ASCENT RESOURCES UTICA HOLDINGS, LLC REPORTS SECOND QUARTER OPERATING AND FINANCIAL RESULTS

Second Quarter Highlights:

- Averaged net production of approximately 1.95 bcfe per day for the quarter, of which 91% was natural gas
- Adjusted EBITDAX(1) of $231 million and net cash from operating activities of $184 million
- Well costs(2) averaged approximately $546 per lateral foot during the quarter, resulting in capital expenditures incurred of $156 million
- Generated $38 million of free cash flow(1) during the quarter
- Issued $400 million of 5.875% Senior Notes due 2029 in June and used proceeds to repay borrowings under our revolving credit facility
- Issued our 2020 Environmental, Social and Governance Report in June and remain committed to reducing our environmental impact, minimizing emissions while ensuring support and engagement in the local communities where we operate

(1) A non-GAAP financial measure. See the Non-GAAP reconciliations included in this press release for the definition of, and other important information regarding, this non-GAAP financial measure.
(2) Well costs include drilling, completions, facility and pad costs.

Oklahoma City, Oklahoma, August 10, 2021 (PR Newswire) – Ascent Resources Utica Holdings, LLC ("Ascent", "our" or the "Company") today reported its second quarter 2021 operating and financial results and reaffirmed its 2021 guidance. In addition, Ascent announced a conference call with analysts and investors at 9 AM CDT / 10 AM EDT, Wednesday, August 11, 2021. For more detailed information on Ascent, please refer to the latest investor presentation and additional information located on our website at https://www.ascentresources.com/investors.

Commenting on our second quarter 2021 performance, Ascent's Chairman and Chief Executive Officer, Jeff Fisher said, "The team has delivered on another quarter of solid operational and financial results. We successfully turned-in-line 26 new wells while incurring $156 million of total capital expenditures. This activity increased our base production profile and further optimized margins, which in turn, allowed us to achieve strong financial results, generating $38 million of free cash flow during the quarter. Moving into the second half of the year, Ascent is positioned to benefit from a strong macro environment while continuing to generate sustainable free cash flow to reduce debt and create value for all of our stakeholders."

Second Quarter 2021 Financial Results

Second quarter 2021 net production averaged 1,945 mmcfe per day, consisting of 1,768 mmcf per day of natural gas, 9,418 bbls per day of oil and 20,110 bbls per day of natural gas liquids ("NGL").

Second quarter 2021 price realizations, including the impact of settled derivatives, were $2.88 per mcfe. Excluding the impact of settled derivatives, price realizations were $3.11 per mcfe in the second quarter of 2021.

For the second quarter of 2021, Ascent reported a net loss of $617 million, adjusted net income of $42 million and adjusted EBITDAX of $231 million. The net loss was driven by a $625 million unrealized commodity derivative fair value loss primarily due to an increase in the forward strip for natural gas during the second quarter of 2021. Ascent incurred $156 million of total capital expenditures in the second quarter of 2021 including $134 million for well costs, $9 million for acquisition and leasehold costs, and $13 million for capitalized interest. The Company generated $38 million of free cash flow in the second quarter of 2021.

Year-to-Date 2021 Financial Results

Net production for the six months ended June 30, 2021 averaged 1,868 mmcfe per day, consisting of 1,684 mmcf per day of natural gas, 9,376 bbls per day of oil and 21,315 bbls per day of NGLs.

Price realizations, including the impact of settled derivatives, were $3.01 per mcfe for the six months ended June 30, 2021. Excluding the impact of derivatives, price realizations were $3.19 per mcfe for the year-to-date period.

For the six months ended June 30, 2021, Ascent reported a net loss of $660 million, adjusted net income of $100 million and adjusted EBITDAX of $472 million. The net loss was driven by a $702 million unrealized commodity derivative fair value loss primarily due to an increase in the forward strip for natural gas during the six months ended June 30, 2021. Ascent incurred a total of $304 million of capital expenditures during the six months ended June 30, 2021 including $260 million for well costs, $18 million for acquisition and leasehold costs, and $26 million for capitalized interest. The Company generated $92 million of free cash flow during the six months ended June 30, 2021.

