Opportunity Overview

- Opportunity to acquire economic, highly contiguous, and de-risked acreage position in the Eagle Ford
- 11,212 gross / net largely undeveloped acres located in La Salle, McMullen, and Dimmit counties, TX
- Highly economic locations with average >8,500’ lateral length and robust EURs of >100 boe/ft
- Volatile oil window provides favorable liquids content with pressure and gas volumes to sustain solution gas drive
- Offset activity by top tier operators including EOG, Chesapeake, XTO, Sundance Energy, EP Energy, and Carrizo
- Significant upside potential from Upper Eagle Ford and Austin Chalk
- EOR pilots being delineated near PayRock’s acreage position
- Favorable marketing contracts and no minimum volume commitments or acreage dedications

PayRock Energy, LLC (“PayRock”) is offering for sale its South Texas Eagle Ford assets (the “Properties”);
BMO Capital Markets has been retained as exclusive financial advisor to PayRock
Key Investment Highlights

Largely Undeveloped Blocky Eagle Ford Position
- Attractive acquisition opportunity with exposure to the highly economic Eagle Ford volatile oil window
- 11,212 gross / net acre position located in La Salle, McMullen, and Dimmit counties, TX
- 100% operational control with 100% working interest and 75% NRI across acreage
- Distinct contiguous acreage blocks allow for average lateral length >8,500’ and 23 locations in excess of 10,000’

High Quality Subsurface Attributes
- The Lower Eagle Ford exhibits exceptional reservoir quality across PayRock’s acreage
  - Efficiently developed with a single drilling target
  - Average in-place volume of 15 mmbo/section
- Two distinct Eagle Ford reservoirs allow for flexible development strategy
  - Shallow, liquids-rich, low water saturation in the Thurman area
  - Deeper, volatile oil with significant over-pressure in the STS area
- The Austin Chalk represents significant opportunity for co-development with the Eagle Ford
  - Thurman overlies a thick section of reservoir-quality lower Austin Chalk
  - Sugarkane Field has demonstrated that higher GORs support success in the Austin Chalk

Highly Economic Drilling Inventory through Enhanced Completions
- One of the last remaining undeveloped areas of scale in core Eagle Ford
- 63 gross operated Lower Eagle Ford drilling locations at conservative 660’ inter-well spacing provide ample running room
  - Wider spacing and 2,200+ lbs/ft completions outperform historical results for the area; 3-stream EURs greater than 100 boe/ft
  - Position de-risked by existing wells and offset performance
- PayRock wells exceed historical type curve for the area due to improved completion technology
- Additional upside from offsetting Austin Chalk activity, a potential second bench in the Eagle Ford, and EOR pilots in the area

Asset Ready for Full-Scale Development
- High degree of control as asset is 100% operated
- Nominal number of leases simplifies the management of the land position
- Ample access to third party gathering for oil and gas in addition to salt water disposal
- No minimum volume commitments or acreage dedications
PayRock Energy 2019 Eagle Ford Divestiture

High Quality Land Position with Ample Running Room

COMMENTARY

- 11,212 gross / net largely undeveloped acres located in La Salle, McMullen, and Dimmit counties, TX
  - 100% operated and 100% working interest
  - 75% NRI across acreage
  - Blocky position allowing for immediate development
  - Minimal surface restrictions on drilling
- Surface use agreements in place for all major development areas
- Clean title and organized lease documents
- Easily managed continuous drilling obligations
  - First primary term expiration is April 2020
    - Two year extension available for $525,000
  - Next obligation not until Q2 2021
  - Development plan holds 100% of acreage by Q3 2022
  - CDC interval of 90 - 180 days depending on lease
  - Select leases have well banking provisions up to 300 days
- Lease schedule, shape files, and other maps can be made available

AREA MAP

Development Plan to Hold 100% of Acreage (Wells per Quarter)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
</tr>
<tr>
<td>Gaiser</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Thurman</td>
<td>-</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>STS</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

A program of ~6 wells/yr will hold position without extensions
**Geologic Overview**

