VITAL ENERGY INC.

STATEMENT OF RESERVE DATA AND OTHER OIL AND GAS INFORMATION

EFFECTIVE DECEMBER 31, 2019

PREPARED ON February 18, 2020

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ABBREVIATIONS AND CONVERSION

In this document, the abbreviations set forth below have the following meanings:

bbl	barrel	Mcf	thousand cubic feet
Mbbl	thousand barrels	MMcf	million cubic feet
MMbbl	million barrels	Mcf/d	thousand cubic feet per day
bbl/d	barrels per day	MMBtu	million British Thermal Units
NGLs	natural gas liquids	Bcf	billion cubic feet
boe/d	barrels of oil equivalent per day	GJ	gigajoule

AECO	EnCana Corp.'s natural gas storage facility located at Suffield, Alberta.
API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil.
boe	barrel of oil equivalent on the basis of 1 boe to 6 Mcf of natural gas. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 1 boe for 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
M$	thousands of dollars
MM$	millions of dollars
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

NOTES AND DEFINITIONS

The determination of oil and gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved, probable and possible reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery.

The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

"Reserves" are estimated remaining quantities of oil and natural gas and related substances anticipated to be economically recoverable from discovered resources, from a given date forward, based on (a) analysis of drilling, geological, geophysical, and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates.

"Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

"Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

"Undeveloped" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned. In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recorded from specific wells, facilities and completion intervals in the pool and their respective development and production status.

"Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved + probable reserves. The following terms, used in the preparation of the Evaluator's Report (as defined herein) and this document have the following meanings:

"Associated gas" means the gas cap overlying a crude oil accumulation in a reservoir.

"**Constant prices and costs"** means prices and costs used in an estimate that are:

(a) the Corporation's prices and costs as at the effective date of the estimation, held constant throughout the estimated lives of the properties to which the estimate applies;
(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

For the purpose of paragraph (a), the reporting issuer's prices will be the posted price for oil and the spot price for gas, after historical adjustments for transportation, gravity and other factors.

"**Corporation"** or "**VITAL ENERGY**" means VITAL ENERGY INC.

"Crude oil" or **"Oil"** means a mixture that consists mainly of pentanes and heavier hydrocarbons, which may contain sulphur and other non-hydrocarbon compounds, that is recoverable at a well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated. It does not include solution gas or natural gas liquids.

"Development costs" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

(a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves;

(b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly;

(c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and

(d) provide improved recovery systems.

"Development well" means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

"Exploration costs" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

(a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs");
(b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defense, and the maintenance of land and lease records;
(c) dry hole contributions and bottom hole contributions;
(d) costs of drilling and equipping exploratory wells; and
(e) costs of drilling exploratory type stratigraphic test wells.

"Exploratory well" means a well that is not a development well, a service well or a stratigraphic test well.

"Field" means an area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field that are separated vertically by intervening impervious strata or laterally by local geologic barriers, or both. Reservoirs that are associated by being in overlapping or adjacent fields may be treated as a single or common operational field. The geological terms "structural feature" and "stratigraphic condition" are intended to denote localized geological features, in contrast to broader terms such as "basin", "trend", "province", "play" or "area of interest".

"Future prices and costs" means future prices and costs that are:

(a) generally accepted as being a reasonable outlook of the future;
(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation issuer is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

"Future income tax expenses" means future income tax expenses estimated (generally, year-by-year):

(a) making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes, between oil and gas activities and other business activities;

(b) without deducting estimated future costs (for example, Crown royalties) that are not deductible in computing taxable income;

(c) taking into account estimated tax credits and allowances (for example, royalty tax credits); and

(d) applying to the future pre-tax net cash flows relating to the reporting issuer's oil and gas activities the appropriate year-end statutory tax rates, taking into account future tax rates already legislated.

"Future net revenue" means the estimated net amount to be received with respect to the development and production of reserves (including synthetic oil, coal bed methane and other non-conventional reserves) estimated using constant prices and costs or forecast prices and costs.