Balance Sheet and Liquidity

As of June 30, 2021, Ascent had total debt outstanding of approximately $2.6 billion, with $543 million of borrowings and $169 million of letters of credit issued under our revolving credit facility. Liquidity at the end of the second quarter of 2021 was $1.15 billion, comprised of $1.14 billion of available borrowing capacity under the revolving credit facility and $10 million of cash on hand. Our leverage ratio at the end of the quarter was 2.9x.

During the second quarter of 2021, the Company continued to improve the balance sheet through a series of transactions aimed at optimizing our debt profile, reducing collateral requirements and increasing liquidity in order to provide maximum financial flexibility in the current market. In June 2021, Ascent opportunistically accessed the debt market and issued $400 million of 5.875% Senior Notes due 2029 to repay borrowings outstanding under the revolving credit facility and to further enhance our liquidity position. In addition, the Company successfully reduced its credit requirements with certain of our firm transportation providers.

Operational Update

During the second quarter of 2021, Ascent operated four drilling rigs and one fracture stimulation crew. The Company spud 23 operated wells, hydraulically fractured 17 wells, and turned in line 26 wells with an average lateral length of 12,247 feet. Of the 26 new wells brought online, 23 were located in the dry gas or lean gas areas, while the other three wells were located in the liquids-rich window. As of June 30, 2021, Ascent had 635 gross operated producing Utica wells.

Our well costs averaged approximately $546 per lateral foot during the second quarter of 2021, a 12% reduction compared to the second quarter of 2020, and below the low end of our full year guidance range. The Company continues to execute at a high level and realize sustainable and repeatable efficiency gains while reducing drilling cycle times, increasing lateral feet developed and stages completed per day. Moving into the second half of the year, we expect our development costs to be in line with our previous guidance of between $550 and $575 per lateral foot.

Hedging Update

Ascent has significant hedges in place in order to reduce exposure to the volatility in commodity prices, as well as to protect our expected operating cash flow. As of June 30, 2021, Ascent had hedged 1,505,000 mmbtu per day of natural gas production for the remainder of 2021, at approximately $2.56 per mmbtu ($2.74 per mcf). In addition, Ascent had also hedged 2,800 bbls per day of crude oil production at an average price of $53.36 per bbl for the remainder of 2021. We also have significant natural gas and oil hedges in place for 2022 and beyond (please reference our financials for additional detail).

About Ascent Resources

Ascent is one of the largest private producers of natural gas in the United States and is focused on acquiring, developing, producing, and operating natural gas and oil properties located in the Utica Shale in southern Ohio. With a continued focus on good corporate citizenship, Ascent is committed to delivering low-cost clean-burning energy to our country and the world, while reducing environmental impacts.

Contact:
Chris Benton
Director – Finance and Investor Relations
405-252-7850
chris.benton@ascentresources.com

This news release contains forward-looking statements within the meaning of US federal securities laws. Forward-looking statements express views of Ascent regarding future plans and expectations. Forward-looking statements in this news release include, but are not limited to, statements regarding future operations, business strategy, liquidity and cash flows of Ascent. These statements are based on numerous assumptions and are subject to known and unknown risks and uncertainties, including, commodity price volatility, inherent uncertainty in estimating natural gas, oil and NGL reserves, environmental and regulatory risks, availability of capital, and the other risks described in Ascent's most recent investor presentation provided at www.ascentresources.com/investors. Actual future results may vary materially from those expressed or implied in this news release and Ascent's business, financial condition, results of operations and cash flow could be materially and adversely affected by such risks and uncertainties. As a result, forward-looking statements should be understood to be only predictions and statements of Ascent's current beliefs; they are not guarantees of performance.

ASCENT RESOURCES UTICA HOLDINGS, LLC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands)	**2021**	**2020**	**2021**	**2020**
Revenues:				
Natural gas	$ 447,479	$ 275,088	$ 877,677	$ 567,606
Oil	50,797	21,005	92,755	70,559
NGL	52,329	17,344	107,861	53,347
Commodity derivative (loss) gain	(665,763)	(70,529)	(764,433)	137,954
Total Revenues	(115,158)	242,908	313,860	829,466
Operating Expenses:				
Lease operating expenses	21,387	17,709	42,792	38,636
Gathering, processing and transportation expenses	234,972	229,936	455,643	462,649
Taxes other than income	10,348	9,201	19,388	18,999
Exploration expenses	16,539	22,858	35,032	49,811
General and administrative expenses	12,523	20,629	29,092	35,049
Depreciation, depletion and amortization	147,519	202,273	286,753	378,747
Total Operating Expenses	443,288	502,606	868,700	983,891
Loss from Operations	(558,446)	(259,698)	(554,840)	(154,425)
Other (Expense) Income:				
Interest expense, net	(41,342)	(31,233)	(82,788)	(65,153)
Change in fair value of contingent payment right	(13,338)	—	(18,784)	—
(Losses) Gains on purchases or exchanges of debt	(3,822)	(190)	(3,822)	13,303
Other income	3	71	351	587
Total Other Expense	(58,499)	(31,352)	(105,043)	(51,263)
Net Loss	$ (616,945)	$ (291,050)	$ (659,883)	$ (205,688)

