

Salt Flat Field Legacy Oil Opportunity



Costa Energy, LLC

Costa Energy, LLC (“Costa”) has retained Detring Energy Advisors to market for sale its oil and gas leasehold, producing properties, and related assets in Caldwell County, TX. The assets offer an attractive opportunity to acquire; (i) a **100% oil production base generating ~860 Bopd (gross) and ~630 Bopd (net)** from 51 active horizontal wells on a **consistent, low decline (~10%)** producing from the Upper Edwards formation; (ii) **significant, stable net cash flow (~\$13MM NTM, PDP-only)** providing reliable, long-term returns on initial investment; and (iii) **12 infill development opportunities identified** to unlock additional production, reserves, and cash flow.

Low-Decline Oil Production

~860 Bopd (Gross) | ~630 Bopd (Net)

- Substantial production base (~100% oil) on low aggregate decline (~10%) provides confidence in future cash flow from 51 active producing wells
 - ~\$13MM NTM op. cash flow (PDP)
 - 98% avg. WI & 73% avg. RI (PDP)
- Long-life PDP asset with net reserves of ~2 MMBoe (100% oil)
 - PDP R/P: ~9 years
- Minimal concentration risk with distributed PDP PV10 of \$43MM

~7,700 Contiguous Net Acres

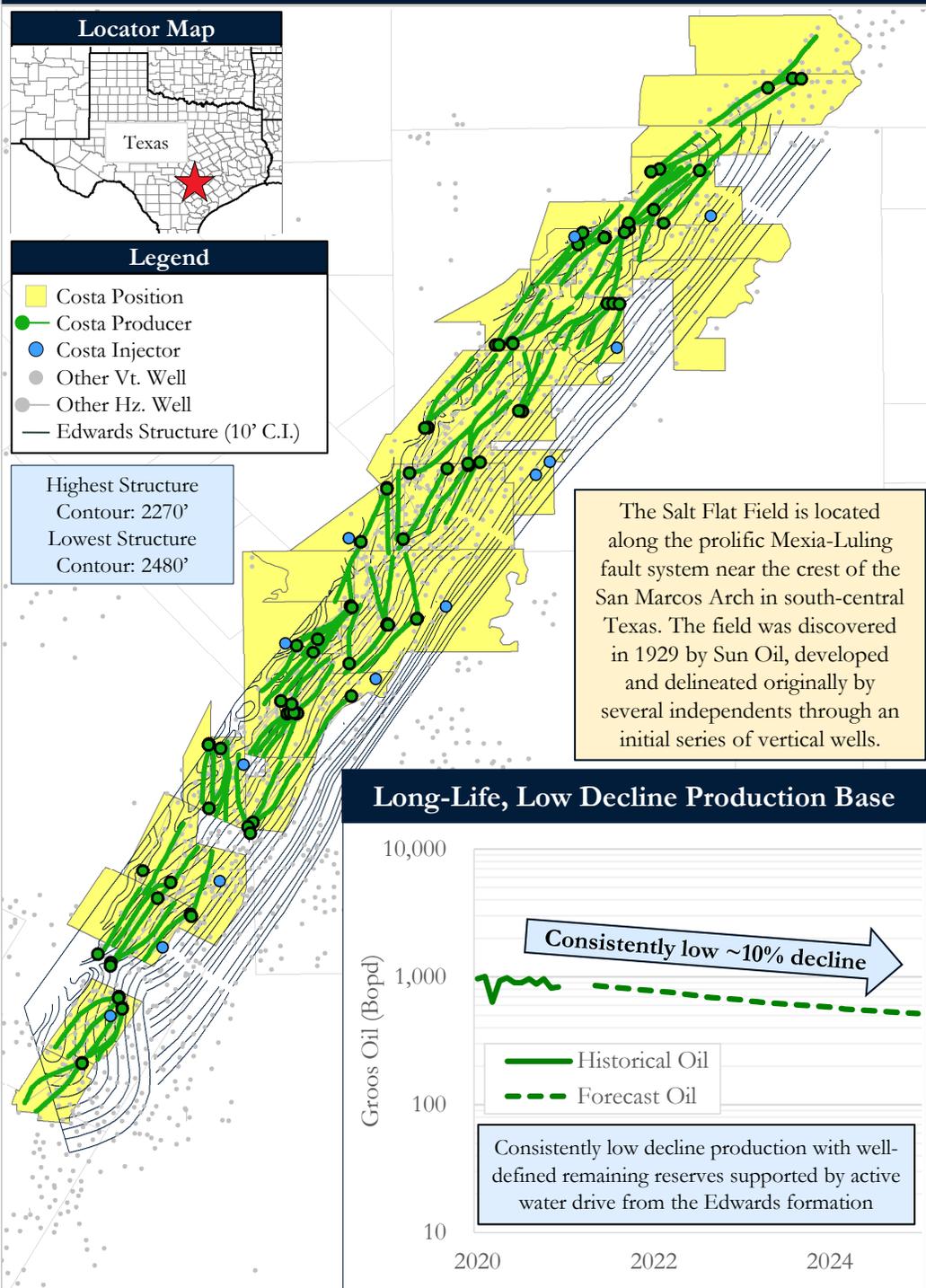
100% Held By Production

- Contiguous acreage footprint provides convenient operations
 - 17 active water injection wells support low lifting costs (~\$22/BO)
- Ongoing electrical upgrades reduce lifting costs across the position
 - ~\$3/BO reduction to lifting costs
 - ~\$4MM PV10 uplift to PDP value due to ongoing improvements

Highly Economic Undeveloped Inventory Drives Future Growth

- 12 PUD locations targeting the Upper Edwards in portions of the position designed to increase sweep efficiency
- The majority of the locations use existing surface pads, requiring minimal topside capital to develop
 - Low D&C cost of ~\$1.1MM/well
 - Single-well IRR: >40%
 - PUD PV10: \$12MM
 - Grand Total NPV10: \$55MM

Location Map | Caldwell County, Texas



Note: All metrics (i.e., cash flow, reserves, present value) are based on an effective date of May 1, 2022 and five-year NYMEX strip (3/4/22) and include P&A costs for all wells.

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Process Timeline

March 2022						
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		

April 2022						
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



Costa anticipates PSA execution by early May and closing by June 2022.

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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 Costa directly.

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