

Midland Basin Operated Divestiture

Reliance Energy, Inc.



Detring Energy Advisors has been engaged by **Reliance Energy, Inc.** (“Reliance”) to market for sale its operated properties in the Northern Midland Basin, West Texas. The assets span **~21,000 contiguous net acres** and include **~1,300 BOED of oil-rich net production** from 8 horizontal and 30 vertical wells, generating **\$21MM in NTM cash flow** to fund ongoing development. The assets offer substantial proven development potential across **66 high-returning Dean, Middle Spraberry, and Upper Wolfcamp A horizontal locations** supplemented by company-owned **scalable saltwater disposal (“SWD”)** and **gas gathering** infrastructure.

Robust Production Base

~1,300 BOED | 88% Oil

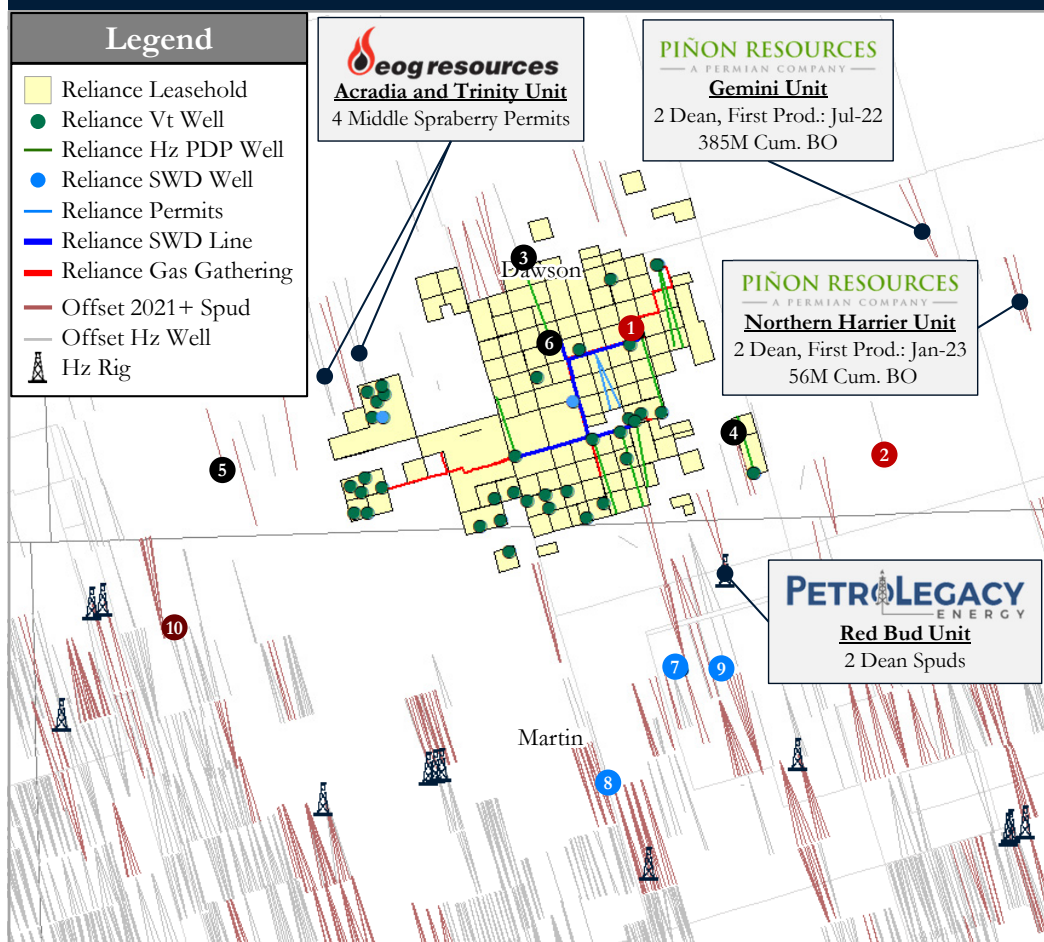
- Oil-rich production generated from **6 horz. Dean, 2 horz. Middle Spraberry, and 30 vert. wells**
 - PDP Net Reserves: 2.0 MMBOE
 - PDP PV10: \$58MM
- Low-cost, high-margin production
 - LTM lifting cost of \$9/BOE on ESP and \$6/BOE on rod pump
- Assets can include SWD and gas gathering system for hz. wells
 - SWD cost of \$0.50/BW charged to non-op owners
 - Gas gathering provides tie-ins to two midstream providers