"Gross" means:

(a) in relation to the Corporation's interest in production or reserves, its "Corporation gross reserves", which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Corporation;
(b) in relation to wells, the total number of wells in which the Corporation has an interest, and
(c) in relation to properties, the total area of properties in which the Corporation has an interest.

"Natural gas" means the lighter hydrocarbons and associated non-hydrocarbon substances occurring naturally in an underground reservoir, which under atmospheric conditions are essentially gases but which may contain natural gas liquids. Natural gas can exist in a reservoir either dissolved in crude oil (solution gas) or in a gaseous phase (associated gas or non-associated gas). Non-hydrocarbon substances may include hydrogen sulphide, carbon dioxide and nitrogen.

"Natural gas liquids" means those hydrocarbon components that can be recovered from natural gas as liquids including, but not limited to, ethane, propane, butanes, pentanes plus, condensate and small quantities of non-hydrocarbons.

"Net" means:

(a) in relation to the Corporation's interest in production or reserves its working interest (operating or non operating) share after deduction of royalty obligations, plus its royalty interests in production or reserves;
(b) in relation to the Corporation's interest in wells, the number of wells obtained by aggregating the Corporation's working interest in each of its gross wells; and
(c) in relation to the Corporation's interest in a property, the total area in which the Corporation has an interest multiplied by the working interest owned by the Corporation.

"Non-associated gas" means an accumulation of natural gas in a reservoir where there is no crude oil.

"Operating costs" or "production costs" means costs incurred to operate and maintain wells and related equipment and facilities, including applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities.

"Production" means recovering, gathering, treating, field or plant processing (for example, processing gas to extract natural gas liquids) and field storage of oil and gas.

"Property" includes:

(a) fee ownership or a lease, concession, agreement, permit, licence or other interest representing the right to extract oil or gas subject to such terms as may be imposed by the conveyance of that interest;

(b) royalty interests, production payments payable in oil or gas, and other non-operating interests in properties operated by others; and

(c) an agreement with a foreign government or authority under which a reporting issuer participates in the operation of properties or otherwise serves as "producer" of the underlying reserves (in contrast to being an independent purchaser, broker, dealer or importer).

A property does not include supply agreements, or contracts that represent a right to purchase, rather than extract, oil or gas.

"Property acquisition costs" means costs incurred to acquire a property (directly by purchase or lease or indirectly by acquiring another corporate entity with an interest in the property), including:

(a) costs of lease bonuses and options to purchase or lease a property;
(b) the portion of the costs applicable to hydrocarbons when land including rights to hydrocarbons is purchased in fee;
(c) brokers' fees, recording and registration fees, legal costs and other costs incurred in acquiring properties.

"Proved property" means a property or part of a property to which reserves have been specifically attributed.

“Reservoir” means a porous and permeable underground formation containing a natural accumulation of producible oil or gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

“Service well” means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for combustion.

“Solution gas” means natural gas dissolved in crude oil.

“Stratigraphic test well” means a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Ordinarily, such wells are drilled without the intention of being completed for hydrocarbon production. They include wells for the purpose of core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic test wells are classified as (a) exploratory type” if not drilled into a proved property; or (b) “development type”, if drilled into a proved property. Development type stratigraphic wells are also referred to as “evaluation wells”.

“Support equipment and facilities” means equipment and facilities used in oil and gas activities, including seismic equipment, drilling equipment, construction and grading equipment, vehicles, repair shops, warehouses, supply points, camps, and division, district or field offices.

“Unproved property” means a property or part of a property to which no reserves have been specifically attributed.

“Well abandonment costs” means costs of abandoning a well and preparing the surface lease to commence reclamation.

