Sanchez Energy Announces Second Quarter 2017 Operating Results

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Reports Record Initial Production Rate of 3,800 Boe/d for the Stumberg Ranch 55H at Comanche and Realizes 43 Percent Production Growth Over the Prior Quarter

HOUSTON, July 26, 2017 - Sanchez Energy Corp. (NYSE:SN) (“Sanchez Energy” or the “Company”), today announced operating results for the second quarter 2017. Highlights include:

- *A record setting 24-hour initial production rate of approximately 3,800 barrels of oil equivalent per day (“Boe/d”) from the Stumberg Ranch 55H well, a ~10,000 foot lateral horizontal well in the Lower Eagle Ford at Comanche, with approximately 72 percent oil-weighting;*
- *The Stumberg Ranch 55H well at Comanche realized an average 30-day peak production rate of approximately 2,900 Boe/d, which is significantly above the Company’s type curve and which, based on initial production results, appears on pace to achieve payout in approximately 12 months at current strip pricing;*
- *Additional production results at Comanche during the second quarter 2017 from wells completed in the Briscoe Catarina North area, which are part of the large inventory of drilled but uncompleted (“DUC”) wells acquired earlier this year, have exceeded type curves with one well reaching a 30-day peak production rate of 2,397 Boe/d and four other wells showing 30-day peak production rates that, while still increasing during flow back, already have a per well average over 1,600 Boe/d;*
- *The Company brought on-line 42 Comanche wells during the second quarter and 15 Comanche wells in early July 2017, with an additional 95 Comanche wells currently awaiting completion;*
- *Second quarter 2017 production totaled approximately 6.7 million barrels of oil equivalent (“MMBoe”), or approximately 73,341 Boe/d, which represents an increase of approximately 43 percent over first quarter 2017 production;*
- *The Company has now confirmed that there are up to five target zones in Area 3 of Comanche, with two target zones in the Lower Eagle Ford, two in the Upper Eagle Ford, and one in the Lower Austin Chalk;*
- *Sanchez Energy’s production guidance for the balance of 2017 shows a fourth quarter, year-over-year production growth rate of approximately 65 percent;*
- *Given the challenged current oil and gas price environment, the Company anticipates that it will reduce its 2018 capital budget by approximately $75 million to $100 million in order to better align capital spending with operating cash flow while remaining focused on higher rate of return projects that optimize capital efficiency; and*
- *Drilling activity, which currently consists of eight drilling rigs and five completion crews, will be reduced to five drilling rigs by the end of September 2017, as the Company’s 2017 drilling plans are concentrated on the highest capital efficiency areas of its assets through the remainder of the year and into 2018.*

MANAGEMENT COMMENTS
“The Comanche integration process continues to go smoothly and has enabled us to bring 57 wells on-line since we closed the transaction on March 1, 2017, including 42 wells during the second quarter and 15 wells in early July 2017, with an additional 95 Comanche wells awaiting completion,” said Tony Sanchez, III, Chief Executive Officer of Sanchez Energy. “We are currently running five drilling rigs, four frac spreads, and one workover rig at Comanche. Based on available data for Dimmit County, we believe our most recent Stumberg Ranch horizontal wells at Comanche are achieving record production levels, with one of those wells showing a 24-hour initial production rate of approximately 3,800 Boe/d, of which approximately 72 percent was oil, and a 30-day peak production rate of approximately 2,900 Boe/d. Based on the well’s production results and using current strip pricing, the Stumberg Ranch 55H appears on pace to achieve payout in only 12 months. Additionally, our recent Briscoe Catarina North wells, which are part of the large inventory of DUC wells that we acquired with the Comanche asset, are outperforming our type curves, with one well reaching a 30-day peak production rate of 2,397 Boe/d and four other wells showing 30-day peak production rates that, while still increasing, have a per well average above 1,600 Boe/d. In addition to producing above our type curve, these wells are showing a higher oil weighting than we originally modeled.

