

**EARTHSTONE ENERGY, INC.**  
**CORPORATE GOVERNANCE GUIDELINES**  
**(Adopted on May 3, 2018)**

The following Corporate Governance Guidelines (“Guidelines”) have been adopted by the Board of Directors (the “Board”) of Earthstone Energy, Inc., a Delaware corporation (the “Company”), on May 8, 2018, to assist the Board in the exercise of its responsibilities to the Company and its stockholders. These Guidelines should be interpreted in the context of all applicable laws and the Company’s Third Amended and Restated Certificate of Incorporation (the “Certificate of Incorporation”), Amended and Restated Bylaws (the “Bylaws”) and other corporate governance documents, and are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. These Guidelines are subject to modification by the Board, and the Board shall be able, in the exercise of its discretion, to deviate from these Guidelines from time to time, as the Board may deem appropriate or as required by applicable laws and regulations.

**1. The Board of Directors**

**A. Size of the Board**

The number of directors that constitutes the Board shall be fixed from time to time pursuant to the Certificate of Incorporation and the Bylaws, as such may be amended from time to time.

**B. Director Qualifications**

The Company defines an “independent” director in accordance with Section 303A.02 of the Listed Company Manual of the New York Stock Exchange (“NYSE”). For so long as the Company qualifies as a “controlled company” within the meaning of the NYSE corporate governance standards it may elect (and it has so elected) not to comply with certain corporate governance standards, including the requirement that a majority of the Board of Directors consist of independent directors.

Except where the Company is legally required by contract or otherwise to provide third parties with the ability to nominate directors (including under the Voting Agreement dated May 9, 2017, among the Company, EnCap Investments L.P. and Bold Energy Holdings, LLC), the Board is responsible for identifying individuals qualified to become Board members. Nominees for directorship shall be selected by the Board and an invitation to join the Board should be extended by the Board as a whole or by the Chairman of the Board.

In evaluating the suitability of individual Board members, the Board takes into account many factors, including general understanding of marketing, finance and other disciplines relevant to the success of a large publicly traded company in today’s business environment; understanding of the Company’s business on a technical level; and educational and professional background. The Board evaluates each individual in the context of the Board as a whole, with the

objective of recommending a group that can best support the success of the business and, based on its diversity of experience, represent stockholder interests through the exercise of sound judgment.

### **C. Director Responsibilities**

The basic responsibility of each director is to exercise his or her business judgment to act in what he or she reasonably believes to be the best interests of the Company and its stockholders. In discharging this obligation, directors are entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. The directors shall also be entitled to require the Company to purchase reasonable directors' and officers' liability insurance on their behalf, to provide the benefits of indemnification to the fullest extent permitted by law and the Certificate of Incorporation, the Bylaws and any indemnification agreements, and to provide exculpation as provided by Delaware law and the Certificate of Incorporation and the Bylaws.

Directors are encouraged to attend the annual meeting of stockholders and expected to attend all or substantially all of the Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting will generally be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting and shall preserve the confidentiality of confidential material given or presented to directors.

### **D. Chairman of the Board**

The offices of Chairman of the Board and Chief Executive Officer may be at times combined and at times separated. The Board has discretion in combining or separating the positions as it deems appropriate in light of prevailing circumstances. The Board of Directors believes that the combination or separation of these offices should continue to be considered as part of the succession planning process.

The Chairman shall establish the agenda for each Board meeting and shall establish a schedule of agenda subjects to be discussed during the year (to the degree this can be foreseen), at the beginning of each year. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board shall review the Company's short-term and long-term strategic plans and the principal issues that the Company may face in the future during at least one Board and/or Committee meeting each year.

### **E. Meetings of Non-Management Directors**

The non-management directors shall have regularly scheduled meetings in executive session. In the event that the non-management directors include directors who are not independent under the listing requirements of the NYSE, then at least once a year, there should be an executive session including only independent directors. Assuming he or she is

independent, the Chairman of the Board shall preside at and is responsible for preparing an agenda for the meetings of the independent directors in executive session. If the Chairman of the

Board is not independent, the Board shall recommend an independent director to preside at these meetings.

#### **F. Board Interaction with External Constituencies**

The Board believes that the management speaks for the Company. As such, individual directors shall not meet or otherwise directly communicate with stockholders, research analysts, vendors, the press or other external constituencies on behalf of the Company unless the communication is (1) requested by the Chairman of the Board, the Chief Executive Officer or the Board as a whole or (2) required to discharge his or her duties as set forth in committee charters or these Guidelines.