“Well abandonment and reclamation costs” means costs of abandoning a well and surface lease reclamation. They do not include costs of abandoning the gathering system, suspended wells, batteries, plants, or processing facilities.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

In accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, Trimble Engineering Associates Ltd. ("Evaluator") prepared a report (the "Evaluator Report") dated February 10, 2020. The Evaluator Report evaluated, as at DECEMBER 31, 2019, Vital Energy's oil, NGL and natural gas reserves. The tables below are a summary of the oil, NGL and natural gas reserves of the Company and the net present value of future net revenue attributable to such reserves as evaluated in the Evaluator Report based on forecast price and cost assumptions. The tables summarize the data contained in the Evaluator Report and as a result may contain slightly different numbers than such report due to rounding. Also due to rounding, certain columns may not add exactly. **The net present value of future net revenue attributable to the Corporation's reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures, and well abandonment and reclamation costs for only those wells assigned reserves by Evaluator. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Corporation's reserves estimated by Evaluator represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of the Corporation's oil, NGL and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein.**

The Evaluator Report is based on certain factual data supplied by the Corporation and Evaluator's opinion of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining to the Corporation's petroleum properties and contracts (except for certain information residing in the public domain) were supplied by the Corporation to Evaluator and accepted without any further investigation. Evaluator accepted this data as presented and neither title searches nor field inspections were conducted.

All properties are in Canada.

All monetary values are expressed in Canadian dollars unless stated otherwise.

2.1.1 SUMMARY OF OIL AND GAS RESERVES

FORECAST PRICES AND COSTS (Effective DECEMBER 31, 2019)

	SUMMARY OF OIL AND GAS RESERVES							
	LIGHT AND MEDIUM OIL		HEAVY OIL		NATURAL GAS		NATURAL GAS LIQUIDS	
RESERVE CATEGORY	Gross (Mbbl)	Net (Mbbl)	Gross (Mbbl)	Net (Mbbl)	Gross (MMcf)	Net (MMcf)	Gross (Mbbl)	Net (Mbbl)
Developed Producing	387.8	348.2	36.1	36.0	104.4	101.5	0.4	0.4
Developed Non-Producing	88.0	72.6	--	--	--	--	--	--
Undeveloped	--	--	--	--	--	--	--	--
TOTAL PROVED	**475.8**	**420.8**	**36.1**	**36.0**	**104.4**	**101.5**	**0.4**	**0.4**
Probable	388.3	339.5	279.3	265.0	72.1	70.1	0.3	0.3
TOTAL PROVED PLUS PROBABLE	**864.1**	**760.3**	**315.5**	**301.0**	**176.4**	**171.6**	**0.6**	**0.6**

(1) Estimates of reserves of natural gas include (i) associated and non-associated gas (combined) and (ii) solution gas.

2.1.2 SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE

	NET PRESENT VALUES OF FUTURE NET REVENUE					
	BEFORE INCOME TAXES DISCOUNTED AT (%/YEAR)					UNIT VALUE
RESERVE CATEGORY	0 (M$)	5 (M$)	10 (M$)	15 (M$)	20 (M$)	Disc. 10 ($/boe)
Developed Producing	12,276.3	11,357.3	10,589.8	9,941.4	9,387.1	26.37
Developed Non-Producing	1,646.3	1,257.7	978.3	772.3	617.1	13.48
Undeveloped	--	--	--	--	--	--
TOTAL PROVED	**13,922.6**	**12,615.0**	**11,568.2**	**10,713.7**	**10,004.1**	**24.40**
Probable	19,557.9	14,427.9	11,091.6	8,812.0	7,189.6	17.99
TOTAL PROVED PLUS PROBABLE	**33,480.5**	**27,043.0**	**22,659.8**	**19,525.7**	**17,193.8**	**20.78**
	AFTER INCOME TAXES DISCOUNTED AT (%/YEAR)					
RESERVE CATEGORY	0 (M$)	5 (M$)	10 (M$)	15 (M$)	20 (M$)	
Developed Producing	12,276.3	11,357.3	10,589.8	9,941.4	9,387.1	
Developed Non-Producing	1,646.3	1,257.7	978.3	772.3	617.1	
Undeveloped	--	--	--	--	--	
TOTAL PROVED	**13,922.6**	**12,615.0**	**11,568.2**	**10,713.7**	**10,004.1**	
Probable	19,557.9	14,427.9	11,091.6	8,812.0	7,189.6	
TOTAL PROVED PLUS PROBABLE	**33,480.5**	**27,043.0**	**22,659.8**	**19,525.7**	**17,193.8**	

