

# Core Haynesville Overriding Royalty Opportunity



Private Seller

A Private Seller (“Seller”) has retained Detring Energy Advisors to market for sale its overriding royalty (“ORRI”) interests located in Caddo Parish, Louisiana. The assets offer an attractive opportunity to acquire **1,445 NRA concentrated in two units under active development** in the core of the Haynesville. Operated by Paloma Natural Gas (“PNG”), the assets deliver **\$18MM in NTM cash flow** from **ten (10) high-interest locations (avg. 6.6% ORRI)**, including **five (5) DUCs in various stages of completion** and **five (5) wells currently being drilled**.

## High-Interest Royalty Units

1,445 NRA | 6.6% Avg. ORRI

- Unique opportunity to acquire concentrated ORRI in two core units with imminent prod.
  - 100% operated by PNG
  - 6.6% average royalty interest

Unit	ORRI	NRA
1 HA RA SU137	6.2%	738
2 HA RA SU139	6.9%	707
<b>Average / Total</b>	<b>6.6%</b>	<b>1,445</b>

## Rapid Return on Investment

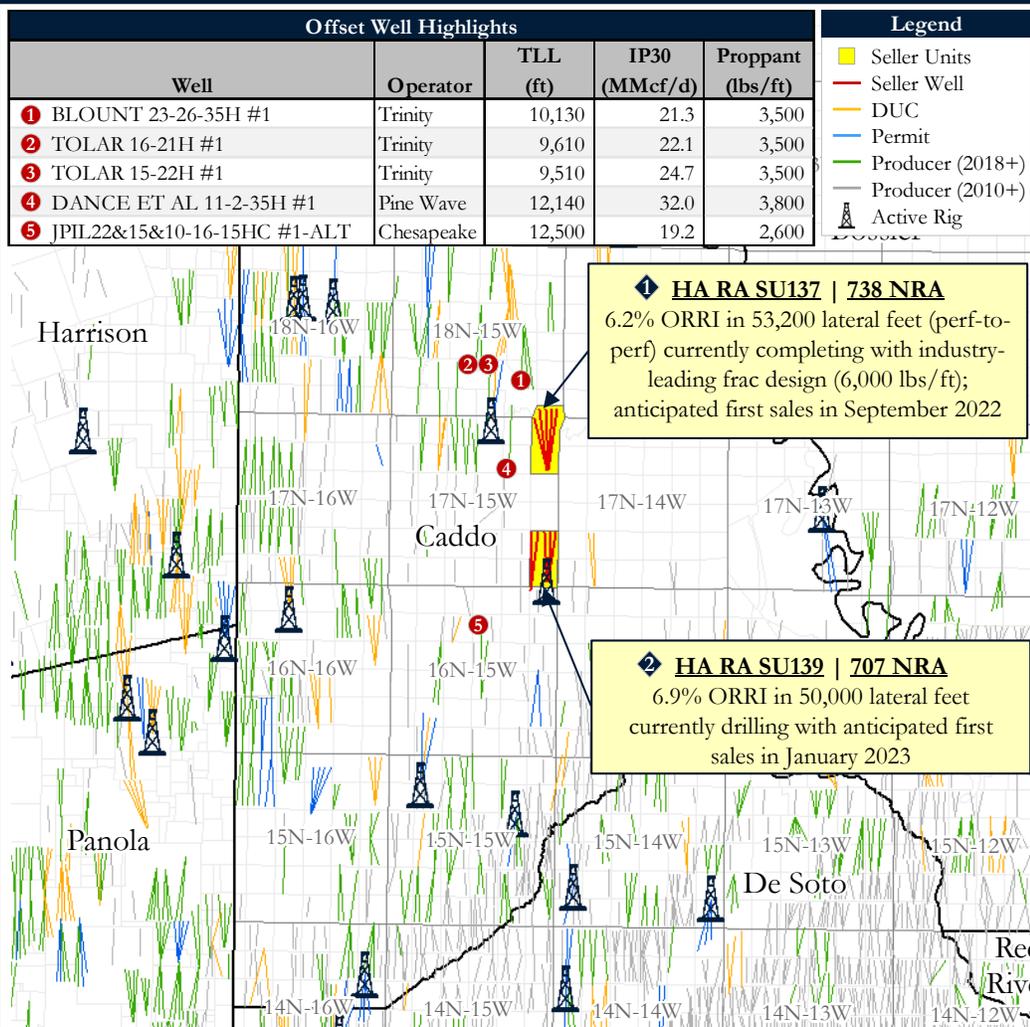
\$18MM NTM Cash Flow

- ~103,000’ gross treated lateral (~7,000’ net) with anticipated first sales in September; fully on-line by January 2023
  - PV10: \$40MM
  - Net Reserves: 14.7 Bcf
- Cumulative three-year and total undiscounted cash flow of \$33MM and \$47MM, respectively

## World-Class Resource & Leading-Edge Completions

- Prolific type curve supported by recent offset completions with 2.2+ Bcf/1,000’ gross EURs
- PNG is an experienced Haynesville operator with a track-record of top-tier well performance
  - Currently running 4 rigs and completing wells with 100+ stages and 6,000 lbs/ft
- Proximity to Gulf Coast / LNG export ensures premium pricing

## Location Map | Caddo Parish, Louisiana



## Ten High-Interest Locations with Imminent Production

Unit	Well	Lateral (ft)	Current Status	1st Prod.
1	LAZARD 12&1&36H #1	10,600	Waiting on Flowback	Sep-22
1	LAZARD 12&1&36H #2-ALT	11,100	Waiting on Flowback	Sep-22
1	LAZARD 12&1&36H #3-ALT	9,600	Waiting on Flowback	Sep-22
1	LAZARD 12&1&36H #4-ALT	11,700	Pumping Frac	Sep-22
1	LAZARD 12&1H #1-ALT	10,200	Pumping Frac	Sep-22
2	DDMH 36&25-17-15H #1	9,500	Drilling	Jan-23
2	DDMH 36&25-17-15H #2-ALT	9,500	Drilling	Jan-23
2	DDMH 36&25-17-15H #3-ALT	9,500	Drilling	Jan-23
2	WORTH 36&25-17-15H #1-ALT	10,500	Waiting on Rig	Jan-23
2	WORTH 36&25-17-15H #2-ALT	10,500	Waiting on Rig	Jan-23

Note: All values based on preliminary reserves as of September 2022 at 5-year strip pricing. Net Royalty Acres (“NRA”) are normalized to 1/8<sup>th</sup> royalty throughout this document.

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## Process Timeline

July 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						

August 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			

- VDR Opens
- Evaluation Period
- Bids Due

Seller anticipates a simultaneous sign and close in early September 2022.  
 Seller will entertain offers for a portion of the interests.

## Detring Energy Advisors Contact Information

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Please contact Matt Loewenstein to request a confidentiality agreement or to learn more about this opportunity. Please route all communications through Detring.

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