ASCENT RESOURCES UTICA HOLDINGS, LLC
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

($ in thousands)	June 30, 2021	December 31, 2020
Current Assets:		
Cash and cash equivalents	$ 10,018	$ 8,843
Accounts receivable – natural gas, oil and NGL sales	264,798	223,976
Accounts receivable – joint interest and other	9,411	8,466
Short-term derivative assets	—	8,202
Other current assets	6,083	8,316
Total Current Assets	290,310	257,803
Property and Equipment:		
Natural gas and oil properties, based on successful efforts accounting	9,061,864	8,791,061
Other property and equipment	31,551	31,565
Less: accumulated depreciation, depletion and amortization	(2,913,574)	(2,627,213)
Property and Equipment, net	6,179,841	6,195,413
Other Assets:		
Long-term derivative assets	1,839	2,401
Other long-term assets	13,490	16,232
Total Assets	$ 6,485,480	$ 6,471,849
Current Liabilities:		
Accounts payable	$ 54,578	$ 36,736
Accrued interest	41,059	31,287
Current portion of long-term debt, net	—	12,498
Short-term derivative liabilities	556,853	54,144
Other current liabilities	366,598	341,637
Total Current Liabilities	1,019,088	476,302
Long-Term Liabilities:		
Long-term debt, net of current portion	2,629,269	2,707,382
Long-term derivative liabilities	303,910	113,160
Other long-term liabilities	92,350	73,010
Total Long-Term Liabilities	3,025,529	2,893,552
Member's Equity	2,440,863	3,101,995
Total Liabilities and Member's Equity	$ 6,485,480	$ 6,471,849

ASCENT RESOURCES UTICA HOLDINGS, LLC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

($ in thousands)	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Cash Flows from Operating Activities:				
Net loss	$ (616,945)	$ (291,050)	$ (659,883)	$ (205,688)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation, depletion and amortization	147,519	202,273	286,753	378,747
Change in fair value of commodity derivatives	624,760	239,847	702,419	177,472
Change in fair value of interest rate derivatives	(57)	502	(196)	502
Impairment of unproved natural gas and oil properties	15,987	22,369	33,381	48,679
Non-cash interest expense	4,729	11,318	9,415	13,306
Stock-based compensation	902	—	1,985	—
Change in fair value of contingent payment right	13,338	—	18,784	—
Losses (gains) on purchases or exchanges of debt	3,810	190	3,810	(13,303)
Other	5,321	(1,567)	8,784	(1,601)
Changes in operating assets and liabilities	(15,710)	(4,441)	(11,478)	73,450
Net Cash Provided by Operating Activities	183,654	179,441	393,774	471,564
Cash Flows from Investing Activities:				
Drilling and completion costs	(129,882)	(188,023)	(240,433)	(345,880)
Acquisitions of natural gas and oil properties	(18,536)	(35,596)	(39,137)	(80,987)
Additions to other property and equipment	(42)	(165)	(135)	(1,377)
Net Cash Used in Investing Activities	(148,460)	(223,784)	(279,705)	(428,244)
Cash Flows from Financing Activities:				
Proceeds from credit facility borrowings	385,000	280,000	710,000	465,000
Repayment of credit facility borrowings	(730,000)	(235,000)	(1,120,000)	(455,000)
Proceeds from issuance of long-term debt	400,000	—	400,000	—
Repayment of long-term debt	(71,392)	(3,941)	(84,173)	(50,972)
Cash paid for debt issuance costs	(6,361)	(2,290)	(6,808)	(2,290)
Commodity derivative settlements	(5,354)	1,557	(8,810)	1,557
Other	(3,103)	—	(3,103)	—
Net Cash (Used in) Provided by Financing Activities	(31,210)	40,326	(112,894)	(41,705)
Net Increase (Decrease) in Cash and Cash Equivalents	3,984	(4,017)	1,175	1,615
Cash and Cash Equivalents, Beginning of Period	6,034	12,978	8,843	7,346
Cash and Cash Equivalents, End of Period	$ 10,018	$ 8,961	$ 10,018	$ 8,961