**COMMENTARY**

- PayRock is located in the Eagle Ford volatile oil window
  - Liquids volume strengthens economics
  - Higher GORs improve solution gas drive and recovery efficiency
- Over 100’ of high-quality Eagle Ford
  - Lower Eagle Ford exhibits consistently high porosity, high brittleness, low clay, and low water saturation
- Largely open acreage presents excellent opportunity to drill multiple parent wells
  - Position has not been impacted by pressure depletion
  - Buyer can optimize completion design and spacing in undrained rock
- The lower Austin Chalk is a promising additional objective with potential hydrocarbon volumes on par with the Eagle Ford

**LOWER EAGLE FORD BULK VOLUME HYDROCARBONS**
Thurman / Gaiser Geology and Targeting

COMMENTARY

- Operator can expect consistent and repeatable results due to the lateral continuity of reservoir properties in the Eagle Ford
  - 12-15 mmbo/section supports 660’ spacing with Eagle Ford recovery factors of 10-13%
- PayRock chose a landing target in the lower half of the Lower Eagle Ford to best contact rock with the greatest organics-content and porosity
  - Adjacent Malsberger pad (EP Energy) is landed in the same interval and had an average IP30 of 1,674 boepd with 65% oil per well
- Under the Thurman leases, the Austin Chalk is comparable to the Lower Eagle Ford in multiple respects
  - Low clay content suggests the Austin Chalk will respond favorably to modern completions

LOWER EAGLE FORD PHIH WITH NEARBY ACTIVITY

RESERVOIR PROPERTIES

<table>
<thead>
<tr>
<th>Reservoir</th>
<th>THURMAN</th>
<th>GAISER</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>L. Austin Chalk</td>
<td>L. Eagle Ford</td>
</tr>
<tr>
<td>Gross H (ft)</td>
<td>200</td>
<td>124</td>
</tr>
<tr>
<td>V Clay %</td>
<td>6.2</td>
<td>12.1</td>
</tr>
<tr>
<td>V Kerogen %</td>
<td>0.8</td>
<td>8.7</td>
</tr>
<tr>
<td>PHIE %</td>
<td>4.9</td>
<td>5.5</td>
</tr>
<tr>
<td>BVHH (v/v)</td>
<td>6.8</td>
<td>6.2</td>
</tr>
<tr>
<td>Sw %</td>
<td>31.5</td>
<td>17.7</td>
</tr>
<tr>
<td>OOIP (mmbo/sec)</td>
<td>16.7</td>
<td>15.2</td>
</tr>
</tbody>
</table>
South Texas Syndicate Geology and Targeting

COMMENTARY

- Transitioning fluid phase results in resource estimates of 15 mmbo/section or 67 bcf/section
  - Recovery factors of 11-13% at 660’ spacing
- South Texas Syndicate ("STS") abuts recent activity by key Eagle Ford operators like EOG, BP, and Equinor
  - Drawn to the area by consistently thick Lower Eagle Ford that regularly exceeds 150’ locally in McMullen County
  - BP STS B pad saw an average IP30 of 1,440 boepd with 47% oil per well
- Depth increase of ~1,500’ over the Thurman/Gaiser area has led to an increase in over-pressure to >0.7 psi/ft
  - Higher GOR compared to Thurman/Gaiser expected to support recovery

LOWER EAGLE FORD PHIH WITH NEARBY ACTIVITY

LOCAL TYPE LOGS

RESERVOIR PROPERTIES

<table>
<thead>
<tr>
<th>Reservoir</th>
<th>STS West</th>
<th>STS East</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross H (ft)</td>
<td>129</td>
<td>168</td>
</tr>
<tr>
<td>V Clay %</td>
<td>6.7</td>
<td>14.1</td>
</tr>
<tr>
<td>V Kerogen %</td>
<td>8.8</td>
<td>8.7</td>
</tr>
<tr>
<td>PHIE %</td>
<td>5.8</td>
<td>5.8</td>
</tr>
<tr>
<td>BVHH (v/v)</td>
<td>4.5</td>
<td>7.6</td>
</tr>
<tr>
<td>Sw %</td>
<td>26.8</td>
<td>21.5</td>
</tr>
<tr>
<td>OOIP (mmbo/sec)</td>
<td>15.2</td>
<td></td>
</tr>
<tr>
<td>GIP (bcf/sec)</td>
<td>67.1</td>
<td></td>
</tr>
</tbody>
</table>
Thurman / Gaiser Geosteering

