

Eastern Midland Basin Opportunity

Earthstone Energy, Inc.



Earthstone Energy, Inc. (“Earthstone”) has retained Detring Energy Advisors to market for sale its oil and gas leasehold, producing properties, and related assets concentrated in the eastern Midland Basin. The assets offer an attractive opportunity to acquire (i) a **large, operated, contiguous, and fully HBP Permian footprint** producing **940 Boed (~70% liquids)** and **\$13MM of operating cash flow (NTM PDP)**; (ii) a consistent **workover program offering continued low-cost production maintenance**; and (iii) **29 identified, near-term horizontal locations** targeting the Wolfcamp A.

38,350 Net Acres | 100% HBP

940 Boed | \$13MM Op. CF

- **Liquids-weighted production (~70% liquids) from 630 active wells, including 4 horizontals, across two fields: Hunt and Sugg Ranch**
 - Avg. 98% WI & 74% NRI
 - Production primarily sourced from Canyon and Wolfcamp reservoirs
- **PDP PV10 and net reserves of \$45MM and 3.2 MMBoe, respectively**

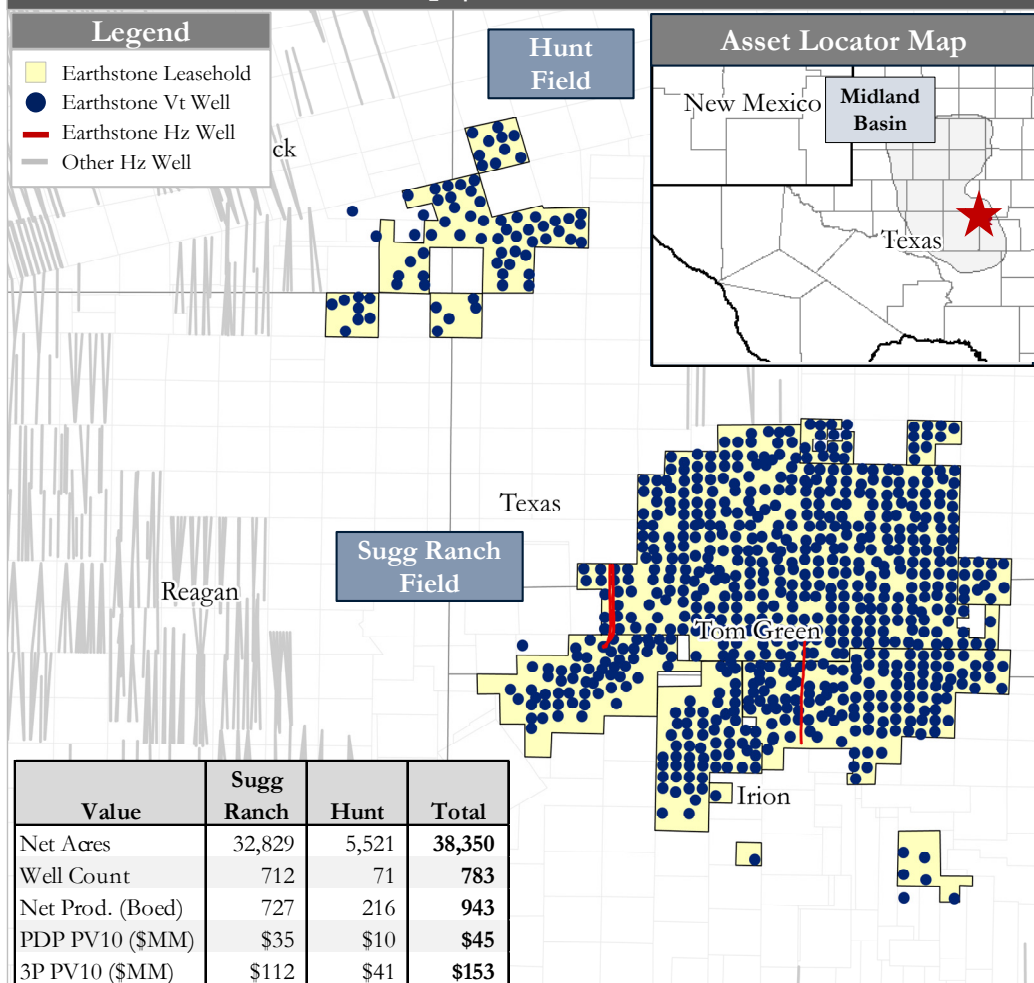
Consistent Workover Program Maintaining Production

- **Production has been maintained at ~900-1,000 Boed (net) since 2020 via an active workover & RTP program**
 - 7 Boed average uplift per historical, low-cost workover (\$30M/well)
- **70+ near-term workovers add material value to existing prod. base**
 - **PDNP PV10: \$6MM**
- **Further opportunities exist to continue reactivating wells and recompleting productive zones**