ASCENT RESOURCES UTICA HOLDINGS, LLC
NATURAL GAS, OIL AND NGL PRODUCTION AND PRICES
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net Production Volumes:				
Natural gas (mmcf)	160,886	170,086	304,853	325,900
Oil (mbbls)	857	1,030	1,697	2,283
NGL (mbbls)	1,830	2,273	3,858	5,523
Natural Gas Equivalents (mmcfe)	177,014	189,903	338,185	372,735
Average Daily Net Production Volumes:				
Natural gas (mmcf/d)	1,768	1,869	1,684	1,791
Oil (mbbls/d)	9	11	9	13
NGL (mbbls/d)	20	25	21	30
Natural Gas Equivalents (mmcfe/d)	1,945	2,087	1,868	2,048
% Natural Gas	91 %	90 %	90 %	87 %
% Liquids	9 %	10 %	10 %	13 %
Average Sales Prices:				
Natural gas ($/mcf)	$ 2.78	$ 1.62	$ 2.88	$ 1.74
Oil ($/bbl)	$ 59.27	$ 20.39	$ 54.66	$ 30.91
NGL ($/bbl)	$ 28.60	$ 7.63	$ 27.95	$ 9.66
Natural Gas Equivalents ($/mcfe)	$ 3.11	$ 1.65	$ 3.19	$ 1.86
Settlements of commodity derivatives ($/mcfe)	(0.23)	0.89	(0.18)	0.85
Average sales price, after effects of settled derivatives ($/mcfe)	$ 2.88	$ 2.54	$ 3.01	$ 2.71

ASCENT RESOURCES UTICA HOLDINGS, LLC
CAPITAL EXPENDITURES INCURRED
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands)	2021	2020	2021	2020
Capital Expenditures Incurred:				
Drilling and completion costs incurred	$ 133,883	$ 126,000	$ 260,330	$ 321,115
Acquisition and leasehold costs incurred	9,478	12,371	17,880	36,607
Capitalized interest incurred	12,671	21,952	25,974	44,636
Total Capital Expenditures Incurred	$ 156,032	$ 160,323	$ 304,184	$ 402,358

ASCENT RESOURCES UTICA HOLDINGS, LLC
RECONCILIATIONS OF ADJUSTED NET INCOME (LOSS)
(Unaudited)

($ in thousands)	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Net Loss	$ (616,945)	$ (291,050)	$ (659,883)	$ (205,688)
Adjustments to reconcile net loss to adjusted net income (loss):				
Impairment of unproved natural gas and oil properties	15,987	22,369	33,381	48,679
Change in fair value of commodity derivatives	624,760	239,847	702,419	177,472
Change in fair value of interest rate derivatives	(57)	502	(196)	502
Change in fair value of contingent payment right	13,338	—	18,784	—
Losses (gains) on purchases or exchanges of debt	3,822	190	3,822	(13,303)
Stock-based compensation	902	—	1,985	—
Non-recurring legal expense	—	5,572	—	5,572
Adjusted Net Income (Loss) (Non-GAAP)[(a)(b)]	$ 41,807	$ (22,570)	$ 100,312	$ 13,234

(a) As shown above and on the following pages, Ascent uses adjusted net income (loss), EBITDAX, adjusted EBITDAX, discretionary cash flow and free cash flow (non-GAAP measures) as supplemental measures to evaluate the performance of its assets. Ascent believes these non-GAAP measures provide meaningful information to our investors, as discussed below. These non-GAAP measures, as used and defined by Ascent, are not measures of performance as determined by United States generally accepted accounting principles (US GAAP) and may not be comparable to similarly titled measures employed by other companies.