“At Catarina, we brought 11 wells on-line in the Western region of Catarina during the second quarter 2017. These wells were completed as part of a trial program with significantly higher proppant loading of approximately 3,000 pounds per foot, which is 70 percent more proppant and fluids compared to our standard design. The wells that made up the larger completion design trial at Catarina have underperformed expectations, as the higher fluids content has led to facility constraints and lower than expected production performance due in large part to apparent over-stimulation of the reservoir. As a result, we have returned to our standard well completion design for the 32 Catarina wells that remain in our 2017 development plan.

“We plan to reduce our operated rig count from eight drilling rigs to five drilling rigs by the end of September 2017, while maintaining completions and flow back activity levels, which will reduce our rate of capital spending for the balance of the year. Given the current oil and gas price environment, we currently anticipate that we will reduce our 2018 capital spending by approximately $75 million to $100 million, compared to original estimates, in order to better align capital spending with operating cash flow, while remaining focused on higher rate of return projects that optimize capital efficiency. The timing of completions, and therefore initial production, has become more weighted to the second half of 2017 than originally planned. As a result of this change in timing, we now anticipate that production growth to approximately 90,000 - 100,000 Boe/d projected for year end 2017 will be realized in the first half of 2018, even with reduced 2018 spending levels.”

HEDGING UPDATE

As previously announced, the Company has entered into swaps that cover approximately 80 percent of the anticipated oil and natural gas volumes from proved developed producing reserves acquired in the Comanche transaction at fixed prices of $55.85 per barrel (“Bbl”) and $3.26 per million British thermal units (“MMBtu”) for the period April 2017 through September 2018, and $53.52 per Bbl and $2.82 per MMBtu for the period October 2018 through March 2020.

Related to its legacy assets, during the second quarter 2017 the Company added swaps covering 4,000 barrels per day (“Bbls/d”) of its second half 2017 oil production and 6,000 Bbls/d of its 2018 oil production. The new oil swaps were placed at an average fixed price of approximately $52 per Bbl. Additionally, the Company added swaps covering approximately 11,300 MMBtus per day of its second half 2017 natural gas production and added hedges covering a portion its 2018 natural gas production. Additional information on the Company’s hedge positions can be found in the Sanchez Energy Investor Presentation posted at www.sanchezenergycorp.com.

OPERATIONS UPDATE

During the second quarter 2017, the Company spud 48 gross (33.9 net) wells and completed 63 gross (27 net) wells.

Total well costs at Catarina during the second quarter 2017 averaged approximately $3.9 million per well as the Company tested significantly enhanced completion designs in the Western region of Catarina. The Western Catarina wells were completed with proppant loading of approximately 3,000 pounds per foot of proppant, which is 70 percent more proppant and fluids when compared to well designs used by the Company in 2016. At Maverick, the Company has drilled 22 wells on the Hausser lease. Completion activity on these wells began in June and is expected to continue through the third quarter 2017.

During the second quarter 2017, the Company brought on-line 42 wells at Comanche, 11 wells at Catarina, and 6 wells at Maverick. As of June 30, 2017, the Company had drilled 68 wells towards the 50 well annual drilling commitment at Catarina that ran from July 1, 2016 to June 30, 2017. From the previous drilling commitment year, Sanchez had banked 20 wells. With a carried bank of 20 wells and 18 additional wells from this year’s drilling program, the Company banked the maximum allowable 30 wells on June 30, 2017, which can be used towards the next annual drilling commitment that runs from July 1, 2017 through June 30, 2018.

As of June 30, 2017, the Company had 1,975 gross (767 net) producing wells with 154 gross wells in various stages of completion, as detailed in the following table:

		Gross
	Gross	Wells Waiting /

Project Area	Producing Wells	Undergoing Completion
Catarina	358	21
Comanche	1,477	110
Maverick	42	21
Palmetto	84	2
TMS / Other	14	0
Total	1,975	154

PRODUCTION UPDATE
The Company’s estimated total production for the second quarter 2017 averaged approximately 73,341 Boe/d. The Company’s production mix during the second quarter 2017 consisted of approximately 31 percent oil, 32 percent natural gas liquids (“NGLs”), and 37 percent natural gas.

