

Midland Basin Vertical Wellbore Opportunity



Birch Operations, Inc.

Birch Operations, Inc. (“Birch”) is offering for sale its vertical Midland Basin wellbore-only operated interests in Howard, Martin, and Midland Counties, TX. The assets offer an attractive opportunity to acquire 89 liquids-rich wellbores (85% liquids) producing 975 Boed (net) and generating a resilient, high-margin cash flow stream driven by efficient operations. Birch has retained Detring Energy Advisors as its exclusive advisor related to the transaction.

Robust Production⁽¹⁾

975 Boed | 85% Liquids

- Steady, reliable production base from 89 operated Spraberry vertical wellbores
 - 3.2 MMBoe net reserves
 - 4.2 MMBoe gross reserves
- Five+ years of production history provides confidence in forecast volumes and cash flow

Durable Cash Flow Supported by Strong Cash Margins⁽¹⁾

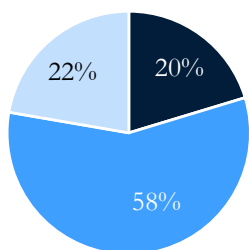
- The efficiently operated asset generates meaningful cash flow
 - \$5MM NTM PDP cash flow
 - \$19MM PDP PV-10%
- Resilient cash flow stream ensured by low operating expenses and healthy margins
 - ~\$16.21/Boe operating cash margin

High Ownership Interest and Operational Control

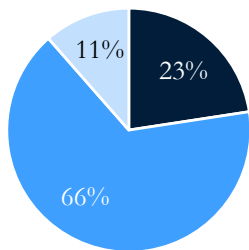
- Ownership Interest:
 - 98% avg working interest
 - 77% avg lease net revenue interest
- 89 wells total (87 prod. / 2 shut-in)
 - Midland: 7
 - Martin: 62
 - Howard: 20

Key Stats. by County

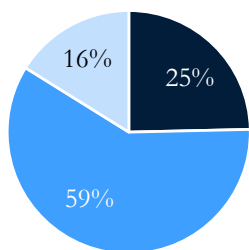
PV10 (\$19MM)



Net Prod. (975 Boed)

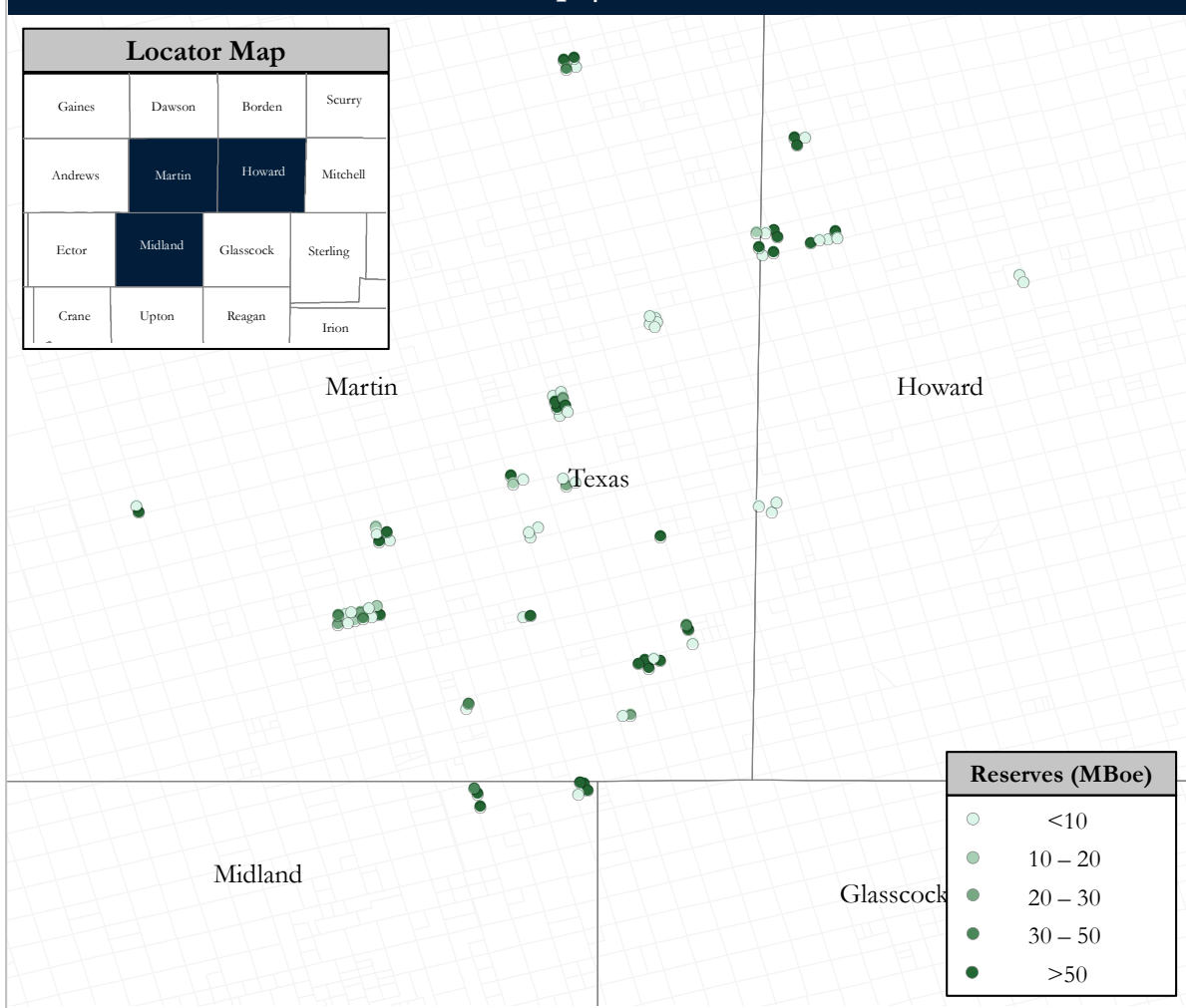


Net Res. (3.2 MMBoe)



■ HOWARD ■ MARTIN ■ MIDLAND

Location Map | Midland Basin



1. Cash flow, reserves, and NPV10 based on an effective date of 1/1/2021 and benchmark 5-year pricing as of 4/21/2021.

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Process Timeline

May 2021						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

June 2021						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

- VDR Opens
- Evaluation Period
- Bids Due
- Holidays

Birch anticipates PSA execution by late June and closing by late July 2021.

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Please contact Melinda Faust to request a confidentiality agreement or to learn more about this opportunity. Please route all communications through Detring, and do not contact Birch directly.

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