Non-GAAP measures should not be considered in isolation or as substitutes for operating income, net income or loss, cash flows provided by or used in operating, investing and financing activities or other income or cash flow statement data prepared in accordance with GAAP. Non-GAAP measures provide no information regarding a company's capital structure, borrowings, interest costs, capital expenditures and working capital movement. Non-GAAP measures do not represent funds available for discretionary use because those funds may be required for debt service, capital expenditures, working capital, exploration expenses and other commitments and obligations. However, Ascent's management team believes these non-GAAP measures are useful to an investor in evaluating Ascent's financial performance because these measures:

- Are widely used by investors in the natural gas and oil industry to measure a company's operating performance without regard to items excluded from the calculation of such terms, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired, among other factors;
- Are more comparable to estimates used by analysts;
- Help investors to more meaningfully evaluate and compare the results of Ascent's operations from period to period by removing the effect of its capital structure from its operating structure;
- Excludes one-time items, non-cash items or items whose timing or amount cannot be reasonably estimated; and
- Are used by Ascent's management team for various purposes, including as a measure of operating performance, in presentations to its Board of Managers and as a basis for strategic planning and forecasting.

There are significant limitations to using non-GAAP measures as measures of performance, including the inability to analyze the effect of certain recurring and non-recurring items that materially affect Ascent's net income or loss, the lack of comparability of results of operations of different companies, and the different methods of calculating non-GAAP measures reported by different companies.

(b) Ascent defines "adjusted net income (loss)" as net income (loss) before impairment of unproved natural gas and oil properties; change in fair value of commodity derivatives; change in fair value of interest rate derivatives; change in fair value of contingent payment right; (gains) losses on purchases or exchanges of debt; stock-based compensation; non-recurring legal expense (benefit); acquisition expenses; impairment of other property and equipment; and other non-recurring items.

ASCENT RESOURCES UTICA HOLDINGS, LLC
RECONCILIATIONS OF EBITDAX, ADJUSTED EBITDAX AND NET DEBT
(Unaudited)

EBITDAX and Adjusted EBITDAX

($ in thousands)	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Net Loss	$ (616,945)	$ (291,050)	$ (659,883)	$ (205,688)
Adjustments to reconcile net loss to EBITDAX:				
Exploration expenses	16,539	22,858	35,032	49,811
Depreciation, depletion and amortization	147,519	202,273	286,753	378,747
Interest expense, net	41,342	31,233	82,788	65,153
EBITDAX (Non-GAAP)[(a)(b)]	(411,545)	(34,686)	(255,310)	288,023
Adjustments to reconcile EBITDAX to Adjusted EBITDAX:				
Change in fair value of commodity derivatives	624,760	239,847	702,419	177,472
Change in fair value of contingent payment right	13,338	—	18,784	—
Losses (gains) on purchases or exchanges of debt	3,822	190	3,822	(13,303)
Stock-based compensation	902	—	1,985	—
Non-recurring legal expense	—	5,572	—	5,572
Adjusted EBITDAX (Non-GAAP)[(b)(c)]	$ 231,277	$ 210,923	$ 471,700	$ 457,764

(a) Ascent defines "EBITDAX" as net income (loss) before exploration expenses; depreciation, depletion and amortization; and interest expense, net.

(b) See footnote (a) on page 9 for a discussion around our uses of non-GAAP measures.

(c) Ascent defines "adjusted EBITDAX" as EBITDAX before change in fair value of commodity derivatives; change in fair value of contingent payment right; (gains) losses on purchases or exchanges of debt; stock-based compensation; non-recurring legal expense (benefit); and other non-recurring items.

ASCENT RESOURCES UTICA HOLDINGS, LLC

RECONCILIATIONS OF EBITDAX, ADJUSTED EBITDAX AND NET DEBT (CONTINUED)

(Unaudited)

