U.S. Energy Corp. Announces Participation in Upcoming Drilling Program

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DENVER, Oct. 23, 2017 (GLOBE NEWSWIRE) -- U.S. Energy Corp. (NASDAQ:USEG) (“U.S. Energy” or the “Company”) today announced it will participate in the upcoming horizontal drilling program on its existing acreage position targeting the development of the Georgetown formation in Zavala and Dimmit Counties, Texas. The development program will take place on acreage positions previously developed for shallower horizons. Operations are expected to begin in late October 2017 and the initial well will be drilled as a dual lateral.

Highlights

- U.S. Energy plans to participate in up to 6 horizontal wells on its existing acreage position.
- Company working interests range from approximately 6%-15% across the entire position.
- At current commodity prices, single well economics are expected to generate an approximate 60% internal rate of return, 2.5x cash on cash return and pay back in approximately one year.
- The operator of the initial two wells in the drilling program, CML Exploration, has identified multiple targets to develop and has recently been active and successful targeting the Georgetown formation.
- The expected gross drilling and completion cost for a single horizontal well is approximately $3.4 million.
- Drilling costs will be funded from cash flow from operations and existing cash on hand.
- Once completed, the program will generate a meaningful and immediate increase in Company reserves.

David Veltri, Chairman and CEO of U.S. Energy, stated, “We are pleased to announce our participation in the upcoming drilling program and excited for the future prospects of U.S. Energy as we continue our transition from being focused on restructuring the Company’s balance sheet to becoming a growth-oriented E&P Company. Our recently announced restructuring initiatives along with the completion of recent asset sales will allow us to re-deploy capital to focus on significant growth opportunities and position U.S. Energy to maximize returns for shareholders. This is the first newly drilled well that U.S. Energy has participated in since early 2015, and we look forward to evaluating and participating in other highly accretive development projects that are focused on capital returns and cash generation.”

About U.S. Energy Corp.

We are an independent energy company focused on the lease acquisition and development of oil and gas producing properties in the continental United States. Our business is currently focused in the Williston Basin of North Dakota and South Texas. We continue to focus on increasing production, reserves, and cash flow from operations while pro-actively managing our debt levels. More information about U.S. Energy Corp. can be found at www.usnrg.com.

Forward-Looking Statements

This press release may include “forward-looking statements” within the meaning of the securities laws. All statements other than statements of historical facts included herein may constitute forward-looking statements. Forward-looking statements in this document may include statements regarding the Company’s expectations regarding the Company’s operational, exploration and development plans; expectations regarding the nature and amount of the Company’s reserves; and expectations regarding production, revenues, cash flows and recoveries. When used in this press release, the words "will," "potential," "believe," "estimate," "intend," "expect," "may," "should," "anticipate," "could," "plan," "predict," "project," "profile," "model," 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 the Company, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, fluctuations in oil and natural gas prices, uncertainties inherent in estimating quantities of oil and natural gas reserves and projecting future rates of production and timing of development activities, competition, operating risks, acquisition risks, liquidity and capital requirements, the effects of governmental regulation, adverse changes in the market for the Company’s oil and natural gas production, dependence upon third-party vendors, and other risks detailed in the Company’s periodic report filings with the Securities and Exchange Commission.

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