20,750 Net Acre Position

Avg. 90% WI / 25% Royalty (8/8th)

- 66 horizontal locations (62 op.) targeting Dean, Middle Spraberry, and Upper Wolfcamp A
 - Robust type curves generate IRR's >80% and EURs >675 MBOE
 - 3P Net Reserves: 27 MMBOE
 - 3P PV10: \$364MM
- Large, op., contiguous position provides developmental control
 - Readily scalable SWD system provides expansion to 45,000 BWPD, supporting new locations
 - Reduced capital costs via pad development and shared facilities
- De-risked position offset by active rigs and recent completions

Location Map | Dawson & Martin Counties, Texas



Notable Wells | Premium Performance Across Multiple Horizons⁽¹⁾

No.	Well Name	Operator	Formation	IP-24 (BOED)	TLL (ft)	BOED /Mft	3 Mo. Cum. (BOE)	% Oil
1	Blue Beauty 15-22 1DN	Reliance	Dean	1,099	10,080	109	114,248	91%
2	Chocolate Lab 40-33 1H	Pinon	Dean	1,065	7,429	143	54,497	100%
3	Santorini Unit 1H	EOG	Middle SBY	540	10,969	49	53,541	83%
4	Golden 1MH	Pinon	Middle SBY	650	7,495	87	48,196	90%
5	Midleton 17-7 1MS	Burleson	Middle SBY	980	8,162	120	40,933	96%
6	JW Dollor 8-5-44 1MS	Reliance	Middle SBY	201	10,291	20	14,480	91%
7	El Diablo 79-78 5WA	Element	Upper WCA	1,200	9,489	126	84,993	92%
8	SXSW Unit B 2WA	Petrolegacy	Upper WCA	1305	13,516	97	83,673	92%
9	Shape Shifter Unit 80-85 6AH	Element	Upper WCA	1541	7,018	220	63,233	87%
10	Vineyard HZ C 9801JM	Diamondback	JoMill	834	10,453	80	59,303	99%
Average:				1,227	7,925	158	59,133	82%

Note: All metrics based on preliminary reserves as of 3/1/2023 and 2/27/2023 NYMEX 5-year strip pricing. 1. Source: Enverus.

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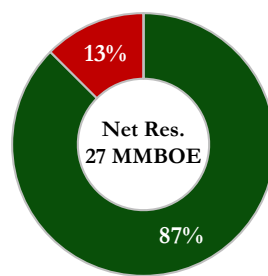
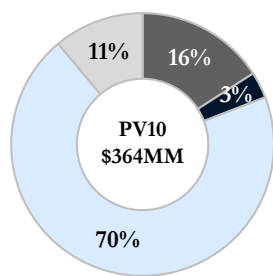
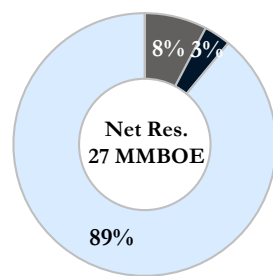
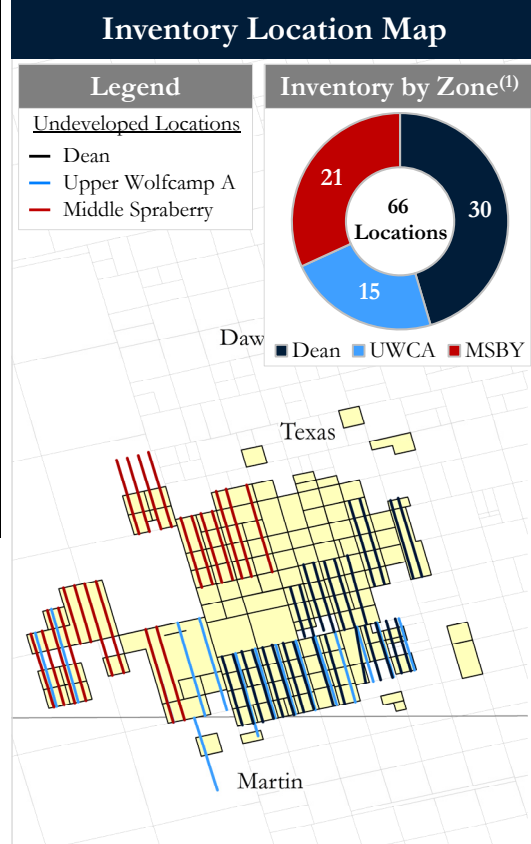