However, the Board shall accept written communications from the Company's stockholders and other interested parties. Stockholders and any other interested parties may send communications to the Board, any committee of the Board, the Chairman of the Board or any other director in particular to:

Earthstone Energy, Inc.  
1400 Woodloch Forest Drive, Suite 300  
The Woodlands, Texas 77380

Stockholders and any other interested parties should mark the envelope containing each communication as "Stockholder Communication with Directors" and clearly identify the intended recipient(s) of the communication. The Company's Corporate Secretary will review each communication received from stockholders and other interested parties and will forward the communication, as expeditiously as reasonably practicable, to the addressees if: (1) the communication complies with the requirements of any applicable policy adopted by the Board relating to the subject matter of the communication; and (2) the communication falls within the scope of matters generally considered by the Board. To the extent the subject matter of a communication relates to matters that have been delegated by the Board to a committee or to an executive officer of the Company, then the Company's Corporate Secretary may forward the communication to the executive officer or chairman of the committee to which the matter has been delegated. The acceptance and forwarding of communications to the members of the Board or an executive officer does not imply or create any fiduciary duty of the Board members or executive officer to the person submitting the communications.

#### **G. Service on Other Boards**

In advance of accepting an invitation to serve on another public company board, directors should advise the Chairman of the Board so that an assessment may be made of, among other things, the potential impact of such service on the director's time and availability, potential conflict of interest issues and the director's status as an independent director.

## **2. Board Committees**

### **A. Committees**

The Board shall at all times have an Audit Committee and may, from time to time, establish and maintain additional committees as necessary or appropriate. All of the members of the Audit Committee must satisfy the independence and experience requirements detailed in its committee charter. The Board shall evaluate and determine whether or not each director is independent, disinterested, and a non-employee or outside director under the standards applicable to the committees on which such director is serving or may serve.

### **B. Committee Charters**

Each committee shall have its own charter, each of which shall set forth the authority and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. Each charter shall also provide for a self-evaluation of such committee's performance.

### **C. Committee Meetings**

The Chairman of each committee, in consultation with the committee members, shall determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chairman of each committee, in consultation with the appropriate members of the committee and management, shall develop the committee's agenda. At the beginning of the year, the Chairman of each committee should establish a schedule of agenda subjects to be discussed during the year (to the degree these can be foreseen). Committee members are free to suggest the inclusion of items on the agenda. Committee members are free to raise at any Committee meeting subjects that are not on the agenda for that meeting.

### **D. Annual Performance Evaluation of the Committees**

The Board shall conduct an annual performance review of the Board's committees. As part of this process, the Chairman of each committee shall report to the full Board regarding the committee's annual evaluation of its performance and evaluation of its charter.

## **3. Director Access to Independent Advisors and Management**

The Board and each committee has the authority to hire independent legal, financial or other experts and advisors as it may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer or the Corporate Secretary or directly by the director. The directors shall use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and shall, to the extent not inappropriate, copy the Chief Executive Officer on any written communications between a director and an officer or employee of the Company.

The Board welcomes regular attendance at each Board meeting of senior officers of the Company. If the Chief Executive Officer wishes to have additional Company personnel attend on a regular basis, this suggestion should be brought to the Board for approval.

**4. Director Compensation**

The form and amount of director compensation shall be determined by the Board, which shall conduct an annual review of director compensation and take into account any reports of compensation consultants. Director compensation shall be in an amount which is competitive with the market and is geared towards attracting and retaining highly-qualified, independent professionals to represent the Company's stockholders. The Board shall consider a director's compensation when determining such director's independence.

**5. Director Orientation and Continuing Education**

All new directors must participate in the Company's orientation program, which should be conducted as soon as practical after the election or appointment of the director. This orientation may include presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers, and its independent auditors. All other directors are also invited to attend the orientation program. Each director should maintain the necessary level of qualifications to perform the responsibilities of a director and member of any committee of which such person is a member. The Corporate Secretary shall be responsible for keeping the Board abreast of corporate governance developments, and, generally, the Board expects to have at least one continuing education presentation each year.

**6. Management Succession**

The Board shall annually review succession planning, including policies and principles for Chief Executive Officer selection and performance review, as well as policies regarding succession in the event of an emergency or the retirement of the Chief Executive Officer.

**7. Annual Performance Evaluation**

The Board shall conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The assessment shall focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.

**8. Amendments, Modifications and Waivers**

These Guidelines, as well as the charters of the Board committees, may be amended, modified or waived by the Board, subject in each case to timely compliance with all applicable disclosure requirements.

**9. Review of Governance Policies**

The Board, from time to time, will review and reassess the adequacy of these Guidelines. In addition, the Board will consider any other corporate governance issues that arise from time to time as well as review management's monitoring of the Company's compliance programs.

**10. Public Disclosure of Corporate Governance Policies**

The Company shall post these Guidelines, the charters of each Board committee and the Company's Code of Business Conduct and Ethics on the Company's website as required by applicable rules and regulations and shall make them available at the Company's offices in The Woodlands, Texas. In addition, the Company shall disclose in its proxy statement for its annual meeting of stockholders that a copy of each document is available on the Company's website and may be obtained by stockholders upon written request.