Last Twelve Months ("LTM") EBITDAX and Adjusted EBITDAX

($ in thousands)	Three Months Ended June 30, 2021	Three Months Ended March 31, 2021	Three Months Ended December 31, 2020	Three Months Ended September 30, 2020	Twelve Months Ended June 30, 2021
Net (Loss) Income	$ (616,945)	$ (42,938)	$ 168,609	$ (552,432)	$ (1,043,706)
Adjustments to reconcile net (loss) income to EBITDAX:					
Exploration expenses	16,539	18,493	26,323	28,096	89,451
Depreciation, depletion and amortization	147,519	139,234	162,223	196,048	645,024
Interest expense, net	41,342	41,446	35,781	33,279	151,848
EBITDAX (Non-GAAP)[(a)(b)]	(411,545)	156,235	392,936	(295,009)	(157,383)
Adjustments to reconcile EBITDAX to Adjusted EBITDAX:					
Change in fair value of commodity derivatives	624,760	77,659	(202,620)	500,175	999,974
Change in fair value of contingent payment right	13,338	5,446	6,518	—	25,302
Losses on purchases or exchanges of debt	3,822	—	15,708	3,632	23,162
Stock-based compensation	902	1,083	1,065	710	3,760
Adjusted EBITDAX (Non-GAAP)[(b)(c)]	$ 231,277	$ 240,423	$ 213,607	$ 209,508	$ 894,815

(a) Ascent defines "EBITDAX" as net income (loss) before exploration expenses; depreciation, depletion and amortization; and interest expense, net.

(b) See footnote (a) on page 9 for a discussion around our uses of non-GAAP measures.

(c) Ascent defines "adjusted EBITDAX" as EBITDAX before change in fair value of commodity derivatives; change in fair value of contingent payment right; (gains) losses on purchases or exchanges of debt; stock-based compensation; non-recurring legal expense (benefit); and other non-recurring items.

ASCENT RESOURCES UTICA HOLDINGS, LLC
RECONCILIATIONS OF EBITDAX, ADJUSTED EBITDAX AND NET DEBT (CONTINUED)
(Unaudited)

Net Debt and Net Debt to LTM Adjusted EBITDAX

($ in thousands)	June 30, 2021	June 30, 2020
Net Debt:		
Total debt	$ 2,629,269	$ 2,793,728
Less: cash and cash equivalents	10,018	8,961
Net Debt[a]	$ 2,619,251	$ 2,784,767
Net Debt to LTM Adjusted EBITDAX:		
Net Debt[a]	$ 2,619,251	$ 2,784,767
LTM Adjusted EBITDAX[b]	$ 894,815	$ 1,099,355
Net Debt to LTM Adjusted EBITDAX	2.9 x	2.5 x

[a] Ascent defines "Net Debt" as total debt less cash and cash equivalents. Management uses Net Debt to determine our outstanding debt obligations that would not be readily satisfied by our cash and cash equivalents on hand.

[b] Adjusted EBITDAX for the LTM ended June 30, 2021 and 2020, respectively.

ASCENT RESOURCES UTICA HOLDINGS, LLC
RECONCILIATIONS OF DISCRETIONARY CASH FLOW AND FREE CASH FLOW
(Unaudited)

($ in thousands)	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Net Cash Provided by Operating Activities	$ 183,654	$ 179,441	$ 393,774	$ 471,564
Adjustments to reconcile Net Cash Provided by Operating Activities to Discretionary Cash Flow:				
Changes in operating assets and liabilities	15,710	4,441	11,478	(73,450)
Discretionary Cash Flow (Non-GAAP)[(a)(b)]	199,364	183,882	405,252	398,114
Adjustments to reconcile Discretionary Cash Flow to Free Cash Flow:				
Drilling and completion costs incurred	(133,883)	$ (126,000)	(260,330)	(321,115)
Acquisition and leasehold costs incurred	(9,478)	(12,371)	(17,880)	(36,607)
Capitalized interest incurred	(12,671)	(21,952)	(25,974)	(44,636)
Non-recurring legal expense	—	5,572	—	5,572
Financing commodity derivative settlements	(5,354)	—	(8,810)	—
Other	12	—	12	—
Free Cash Flow (Non-GAAP)[(b)(c)]	$ 37,990	$ 29,131	$ 92,270	$ 1,328

(a) Discretionary cash flow is widely accepted as a financial indicator of a natural gas and oil company's ability to generate cash which is used to internally fund exploration and development activities and service debt. Ascent defines "discretionary cash flow" as net cash provided by operating activities before changes in operating assets and liabilities.

(b) See footnote (a) on page 9 for a discussion around our uses of non-GAAP measures.

(c) Free cash flow is an indicator of a company's ability to generate funding to maintain or expand its asset base, make distributions and repurchase or extinguish debt. Ascent defines "free cash flow" as discretionary cash flow less drilling and completion costs incurred, acquisition and leasehold costs incurred, capitalized interest incurred, non-recurring legal expense, financing commodity derivative settlements, debt exchange fees and certain non-recurring items.