COMMENTARY

- Low-risk drilling and geosteering due to steady regional dip of 2° and low structural complexity within the Eagle Ford
  - Minor faults encountered with throw of 5-10'
  - Very homogeneous Lower Eagle Ford thickness
- Wells target interval with consistently high porosity and low water saturation
  - 30' interval within the lower half of the Lower Eagle Ford
  - Early adjacent wells drilled by other operators did not consider reservoir quality when selecting a target
- Excellent geosteering markers
  - MWD gamma shows strong correlation with the type logs

BUDA SSTVD STRUCTURE

DARK STAR 1EH GEOSTEERING SOLUTION

Vertical exaggeration = 16x

CITATION 1EH GEOSTEERING SOLUTION

Vertical exaggeration = 16x
PayRock focused on the lower 200’ of the Austin Chalk to access matrix porosity charged by the underlying Eagle Ford
- Drilling and completions approach similar to an Eagle Ford well
- Thurman lower Austin Chalk wells are poised to perform better than the Bubbling Over due to importance of volatile oil fluid mix for Austin Chalk production
- Demonstrated by abundant co-development of the Eagle Ford and Austin Chalk in Sugarkane Field
- Successful delineation of the Austin Chalk on Thurman and Gaiser could add 25 locations at 1,200’ spacing

Targeted matrix porosity of 3-6% in the lowermost Austin Chalk
- Fault threw well high of target window for 500’ of the lateral
- Only producing from 1,800’ of wellbore due to unsuccessful drill out of frac plugs on CT; opportunity to access additional ~2,300’ of wellbore by drilling out remaining plugs
Product Marketing Summary

**COMMENTARY**

- PayRock markets 100% of its production
  - 100% operated
- **No minimum volume commitments**
- Large portion of Thurman and all of STS are undedicated
  - Opportunity for buyer to improve terms significantly
  - On Thurman, Dark Star is a single well dedicated to Williams
- Oil represents roughly 58% of October 2019E revenue
- Gas and NGLs represent approximately 32% of October 2019E revenue
- Oil is sold to Sunoco and Gulfmark
  - Evergreen month-to-month
  - 100% trucked
- Kinder Morgan is the gatherer of gas in the Gaiser area
- Williams Gathering is the gatherer of gas for the Dark Star and Luffel lease
- Kinder Morgan is the processor and purchaser of residue gas and NGLs for both Gaiser and the Dark Star well
- Contracts and plant statements can be found on the VDR
### Prolific Wells Within and Offsetting PayRock’s Acreage

