reflects our unwavering commitment to our long-term value strategy of allocating 100% of our E&P capital to high-returning, core acreage in a manner that maximizes risk-adjusted corporate returns, protects our balance sheet and enhances our retained midstream value. This long-term value approach has generated unparalleled growth opportunities for Rice Energy, and our recent acquisition of Vantage Energy fortifies this strategy and galvanizes our mission to become the lowest cost, highest growth energy company in the US."

1. *Strip pricing as of February 10, 2017 and returns based on current D&C costs per lateral foot and lateral length.*
2. *Based on the midpoint of guidance.*

2017 Capital Budget

We plan to allocate our capital investments according to the table below:

2017 E&P Capital Budget ($ in millions)(1)		
Operated Marcellus	$	585
Operated Ohio Utica	$	300
Non-operated Ohio Utica	$	150
Total Drilling & Completion	**$**	1,035
Land(2)	$	225
Total E&P	**$**	**1,260**
Rice Midstream Holdings LLC(3)	$	315

1. *Excludes Rice Midstream Partners 2017 capital budget.*
2. *Excluding acquisitions.*
3. *Reflects our 75% ownership in Strike Force.*

Exploration and Production

Our 2017 drilling and completion capital budget is $1,035 million. In the Marcellus, we plan to spud 75 net wells with an average lateral length of 8,500 feet and turn to sales 55 net wells with an average lateral length of 8,000 feet. We expect our Marcellus well costs to average $875 per lateral foot in 2017, which represents an increase of approximately $75 per lateral foot above 2016 levels due to anticipated service cost escalation partially offset by increased efficiency gains. On our operated Utica acreage, we plan to spud 20 net wells with an average lateral length of 10,500 feet and place online 20 net wells with an average lateral length of 9,000 feet. We expect our operated Utica well costs to average $1,235 per lateral foot in 2017, which represents an increase of approximately $30 per lateral foot above 2016 levels. In addition, on a non-operated basis, we expect to participate in 10 net Utica wells drilled and 5 net Utica wells turned to sales with an average lateral length of 8,500 feet, all of which are located in Belmont County, Ohio and operated by Gulfport Energy Corporation (NASDAQ: GPOR) ("Gulfport"). Throughout 2017, we plan to operate an average of four horizontal rigs between the Marcellus and Utica.

We have allocated $225 million for land capital budget in 2017. Approximately half of this capital will add strategic organic leasehold and minerals primarily in Greene County. The remaining half will extend existing leases within our core development areas in Washington and Greene Counties, Pennsylvania, and Belmont County, Ohio.

Rice Midstream Holdings

In 2017, we plan to invest $315 million to further develop our Rice Olympus Midstream gathering system and to fund our 75% portion of capital requirements for Strike Force, our midstream joint venture with Gulfport.

2017 Financial and Operational Guidance

Exploration and Production

Our 2017 guidance is based on the key assumptions in the table below:

	2017 Guidance	
Net Wells	**Spud**	**Online**
Operated Marcellus	75	55
Operated Ohio Utica	20	20
Non-operated Ohio Utica	10	5
Total Net Wells	**105**	**80**
Lateral Length (ft.) of Wells	**Spud**	**Online**
Operated Marcellus	8,500	8,000
Operated Ohio Utica	10,500	9,000
Non-operated Ohio Utica	9,500	8,500

Net Production (MMcfe/d)			
Appalachia	1,205	-	1,265
Barnett	85	-	90
Total Net Production	**1,290**	**-**	**1,355**
% Natural gas		99%	
% Operated		94%	
% Marcellus		65%	
% Utica		28%	
Pricing:			
FT fuel and variables ($/Mcfe)		($0.11)	
Heat content (Btu/Scf)			
Marcellus		1,050	

Utica			1,080			
Operating Costs ($/Mcfe)						
Lease operating expense	$	0.16	-	$	0.18
Gathering and compression expense	$	0.45	-	$	0.47
Firm transportation expense	$	0.25	-	$	0.27
Production taxes and impact fees	$	0.04	-	$	0.06
Total Operating Costs	**$**	**0.90**	**-**	**$**	**0.98**
E&P G&A (excluding stock compensation expense) ($ in millions)	$	85	-	$	90

Rice Midstream Holdings

We are unable to provide a projection of full-year 2017 RMH net income, the most comparable financial measure to RMH Adjusted EBITDA, calculated in accordance with GAAP. We are unable to project RMH net income because this metric includes the impact of certain non-cash items such as depreciation expense that we are unable to project with any reasonable degree of accuracy without unreasonable effort. Please see the "Supplemental Non-GAAP Financial Measure" section of this news release.

Our RMH Adjusted EBITDA is expected to be within a range of $85 - $95 million(1)(2) for 2017. We expect RMH gathering throughput to be within a range of 1,125 - 1,185 MDth/d. RMH G&A is expected to be within a range of $15 - $20 million(1).

1. *Reflects our 75% ownership in Strike Force.*
2. *Giving effect to Gulfport Midstream's 25% ownership interest in Strike Force, we expect 2017 RMH Adjusted EBITDA to be within a range of $95 - $105 million.*

About Rice Energy

Rice Energy Inc. is an independent natural gas and oil company focused on the acquisition, exploration and development of natural gas and oil properties in the Appalachian Basin.

For more information, please visit our website at www.riceenergy.com.

Forward Looking Statements

This release includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control. All statements, other than historical facts included or incorporate herein that address activities, events or developments that we expect or anticipate will or may occur in the future, including such things as future capital expenditures (including the amount and nature thereof), projected operational results, production growth, basis exposure, hedging, the timing and number of well completions, forecasted gathering volumes, revenues, projected returns, distribution growth, distributable cash flow, the timing of completion and nature of midstream projects, business strategy and measures to implement strategy, competitive strengths, goals, expansion and growth of our business and operations, plans, market conditions, references to future success, references to intentions as to future matters and other such matters are forward-looking statements. All forward-looking statements speak only as of the date of this release. Although we believe that the plans, intentions and expectations reflected in or suggested by the forward-looking statements are reasonable, there is no assurance that these plans, intentions or expectations will be achieved. Therefore, actual outcomes and results could materially differ from what is expressed, implied or forecast in such statements.

We caution you that these forward-looking statements are subject to risks and uncertainties, most of which are difficult to predict and many of which are beyond our control, incident to the exploration for and development, production, gathering and sale of natural gas, NGLs and oil. These risks include, but are not limited to: commodity price volatility; inflation; lack of availability of drilling and production equipment and services; environmental risks; drilling and other operating risks; regulatory changes; the uncertainty inherent in estimating natural gas reserves and in projecting future rates of production, cash flow and access to capital; the timing of development expenditures; and risks related to joint venture operations. Information concerning these and other factors can be found in our filings with the Securities and Exchange Commission, including our Forms 10-K, 10-Q and 8-K. Consequently, all of the forward-looking statements made in this news release are qualified by these cautionary statements and there can be no assurances that the actual results or developments anticipated by us will be realized, or even if realized, that they will have the expected consequences to or effects on us, our business or operations. We have no intention, and disclaim any obligation, to update or revise any forward-looking statements, whether as a result of new information, future results or otherwise.

Supplemental Non-GAAP Financial Measure
(Unaudited)

Adjusted EBITDA is a supplemental non-GAAP financial measure that is used by management and external users of our consolidated financial statements, such as securities analysts, investors and lenders. We define Adjusted EBITDA for RMH as net income (loss) before interest expense, income tax benefit, depreciation and amortization, stock compensation expense and incentive unit expense. Adjusted EBITDA is not a measure of net income as determined by GAAP.

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