Significant, Oil-Weighted Production & Development Potential

Existing producers, proven upside, and substantial SWD and gas gathering infrastructure generate net reserves and PV10 of 27 MMBOE and \$364MM, respectively. Permitted & Undeveloped reserves include 66 locations across the Dean, Upper Wolfcamp A ("WCA") and Middle Spraberry, with inventory credibly booked based on in-depth geologic underwriting. Performance across these benches is well-supported by recent nearby activity and is on par with regional wells to the south, including single-well payouts occurring as early as 9 months for Dean & Upper WCA inventory.

Large Inventory of High-Returning, Liquids-Rich Dean, Upper Wolfcamp A & Middle Spraberry Locations

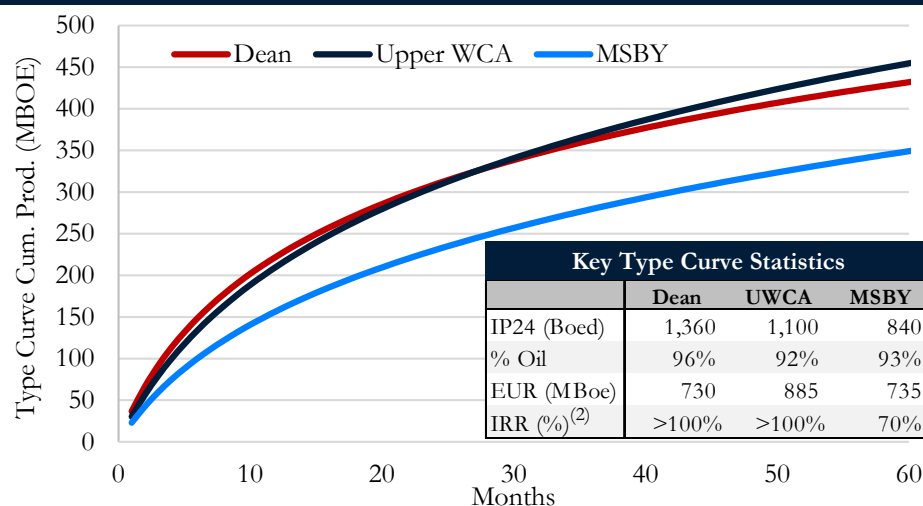
	Gross Cases	Net Boed	Net Reserves			Capex & NPV	
			Oil (MMbbl)	Gas (MMcf)	Total (MMboe)	CAPEX (\$MM)	PV10 (\$MM)
Total Proved Producing	38	1,284	1,869	906	2,020	\$3	\$57
SWD - Producing	1	NA	NA	NA	NA	\$0	\$1
Permits							
Operated	2	NA	593	349	652	\$12	\$10
Total Permits	2	NA	593	349	652	\$12	\$10
Undeveloped							
Dean	28	NA	8,040	4,687	8,821	\$176	\$112
Middle Spraberry	15	NA	6,813	10,263	8,523	139	73
Upper WCA	21	NA	6,064	3,778	6,694	106	71
Total Undeveloped	64	NA	20,917	18,728	24,038	\$421	\$256
SWD - Undeveloped	3	NA	NA	NA	NA	\$0	\$39
Grand Total	108	1,284	23,379	19,983	26,710	\$437	\$363



■ Producing ■ Permits ■ Undeveloped ■ Salt Water Disposal

■ Oil ■ Gas

Prolific Reservoir Economics (Normalized to 10,000 ft Laterals)



Permit, Undeveloped Reserves & Value				
	Dean	MSBY	Upper WCA	Total
Location Count				
Permits	2	0	0	2
Undeveloped	28	21	15	64
Total Locations	30	21	15	66
Net Reserves (MMboe)				
Undeveloped	8.8	8.5	6.7	24.0
Permits	0.7	0.0	0.0	0.7
Total Reserves	9.5	8.5	6.7	24.7
PV10 (\$MM)				
Undeveloped	\$112	\$73	\$71	\$256
Permits	10	0	0	10
Total PV10	\$122	\$73	\$71	\$266

Note: All metrics based on preliminary reserves as of 3/1/2023 and 2/27/2023 NYMEX 5-year strip pricing. 1. Includes Permits and Undeveloped locations.