Production during the second quarter 2017 was below expectations due primarily to underperforming wells that were part of an enhanced completion design trial in Catarina, and which resulted in apparent over-stimulation of the reservoir. The higher fluids content from the higher proppant loading used in the trial led to facility constraints and lower than anticipated production response from the wells. As a result, the Company has returned to its standard well completion design for the 32 Catarina wells that remain in its 2017 development plan.

With results exceeding expectations at Comanche, Catarina completions reset to Sanchez Energy’s standard design, and drilling and completion activity at normalized levels, the Company has provided third quarter 2017 production guidance of 70,000 to 74,000 Boe/d and fourth quarter 2017 production guidance of 80,000-84,000 Boe/d. The midpoint of fourth quarter 2017 production guidance represents over 65 percent production growth when compared to the fourth quarter 2016. The timing of completions, and therefore initial production, has become more weighted to the second half of 2017 than originally planned. As a result of this change in timing the Company anticipates that production growth to approximately 90,000 to 100,000 Boe/d projected for year end 2017 will now be realized in the first half of 2018, even with reduced spending levels in 2018.

	Guidance 3Q 2017	4Q 2017
Production Volumes:		
Oil (Bbls/d)	22,000 - 24,000	29,000 - 31,000
NGLs (Bbls/d)	22,000 - 24,000	23,000 - 25,000
Natural Gas (Mcf/d)	156,000 - 160,000	166,000 - 170,000
Barrel of Oil Equivalent (Boe/d)	70,000 - 74,000	80,000 - 84,000

ABOUT SANCHEZ ENERGY CORPORATION
Sanchez Energy Corp. (NYSE:SN) is an independent exploration and production company focused on the acquisition and development of U.S. onshore unconventional oil and natural gas resources, with a current focus on the Eagle Ford Shale in South Texas where we have assembled over 335,000 net acres. For more information about Sanchez Energy Corporation, please visit our website: www.sanchezenergycorp.com.

FORWARD-LOOKING STATEMENTS
This press release contains, and our officers and representatives may from time to time make, 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. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that Sanchez Energy expects, believes or anticipates will or may occur in the future are forward-looking statements, including statements relating to future operating results and returns, our strategy and plans, including future drilling plans, our ability to increase reserves and production and generate income or cash flows, our ability to keep well costs down, the benefits of our partnership with Blackstone and the Comanche Transaction. These statements are based on certain assumptions made by the Company based on management's experience, perception of historical trends and technical analyses, current conditions, anticipated future developments and other factors believed to be appropriate and reasonable by management. When used in this press release, the words "will," "potential," "believe," "estimate," "intend," "expect," "may," "should,"

"anticipate," "could," "plan," "predict," "project," "profile," "model," "strategy," "future," or their negatives, other similar expressions or the statements that include those words, are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.

Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of Sanchez Energy, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements, including, but not limited to failure to successfully execute our business and financial strategies, failure to achieve the expected benefits of our partnership with Blackstone, inability to successfully close announced transactions, failure to realize benefits from our transactions with Sanchez Midstream Partners LP, failure to realize the benefits of our acquisitions, including the Comanche Transaction, failure to economically develop our acreage and to produce reserves and achieve anticipate production levels, the price of oil or gas, marketing and sales of produced oil and gas, estimates made in evaluating reserves, competition, general economic conditions and the ability to manage our growth, our expectations regarding our future liquidity, our expectations regarding the results of our efforts to improve the efficiency of our operations to reduce our costs and other factors described in Sanchez Energy's most recent Annual Report on Form 10-K and any updates to those risk factors set forth in Sanchez Energy's Quarterly Reports on Form 10-Q. Further information on such assumptions, risks and uncertainties is available in Sanchez Energy's filings with the U.S. Securities and Exchange Commission (the "SEC"). Sanchez Energy's filings with the SEC are available on our website at www.sanchezenergycorp.com and on the SEC's website at www.sec.gov. In light of these risks, uncertainties and assumptions, the events anticipated by Sanchez Energy's forward-looking statements may not occur, and, if any of such events do occur, Sanchez Energy may not have correctly anticipated the timing of their occurrence or the extent of their impact on its actual results. Accordingly, you should not place any undue reliance on any of Sanchez Energy's forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made and Sanchez Energy undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

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