<table>
<thead>
<tr>
<th>Well</th>
<th>Operator</th>
<th>Year</th>
<th>Location</th>
<th>IP30</th>
<th>Oil</th>
<th>Proppant</th>
<th>Lateral Length</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>EP</td>
<td>2018</td>
<td>Lehman</td>
<td>952</td>
<td>86%</td>
<td>2,652</td>
<td>9,871'</td>
</tr>
<tr>
<td>2</td>
<td>PayRock</td>
<td>2019</td>
<td>Dark Star 1-EH</td>
<td>699</td>
<td>61%</td>
<td>2,200</td>
<td>9,244'</td>
</tr>
<tr>
<td>3</td>
<td>Lonestar</td>
<td>2018</td>
<td>Horned Frog NW A &amp; B</td>
<td>1,063</td>
<td>54%</td>
<td>2,030</td>
<td>7,410'</td>
</tr>
<tr>
<td>4</td>
<td>PayRock</td>
<td>2017</td>
<td>Always Dreaming 1EH</td>
<td>1,081</td>
<td>60%</td>
<td>2,600</td>
<td>6,210'</td>
</tr>
<tr>
<td>5</td>
<td>PayRock</td>
<td>2019</td>
<td>Citation 1EH</td>
<td>1,505</td>
<td>53%</td>
<td>2,200</td>
<td>9,720'</td>
</tr>
<tr>
<td>6</td>
<td>EP</td>
<td>2018</td>
<td>Maltsberger Unit E (2 wells)</td>
<td>1,432</td>
<td>69%</td>
<td>3,013</td>
<td>15,277'</td>
</tr>
<tr>
<td>7</td>
<td>EP</td>
<td>2018</td>
<td>Maltsberger B &amp; D (4 wells)</td>
<td>1,915</td>
<td>60%</td>
<td>2,929</td>
<td>10,238'</td>
</tr>
<tr>
<td>8</td>
<td>EP</td>
<td>2018</td>
<td>Hixon (2 wells)</td>
<td>824</td>
<td>65%</td>
<td>2,542</td>
<td>6,602'</td>
</tr>
<tr>
<td>9</td>
<td>EP</td>
<td>2018</td>
<td>Maltsberger Ranch A (2 wells)</td>
<td>1,468</td>
<td>80%</td>
<td>2,995</td>
<td>13,187'</td>
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<tr>
<td>10</td>
<td>EP</td>
<td>2018</td>
<td>Maltsberger A (3 wells)</td>
<td>1,024</td>
<td>83%</td>
<td>3,052</td>
<td>6,579'</td>
</tr>
<tr>
<td>11</td>
<td>BP</td>
<td>2018</td>
<td>Maltsberger Unit E (2 wells)</td>
<td>1,440</td>
<td>47%</td>
<td>n.a</td>
<td>5,696'</td>
</tr>
<tr>
<td>12</td>
<td>Equinor</td>
<td>2018</td>
<td>Maltsberger Unit F (3 wells)</td>
<td>1,089</td>
<td>30%</td>
<td>2,055</td>
<td>5,858'</td>
</tr>
<tr>
<td>13</td>
<td>EOG</td>
<td>2018</td>
<td>Naylor Jones 40 2H</td>
<td>2,265</td>
<td>86%</td>
<td>1,974</td>
<td>7,395'</td>
</tr>
<tr>
<td>14</td>
<td>EOG</td>
<td>2018</td>
<td>Naylor Jones 44 (5 wells)</td>
<td>1,049</td>
<td>85%</td>
<td>2,263</td>
<td>7,884'</td>
</tr>
<tr>
<td>15</td>
<td>EOG</td>
<td>2018</td>
<td>Allen MCM (2 wells)</td>
<td>1,072</td>
<td>70%</td>
<td>2,969</td>
<td>6,510'</td>
</tr>
<tr>
<td>16</td>
<td>Sundance</td>
<td>2018</td>
<td>Allen MCM (2 wells)</td>
<td>1,072</td>
<td>70%</td>
<td>2,969</td>
<td>6,510'</td>
</tr>
</tbody>
</table>
Type Curve Development (Thurman & Gaiser)

**COMMENTARY**

- Thurman and Gaiser lease upside locations are modeled based on PayRock’s actual results on the leases
- Uncertainties related to the completion at Dark Star 1-EH led to its exclusion from the type curve dataset
- Oil, gas, and water (not shown) were modeled as independent hyperbolic declines

**TYPE CURVE SUMMARY (9,700’)**

<table>
<thead>
<tr>
<th></th>
<th>Qi</th>
<th>Di</th>
<th>b-factor</th>
<th>IP30</th>
<th>40-yr EUR</th>
<th>IRR</th>
<th>3-Stream EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(bo/d, mcf/d, bw/d)</td>
<td>(%)</td>
<td>(bo/d, mcf/d, bw/d)</td>
<td>(mbo, mmcf, mbw)</td>
<td>(%)</td>
<td>(boe/ft)</td>
<td></td>
</tr>
<tr>
<td>Oil</td>
<td>1,170</td>
<td>87%</td>
<td>1.0</td>
<td>928</td>
<td>351</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas</td>
<td>5,243</td>
<td>74%</td>
<td>1.2</td>
<td>4,631</td>
<td>3,585</td>
<td>41%</td>
<td>129</td>
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<tr>
<td>Water</td>
<td>3,932</td>
<td>99%</td>
<td>0.8</td>
<td>1,656</td>
<td>152</td>
<td></td>
<td></td>
</tr>
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</table>