2.1.3 TOTAL FUTURE NET REVENUE (UNDISCOUNTED)

FORECAST PRICES AND COSTS (EFFECTIVE DECEMBER 31, 2019)

RESERVE CATEGORY	REVENUE (M$)	ROYALTIES (M$)	OP. COSTS (M$)	DEV. COSTS (M$)	WELL ABAND. AND RECLAM. COSTS (M$)	FUTURE NET REVENUE BEFORE INCOME TAXES (M$)	INCOME TAXES (M$)	FUTURE NET REVENUE AFTER INCOME TAXES (M$)
TOTAL PROVED	32,943.2	3,487.6	12,901.7	1,579.2	1,052.1	13,922.6	0.0	13,922.6
TOTAL PROVED PLUS PROBABLE	78,689.6	7,655.4	31,096.9	4,875.8	1,580.9	33,480.5	0.0	33,480.5

2.1.3(c) FUTURE NET REVENUE BY PRODUCTION GROUP

FORECAST PRICES AND COSTS (EFFECTIVE DECEMBER 31, 2019)

RESERVE CATEGORY	PRODUCTION GROUP	FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year) (M$)	UNIT VALUE $/boe
Proved Reserves	**Light and Medium Crude Oil** (including solution gas and other by-products)	11,138.9	26.47
	Heavy Oil (including solution gas and other by-products)	429.2	11.92
	Natural Gas (including by-products but excluding solution gas and by-products from oil wells)	--	--
Proved Plus Probable Reserves	**Light and Medium Crude Oil** (including solution gas and other by-products)	18,955.2	24.93
	Heavy Oil (including solution gas and other by-products)	3,704.6	12.31
	Natural Gas (including by-products but excluding solution gas and by-products from oil wells)	--	--

3.1 PRICING ASSUMPTIONS OF FORECAST PRICES USED IN ESTIMATES

FORECAST PRICES AND COSTS (EFFECTIVE DECEMBER 31, 2019)

Evaluator employed the following pricing, exchange rate and inflation rate assumptions as of DECEMBER 31, 2019 in estimating the Corporations' reserves data using forecast prices and costs.

	OIL[1]			NATURAL GAS			
Year	WTI Cushing Oklahoma ($US/bbl)	Hardisty Medium 24° API ($Cdn/bbl)	Hardisty Heavy 12° API ($Cdn/bbl)	AECO Gas Price ($Cdn/MMBtu)	CONDENSATE (Edmonton) ($Cdn/bbl)	INFLATION RATES[2] %/Year	EXCHANGE RATE[3] (US/$Cdn)
2019[4]	57.02	59.77[5]	56.23[5]	1.62	71.39	-	0.75
2020	61.00	60.00	54.00	2.05	76.00	2.0	0.76
2021	65.00	63.00	55.00	2.35	80.00	2.0	0.77
2022	68.00	65.00	57.00	2.60	83.00	2.0	0.78
2023	70.00	67.00	59.00	2.80	86.00	2.0	0.79
2024	71.00	69.00	61.00	2.90	88.00	2.0	0.80
2025	72.00	71.00	63.00	3.05	90.00	2.0	0.80
Thereafter	+2.0%						

(1) This summary table identifies the Evaluator's benchmark reference pricing schedules.
(2) Inflation rates for forecasting prices and costs.
(3) Exchange rates used to generate the benchmark reference prices in this table.
(4) Actual benchmark prices for the most recent period (ending DECEMBER 31, 2019).
(5) Actual benchmark prices for the most recent available data (ending NOVEMBER 30, 2019).

