Riviera Resources Announces Closing of $82 Million Volumetric Production Payment Transaction ("VPP")

March 11, 2019

HOUSTON, March 11, 2019 (GLOBE NEWSWIRE) -- Riviera Resources, Inc. (OTCQX: RVRA), ("Riviera" or the "Company") announces it has finalized an agreement to sell a limited term overriding royalty interest (the "Volumetric Production Payment" or "VPP" interests) in helium produced from certain of the Company's long-lived wells located in the Hugoton Basin.

The Company highlights the following aspects of the VPP:

- Total cash proceeds of approximately $82 million, subject to closing costs
- Monetization of approximately 23% of Riviera's total helium reserves at a 5.16% discount rate
- Estimated value of the net helium production to be delivered in 2019 of approximately $14.6 million
- Closing to occur later this month
- Use of proceeds to be determined by Board and management, which may include share tenders and/or reinvestment in higher return projects at Blue Mountain or in the upstream business

David Rottino, President and Chief Executive Officer of Riviera commented, "We are excited to announce this very unique transaction that partially monetizes our helium reserves at an attractive discount rate. Due to the long-life nature of the producing wells and the predictability of the associated helium revenue stream, we expect to raise significant proceeds through a VPP structure at very attractive rates." Rottino continued, "We continue to believe the sum-of-the-parts value of our assets is not fully appreciated by the market. Not only does this transaction highlight the value of our reserves, but it will also generate significant proceeds that we can use to return capital to shareholders and/or reinvest in higher return projects."

Deal Structure

The VPP consists of a limited term overriding royalty interest in helium produced from certain of Riviera's wells in the Hugoton Basin. The VPP interests will be contributed to Mayzure, LLC ("Mayzure" is a wholly owned subsidiary of Riviera). Mayzure will issue 5.16% senior secured notes in the amount of approximately $82 million, expected to be satisfied in third quarter 2026 (the "Notes"), secured by the VPP. In consideration for the contribution of the VPP, Mayzure will distribute the proceeds of the Notes (less closing costs) to Riviera. Neither Riviera Resources, Inc. nor any of its subsidiaries other than Mayzure, have guaranteed the Notes.

The Company will retain all of its natural gas, oil and NGL production from the wells associated with the VPP. Furthermore, any new wells drilled would not be committed to the VPP. As projected, over the term of the VPP, proceeds from approximately 23% of Riviera's total helium reserves will be used by Mayzure to satisfy the notes. In 2019, Riviera forecasts the value of the helium production delivered to Mayzure and applied to the notes will be approximately $14.6 million. The Company expects to close the transaction later this month. Barclays acted as financial advisor and Kirkland & Ellis LLP as legal counsel during the transaction.

The VPP will have no impact on the Company's year-end 2018 standardized measure of discounted future net cash flows [(1)] ("SEC PV-10") which does not include helium value. Also, Riviera's credit facility will not be impacted by this transaction and will continue to have borrowing commitments of $385 million.

(1) Determined in accordance with the regulations of the Securities and Exchange after the effects of income taxes and discounted using an annual discount rate of 10%

ABOUT RIVIERA RESOURCES

Riviera Resources, Inc. is an independent oil and natural gas company with a strategic focus on efficiently operating its mature low-decline assets, developing its growth-oriented assets, and returning capital to its stockholders. Riviera's properties are located in the Hugoton Basin, East Texas, North Louisiana, Michigan/Illinois, the Uinta Basin and Mid-Continent regions. Riviera also owns Blue Mountain Midstream LLC.

Forward-Looking Statements

Statements made in this press release that are not historical facts are "forward-looking statements." These statements are based on certain assumptions and expectations made by the Company which reflect management's experience, estimates and perception of historical trends, current conditions, and anticipated future developments. These statements include, among others, statements regarding our 2019 guidance, planned capital expenditures, increases in oil and gas production, the number of anticipated wells to be drilled or completed after the date hereof, future cash flows and borrowings, our strategic objectives with respect to Blue Mountain Midstream, our financial position, business strategy and other plans and objectives for future operations. 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 anticipated in the forward-looking statements. These include risks relating to the Company's financial and operational performance and results, low or declining commodity prices and demand for oil, natural gas and natural gas liquids, ability to hedge future production, ability to replace reserves and efficiently develop current reserves, the capacity and utilization of midstream facilities and the regulatory environment. These and other important factors could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. Please read "Risk Factors" in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other public filings. The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information or future events.

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