**CUMULATIVE OIL PRODUCTION (9,700’)**

**CUMULATIVE GAS PRODUCTION (9,700’)**

1. October 2018 downtime removed from Always Dreaming production history.
Type Curve Development (STS)

**COMMENTARY**

- STS area upside locations are modeled based on analog wells in the area
  - The dataset includes offset wells completed with >1,700 lbs/ft of proppant and spaced at >550 ft at first production
- Given uncertainty around fluid properties, an oil decline was modeled based on 2014+ offset results and a GOR applied to match nearby GORs
  - GOR was converted to a gas type curve to model in ARIES, assuming b=1.2
  - Wells North of the acreage average ~1,000 scf/bbl initial GOR and wells South of the acreage average ~5,500 scf/bbl initial GOR
- Water (not shown) was modeled as an independent hyperbolic decline

**TYPE CURVE SUMMARY (9,700')**

<table>
<thead>
<tr>
<th></th>
<th>Qi</th>
<th>Di</th>
<th>b-factor</th>
<th>IP30</th>
<th>40-yr EUR</th>
<th>IRR</th>
<th>3-Stream EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil</td>
<td>1,539</td>
<td>88%</td>
<td>1.0</td>
<td>1,206</td>
<td>440</td>
<td>1,206</td>
<td>440</td>
</tr>
<tr>
<td>Gas</td>
<td>3,880</td>
<td>75%</td>
<td>1.2</td>
<td>3,404</td>
<td>2,546</td>
<td>3,404</td>
<td>2,546</td>
</tr>
<tr>
<td>Water</td>
<td>2,180</td>
<td>90%</td>
<td>0.9</td>
<td>1,664</td>
<td>458</td>
<td>1,664</td>
<td>458</td>
</tr>
</tbody>
</table>

**MAP OF TYPE CURVE WELLS**

- La Salle
- McMullen

**CUMULATIVE OIL PRODUCTION (9,700')**

- Type Curve
- Average

**GOR (SCF/BBL)**

- South of Acreage
- North of Acreage
Two development plan scenarios were modeled:

- **Alternative 1:** Hybrid plan that develops locations to hold acreage, then initiates pad development supported by a larger PDP base.
- **Alternative 2:** Initiates pad development immediately to capture cost efficiencies and a greater overall rate of return.

Potential to add or extend locations by blocking up offsetting acreage, especially immediately adjacent positions HBP’ed by Chesapeake and Lewis.

Location counts do not include potential upside associated with downs-spacing the Eagle Ford or developing the Austin Chalk.

**Proposed Upside Locations**

Portions of acreage shown are held by Lewis and CHK; no locations were allocated to this acreage.

**Locations Developed by Quarter**

- **Thurman:** 32
- **Gaiser:** 8
- **STS:** 23

63 upside locations in the Lower Eagle Ford at conservative 660’ spacing.

1. Chart does not show 38 locations drilled from 2024 onwards in Alternative 1 development plan.
Potential to Expand Footprint by Acquiring Offset Chesapeake and Lewis Acreage

COMMENTARY

- Bolt-on potential of ~3,000 additional acres from Chesapeake and Lewis
  - Includes two Lewis wellbores and ten CHK wellbores
- Upside value associated with:
  - Six incremental locations
  - Increased lateral length at Slot 26
  - Surface access to Edwards 2H (2012 CHK DUC on PayRock acreage)
  - Opportunity to re-enter, re-frac, or huff-n-puff wells to revitalize production
  - Reduced third party interference (frac hits)
- Limited upside value to a 3rd party buyer as most of the longer laterals require PayRock acreage

HISTORICAL PRODUCTION, CHK AND LEWIS WELLS (BOE/D)
Development Program Alternative 1: Hybrid Plan to Manage Near-term Cash Flow