4.1 RECONCILIATION OF GROSS RESERVES BY PRODUCT TYPE

FORECAST PRICES AND COSTS

	LIGHT AND MEDIUM OIL			HEAVY OIL		
FACTORS	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved Plus Probable (Mbbl)	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved Plus Probable (Mbbl)
DECEMBER 31, 2018	363.0	326.0	689.0	25.8	272.4	298.1
Extensions	109.7	72.0	181.7	-	-	-
Improved Recovery	-	-	-	-	-	-
Technical Revisions	124.9	-5.8	119.1	19.1	7.0	26.1
Discoveries	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-
Economic Factors	-1.0	-4.0	-5.0	-	-	-
Production	-120.7	-	-120.7	-8.7	-	-8.7
DECEMBER 31, 2019	475.8	388.3	864.1	36.1	279.3	315.5
	NATURAL GAS(1)			NGL'S		
FACTORS	Gross Proved (MMcf)	Gross Probable (MMcf)	Gross Proved Plus Probable (MMcf)	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved Plus Probable (Mbbl)
DECEMBER 31, 2018	168.6	128.9	297.5	0.6	0.5	1.1
Extensions	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-
Technical Revisions	-25.4	-50.8	-76.2	-0.1	-0.2	-0.3
Discoveries	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-
Economic Factors	-0.2	-6.1	-6.3	-	-	-
Production	-38.6	-	-38.6	-0.1	-	-0.1
DECEMBER 31, 2019	104.4	72.1	176.4	0.4	0.3	0.6

(1) Includes solution gas.

5.1 UNDEVELOPED RESERVES

The following discussion generally describes the basis on which the Corporation attributes Proved and Probable Undeveloped Reserves and its plans for developing those Undeveloped Reserves.

	L&M Oil		Heavy Oil		A&NA Gas	
Proved Undeveloped	1st Attributed Mbbl	Booked Mbbl	1st Attributed Mbbl	Booked Mbbl	1st Attributed MMcf	Booked MMcf
Prior to 2017	75	75	0	67	--	--
2017	70	70	--	70	--	--
2018	0	0	--	70	--	--
2019	--	--	--	--	--	--

Probable Undeveloped	1st Attributed Mbbl	Booked Mbbl	1st Attributed Mbbl	Booked Mbbl	1st Attributed MMcf	Booked MMcf
Prior to 2016	0	155	0	290	--	--
2016	146	176	--	276	--	--
2017	0	40	--	248	--	--
2019	--	0	--	248	--	--

Proved undeveloped reserves are assigned in accordance with COGE and are predominantly those reserves tested or indicated by analogy to be productive.

Proved undeveloped reserves have not been assigned by the Evaluator. The Corporation's plans for development of proved undeveloped reserves are consistent with the Evaluator Report assumptions.

Probable undeveloped reserves are generally those reserves tested or indicated by analogy to be productive, infill drilling locations and lands contiguous to production.

At December 31, 2019, the Corporation plans to drill 4 gross (4 net) wells during 2021 and 2022 in the Baxter Lake property.

5.2 SIGNIFICANT FACTORS OR UNCERTAINTIES AFFECTING RESERVES DATA

The estimation of reserves requires significant judgment and decisions based on available geological, geophysical, engineering, and economic data. These estimates can change substantially as additional information from ongoing development activities and production performance becomes available and as economic and political conditions impact oil and gas prices and costs change. The Corporation's estimates are based on current production forecasts, prices and economic conditions. All of the Corporation's reserves are evaluated by Trimble Engineering Associates Ltd., an independent engineering firm.

As circumstances change and additional data becomes available, reserve estimates also change. Based on new information, reserve estimates are reviewed and revised, either upward or downward, as warranted. Although every reasonable effort has been made by the Corporation to ensure that reserve estimates are accurate, revisions arises as new information becomes available. As new geological, production and economic information is incorporated into the process of estimating reserves the

As information is updated the Company will modify its plans as required.