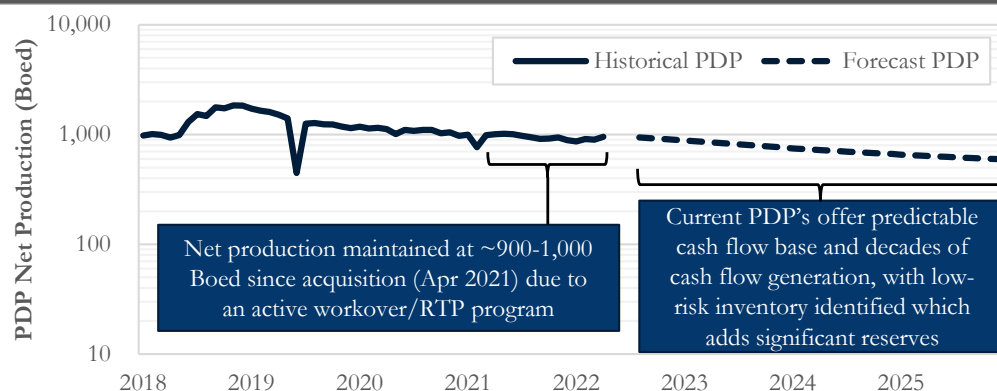
Horizontal Wolfcamp Development Potential

- **29 initial horizontal locations identified targeting the Wolfcamp A**
 - Targeting based on “lessons learned” from existing on-lease dev’t
- **Highly-economic proximal results provide long-term development within operating cash flow**
 - Average IRR >100%
 - ~\$100MM in undeveloped PV10

Location Map | Eastern Midland Basin



Consistent, Liquids-Rich Net Production (PDP Only)