**COMMENTARY**

- Hybrid development plan assumes initial 1-rig program to hold acreage and manage cash flow outspend, followed by pad development to capture cost efficiencies.
- Highly economic development plan with total PV-10 of $179 million and net recoveries of 48 mmboe
  - 63 locations at 660’ inter-well spacing with average lateral length >8,500’
  - Assumes 5% capex savings for leasehold wells after the first three wells are brought online
- Forecast predicts total peak net production of 16.5 mboe/d in December 2027
- >90% of locations have IRRs greater than 25%

**GROSS OIL PRODUCTION**

**CASH FLOW**

**LOCATIONS IRRS**

Note: $55 WTI oil held flat; $2.50 Henry Hub held flat. October 2019 effective date.

1. Represents partial year post October effective date.
### Development Program Alternative 1: Hybrid Plan to Manage Near-term Cash Flow

PayRock’s Estimated Net Reserves and Present Value (PV-10) Total Reserve Estimate as of October 1, 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
<th>Net Oil</th>
<th>Net NGL</th>
<th>Net Gas</th>
<th>Net Total</th>
<th>Net Capex</th>
<th>Net PV-0</th>
<th>Net PV-10</th>
<th>Dev. Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(mmbbl)</td>
<td>(mbbl)</td>
<td>(bcf)</td>
<td>(mmboe)</td>
<td>($mm)</td>
<td>($mm)</td>
<td>($mm)</td>
<td>($/boe)</td>
</tr>
<tr>
<td>PDP</td>
<td>4</td>
<td>0.3</td>
<td>0.5</td>
<td>3.2</td>
<td>1.4</td>
<td>--</td>
<td>$17</td>
<td>$15</td>
<td>n.a.</td>
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<tr>
<td>Locations</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gaiser</td>
<td>8</td>
<td>2.0</td>
<td>2.6</td>
<td>15.5</td>
<td>7.3</td>
<td>$66</td>
<td>$45</td>
<td>$28</td>
<td>$9.15</td>
</tr>
<tr>
<td>STS</td>
<td>23</td>
<td>5.8</td>
<td>3.7</td>
<td>24.9</td>
<td>13.7</td>
<td>$155</td>
<td>$108</td>
<td>$68</td>
<td>$11.30</td>
</tr>
<tr>
<td>Thurman</td>
<td>32</td>
<td>7.7</td>
<td>10.0</td>
<td>58.1</td>
<td>27.3</td>
<td>$246(1)</td>
<td>$146</td>
<td>$84</td>
<td>$9.00</td>
</tr>
<tr>
<td>Total Locations</td>
<td>63</td>
<td>15.6</td>
<td>16.3</td>
<td>98.6</td>
<td>48.3</td>
<td>$468</td>
<td>$299</td>
<td>$179</td>
<td>$9.68</td>
</tr>
<tr>
<td>Grand Total</td>
<td>67</td>
<td>15.9</td>
<td>16.9</td>
<td>101.7</td>
<td>49.7</td>
<td>$468</td>
<td>$317</td>
<td>$194</td>
<td>$9.41</td>
</tr>
</tbody>
</table>

**NET PV-10 BY CATEGORY**

- PDP 8%: $194 mm
- Locations 92%

**NET RESOURCE BY CATEGORY**

- PDP 3%
- Locations 97%
- 49.7 mmboe

**NET RESOURCE BY PRODUCT**

- Gas 34%
- Oil 32%
- NGL 34%
- 49.7 mmboe

Note: $55 WTI oil held flat; $2.50 Henry Hub held flat. October 2019 effective date.

1. Capex includes $3.5 million for one SWD well.
Development Program Alternative 2: Pad Development Plan to Maximize Returns

**COMMENTARY**

- Pad development plan maximizes cost savings associated with simultaneous operations and assumes a 1-rig program in order of greatest rate of return.
- Highly economic development plan with total PV-10 of $261 million and net recoveries of 48 mmboe:
  - 63 locations at 660' inter-well spacing with average lateral length >8,500’
  - Maximum of 6 wells per pad, assumes linear cost savings vs single well cost estimates.
- Forecast predicts total peak net production of 22.1 mboe/d in February 2022.
- >95% of locations have IRRs greater than 25%.