5.3 FUTURE DEVELOPMENT COSTS

The table below sets out the development costs deducted in the estimation of future net revenue attributable to the proved reserves (using forecast prices and costs) and proved plus probable reserves (using forecast prices and costs only).

	Total Proved Estimated Using Forecast Prices and Costs (M$)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (M$)
2020	600.00	600.00
2021	979.20	2,611.20
2022	--	1,664.64
2023	--	--
2024	--	--
Remainder	--	--
Total for All Years Undiscounted	1,579.20	4,875.84

The Corporation has three sources of funding to finance its capital expenditure programs: internally generated cash flow from operations, debt financing when appropriate and new equity issuances. The Corporation expects to fund its total 2020 capital program from internally generated cash flow from operations and debt financing.

6.1 OIL AND GAS PROPERTIES AND WELLS

Baxter Lake, Alberta

The Corporation's 100% owned lands are situated in the central east portion of the Province of Alberta. Vital has an interest in 5 (five) wells that have been assigned reserves. The wells are producing heavy oil from the Sparky or Colony formation. The project requires water injection and additional drilling to enhance the economics. By the use of seismic analysis the Corporation has identified 6 (six) drilling locations to the south-west of the current production.

Gull Lake, Saskatchewan

The Corporation has a 50% interest in most of the lands in this property located in the south west portion of the province of Saskatchewan. In one well the Corporation holds an 85.33% ownership. Vital Energy has an interest in 9 (nine) producing wells that have been assigned reserves. The oil being produced is medium gravity oil from the Roseray and Upper Shaunavon formations. The Corporation has 3D seismic coverage on all of the Gull Lake property. This seismic data aided in the drilling of a successful oil well in 2019.

The Corporation plans to drill two vertical development outpost wells for Upper Shaunavon formation and one horizontal development appraisal well for Cantuar formation in Q2 to Q3 2020.

Pennant, Saskatchewan

The Corporation has a 100% interest in this property located in the south west portion of the province of Saskatchewan. The oil being produced is medium gravity oil from the Upper Shaunavon formation. Vital Energy has 5 producing wells in this property. Additionally, the Corporation has recently drilled a long leg horizontal well. This horizontal well has tested oil production, but Vital Energy will not complete this well until product pricing improves.

Sullivan Lake, Alberta

Vital Energy has a 100% interest in this property located in the central eastern portion of the province of Alberta. The property has wells capable of oil production from the Ellerslie or Banff formation.

At the end of 2018 the Corporation had drilled and tested a horizontal Ellerslie formation oil well on this property. The well was on production in early 2019 before being shut-in during the drilling of the adjacent Ellerslie horizontal well. From the same surface location the Corporation has also drilled a horizontal Banff oil well. These three oil wells are expected to be on production by February, 2020.

The following table sets forth the number of wells in which the Corporation held a working interest as at DECEMBER 31, 2019:

	Oil Wells				Gas Wells			
	Producing		Non-Producing		Producing		Non-Producing	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Alberta	8	8	1	1	--	--	--	--
Saskatchewan	14	9.8	2	1.5	--	--	--	--

6.2 PROPERTIES WITH NO ATTRIBUTED RESERVES

	Gross Acres	Net Acres	Lands to Expire in 2020
Alberta	632.6	632.6	632.6
Saskatchewan	8,348	8,348	1,268

As of December 31, 2019, the Corporation has no outstanding material work commitments in any areas of its operations.

6.3 FORWARD CONTRACTS

The Corporation may, from time to time, enter into fixed price contracts and derivative financial instruments with respect to oil and gas sales, in order to secure a certain amount of cash flow to protect a level of capital spending. The Corporation is not currently a party to a fixed price contract or derivative financial instrument.