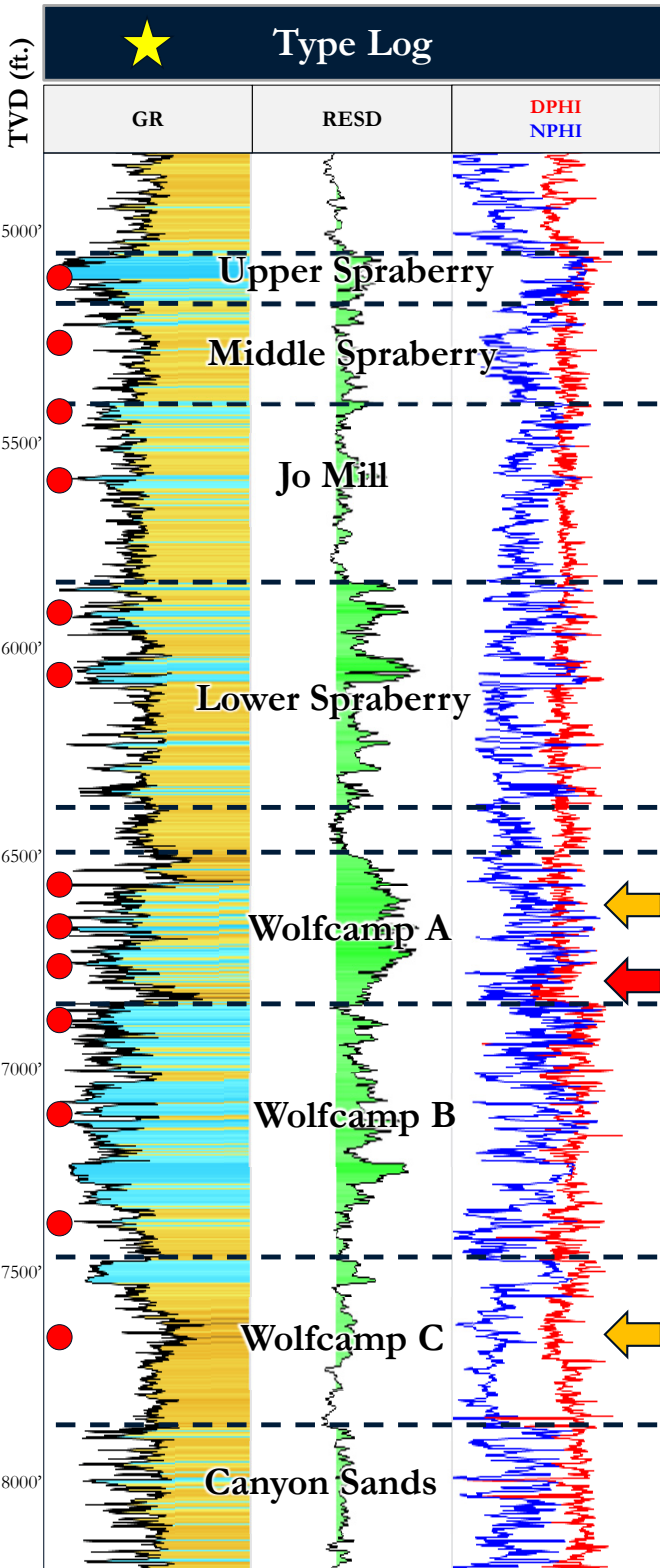
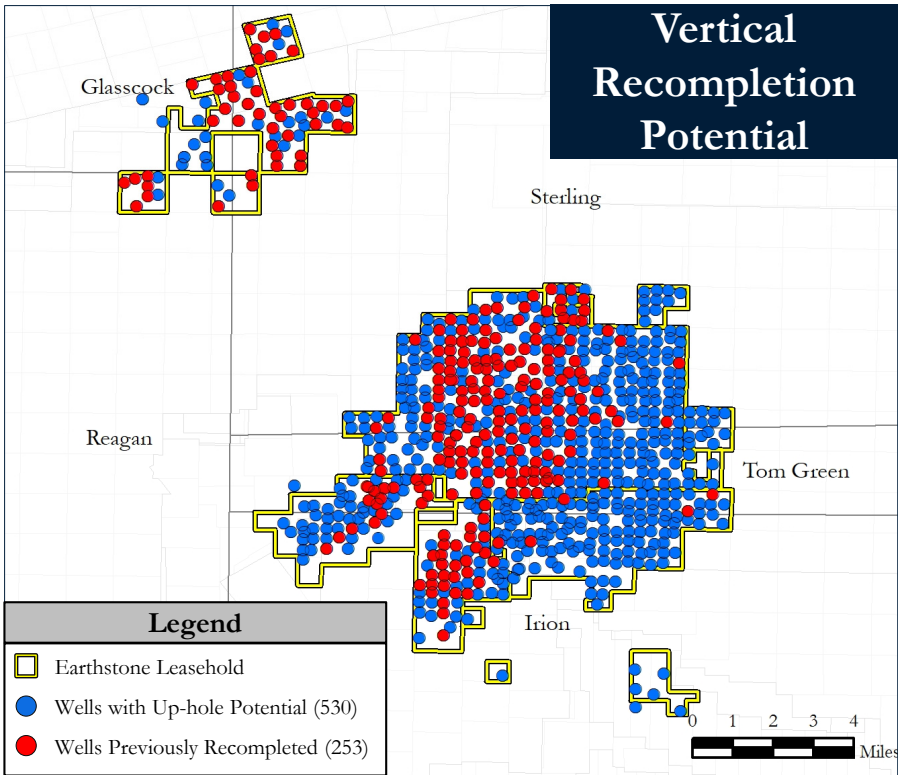
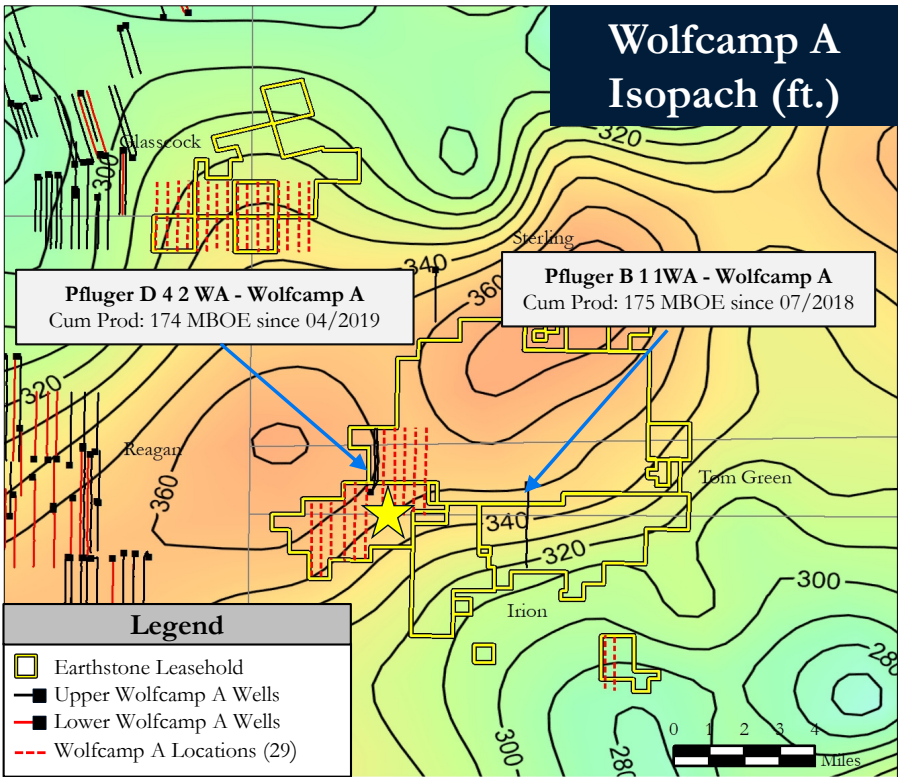


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Earthstone’s assets are positioned on the eastern side of the Midland Basin where multiple benches have been tested and delineated. Horizontal inventory has been identified and booked in the Wolfcamp A (29 locations), with additional unquantified horizontal potential in the Wolfcamp C. Vertical recompletion programs have been successfully tested across the position in targets ranging from the deeper Canyon sands to the Spraberry Formation, with many recompletion candidates remaining across both the Hunt and Sugg Ranch fields.



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Process Timeline

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			

September 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



Earthstone anticipates PSA execution by mid-October and closing by the end of November 2022.

Detring Energy Advisors Contact Information

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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 Earthstone directly.

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