**GROSS OIL PRODUCTION**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>PDP</td>
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<td>Locations</td>
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</tbody>
</table>

**CASH FLOW**

- EBITDA
- Capex
- Cum. FCF

**LOCATIONS IRRS**

<table>
<thead>
<tr>
<th>IRR</th>
<th>Gaiser</th>
<th>STS</th>
<th>Thurman</th>
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<tbody>
<tr>
<td>0%</td>
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<td>10%</td>
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<td>90%</td>
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<tr>
<td>100%</td>
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</tbody>
</table>

Note: $55 WTI oil held flat; $2.50 Henry Hub held flat. October 2019 effective date.
1. Represents partial year post October effective date.
### Development Program Alternative 2: Pad Development Plan to Maximize Returns

**PayRock’s Estimated Net Reserves and Present Value (PV-10)**

Total Reserve Estimate as of October 1, 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
<th>Net Oil (mmbbl)</th>
<th>Net NGL (mbbl)</th>
<th>Net Gas (bcf)</th>
<th>Net Total (mmboe)</th>
<th>Net Capex ($mm)</th>
<th>Net PV-0 ($mm)</th>
<th>Net PV-10 ($mm)</th>
<th>Dev. Costs ($/boe)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PDP</td>
<td>4</td>
<td>0.3</td>
<td>0.5</td>
<td>3.2</td>
<td>1.4</td>
<td>--</td>
<td>$17</td>
<td>$15</td>
<td>n.a.</td>
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<td><strong>Locations</strong></td>
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</tr>
<tr>
<td>Gaiser</td>
<td>8</td>
<td>2.0</td>
<td>2.6</td>
<td>15.5</td>
<td>7.3</td>
<td>$60</td>
<td>$55</td>
<td>$38</td>
<td>$8.31</td>
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<tr>
<td>STS</td>
<td>23</td>
<td>5.8</td>
<td>3.7</td>
<td>24.9</td>
<td>13.7</td>
<td>$136</td>
<td>$143</td>
<td>$107</td>
<td>$9.91</td>
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<tr>
<td>Thurman</td>
<td>32</td>
<td>7.6</td>
<td>9.8</td>
<td>57.2</td>
<td>26.9</td>
<td>$226(1)</td>
<td>$177</td>
<td>$116</td>
<td>$8.37</td>
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<tr>
<td><strong>Total Locations</strong></td>
<td>63</td>
<td>15.4</td>
<td>16.2</td>
<td>97.7</td>
<td>47.9</td>
<td>$422</td>
<td>$374</td>
<td>$261</td>
<td>$8.80</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td>67</td>
<td>15.8</td>
<td>16.7</td>
<td>100.8</td>
<td>49.3</td>
<td>$422</td>
<td>$392</td>
<td>$276</td>
<td>$8.55</td>
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</table>

### NET PV-10 BY CATEGORY

- **PDP**: 5% (Locations 95%)
  - $276 mm

### NET RESOURCE BY CATEGORY

- **PDP**: 3% (Locations 97%)
  - 49.3 mmboe

### NET RESOURCE BY PRODUCT

- **Gas**: 34%
- **Oil**: 32%
- **NGL**: 34%

---

Note: $55 WTI oil held flat; $2.50 Henry Hub held flat. October 2019 effective date.

1. Capex includes $3.5 million for one SWD well.
PayRock Energy 2019 Eagle Ford Divestiture

Additional Transaction Information

Confidentiality Agreement
- Available upon request at PayRock.EF@bmo.com

Process
- Bid to be prepared based on information provided in VDR
- No data room presentations will be held
- Q&A conference calls with BMO available on request
- Bid Instructions and exact Bid Date to follow as a VDR update

Evaluation Materials
- Effective date is October 1, 2019
- PayRock Reserve Report in ARIES; PHDWin coming soon
- Includes supporting documents such as LOS, land, commercial assumptions, and technical support

Primary Contact
- Submit questions and inquiries to PayRock.EF@bmo.com

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