6.4 ADDITIONAL INFORMATION CONCERNING ABANDONMENT AND RECLAMATION COSTS

Vital Energy estimates well abandonment and reclamation costs on an area-by-area basis. These costs are included for 27 gross (22.8 net) wells in the Evaluator Report as a deduction in arriving at future net revenue. The estimated total abandonment and reclamation costs included in the Evaluator Report for the properties included under the proved reserves category is $1,052,140 undiscounted ($649,430 discounted at 10%). The Corporation continues to complete the reclamation for 15-20-18-17W3. The Corporation plans to abandon total 4 wells in Baxter Lake, Hillmond and Hayter. Total cost estimates $400,000.

6.5 TAX HORIZON

The Corporation was not required to pay income taxes for the period ended DECEMBER 31, 2019. Based on the strategy of re-investing all internally generated cash flow in an exploration and development program and based on the commodity prices used in the Evaluator Report, Vital Energy estimates that it will not be taxable for the duration of the forecast period in the Evaluator Report.

6.6 COSTS INCURRED

The following table summarizes the capital expenditures made by Vital Energy on oil and natural gas properties for the period ended DECEMBER 31, 2019:

	Property Acquisition Costs			
	Proved Properties	Unproved Properties	Exploration Costs	Development Costs
	(M$)	(M$)	(M$)	(M$)
Alberta	1,922.8	-	-	1,922.5
Saskatchewan	863.5	-	-	863.5

6.7 EXPLORATION AND DEVELOPMENT ACTIVITIES

The following table sets forth the number of exploratory and development wells that Vital Energy completed during the period ended DECEMBER 31, 2019:

	Exploratory Wells		Development Wells	
	Gross	Net	Gross	Net
Oil Wells	--	--	3	2.5
Gas Wells	--	--	--	--
Service Wells	--	--	--	--
Dry Holes	--	--	--	--
Total Completed Wells	--	--	3	2.5

The development plans for Baxter Lake are on holding, pending improved product pricing and operating conditions. At least 6 locations have been identified by seismic review, and the Corporation is confident the plans will proceed as planned.

6.8 PRODUCTION ESTIMATES

The following table discloses for each product type the total volume of production estimated by Evaluator for 2020 in the estimates of future net revenue from the forecast case of proved plus probable reserves disclosed above under the heading “Oil and Natural Gas Reserves and Net Present Value of Future Net Revenue”.

	L&M Oil bbl/d		Heavy Oil bbl/d		Natural Gas Mcf/d		NGL’s bbl/d		Net
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	boe/d
Total Proved	418	359	30	30	89	85	0.3	0.3	404
Probable	61	48	2	2	7	6	0	0	50
Proved Plus Probable	479	407	32	32	96	91	0.3	0.3	454

The Gull Lake property accounts for 202 boe/d (44%) of the estimated production.
The Sullivan Lake property accounts for 179 boe/d (39%) of the estimated production.

6.9 PRODUCTION HISTORY

The following table sets forth certain information in respect of production, product prices received, royalties, production costs and netbacks received by Vital Energy for each quarter of its most recently completed financial period:

	2019			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Average Production				
L&M&H Oil (boe/d)	328	386	397	399
Selling Prices				
L&M&H Oil ($/boe)	$50.41	$61.26	$55.06	$52.92
Royalties				
L&M&H Oil ($/boel)	$8.08	$10.73	$11.14	$10.71
Production Costs				
L&M&H Oil ($/boe)	$16.88	$17.47	$14.75	$15.55
Netbacks				
L&M&H Oil ($/boe)	$25.45	$33.06	$29.17	$26.66

Production Volume by Field

The following table discloses for each important field and in total, Vital Energy's production volume for the period ended DECEMBER 31, 2019 for each product type:

	L&M Oil	Heavy Oil	Natural Gas	NGL's		
	bbl/d	bbl/d	Mcf/d	bbl/d	boe/d	%
Gull Lake, SK	260	-	95	-	276	73
Total Corporation	338	24	95	-	378	100%