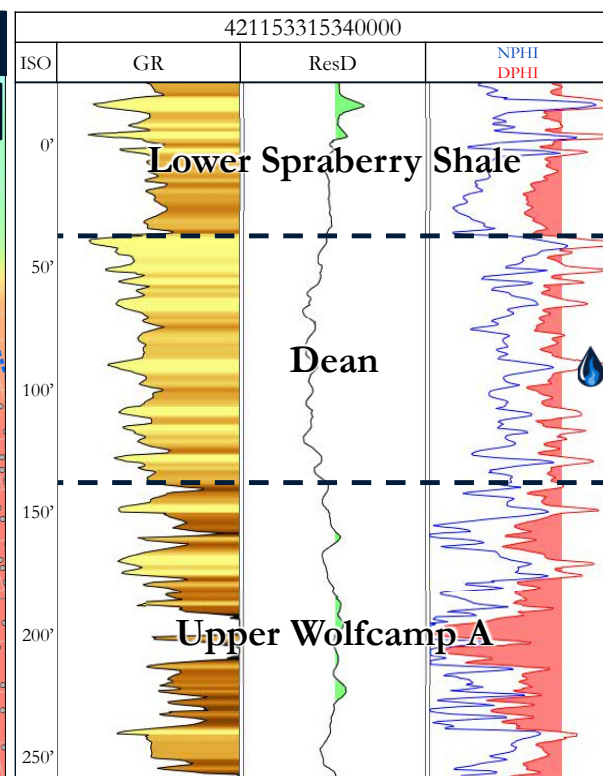
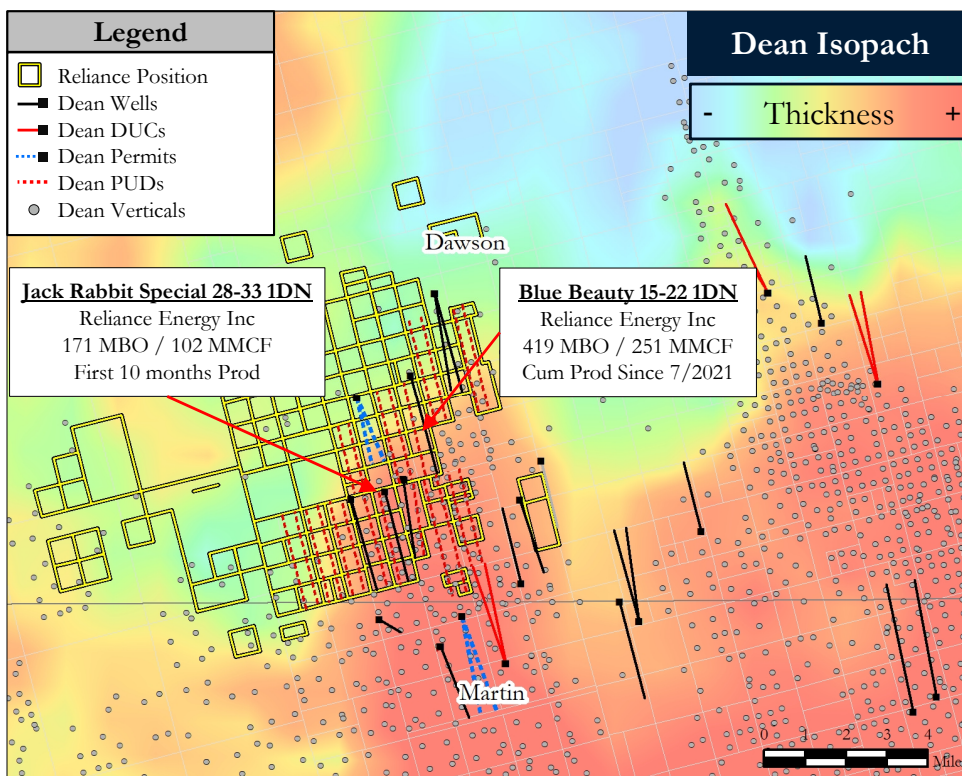
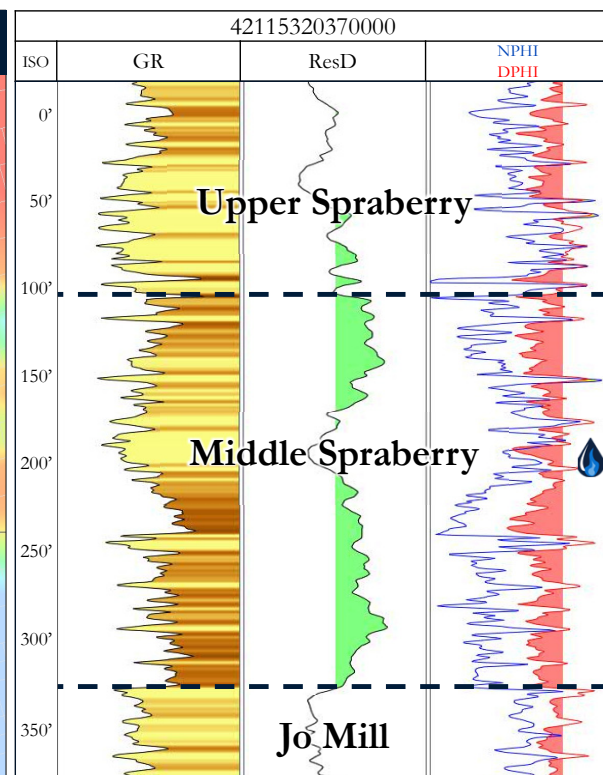
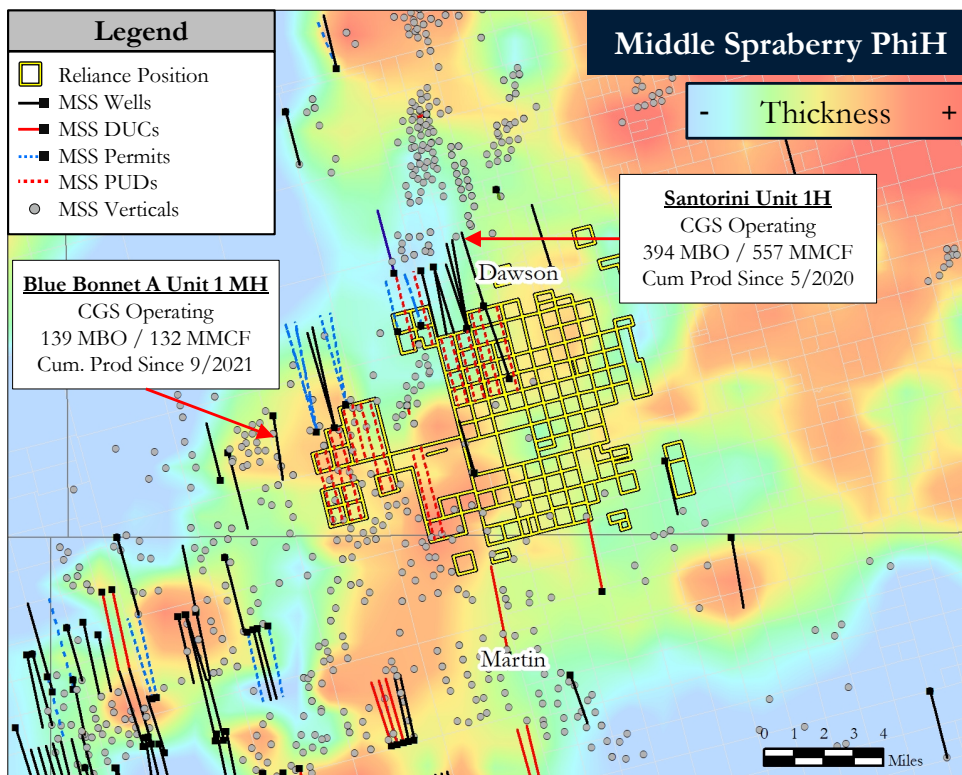
2. IRR based on D&C costs per well of \$9.2MM for Dean and Upper Wolfcamp A & \$8.1MM for Middle Spraberry targets.

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Reliance is positioned in the Northern Midland Basin where multiple conventional targets are being actively developed by numerous operators in Dawson and Martin Counties. The Middle Spraberry sands, trending north-south across the west side of the position, have been drilled and delineated by EOG and others. The Dean sand has been developed in the southeastern portion of the position with excellent results. A multitude of drill ready targets in these two benches exist across the entirety of Reliance's position, with reserves and locations reliably booked based on detailed geologic analysis.

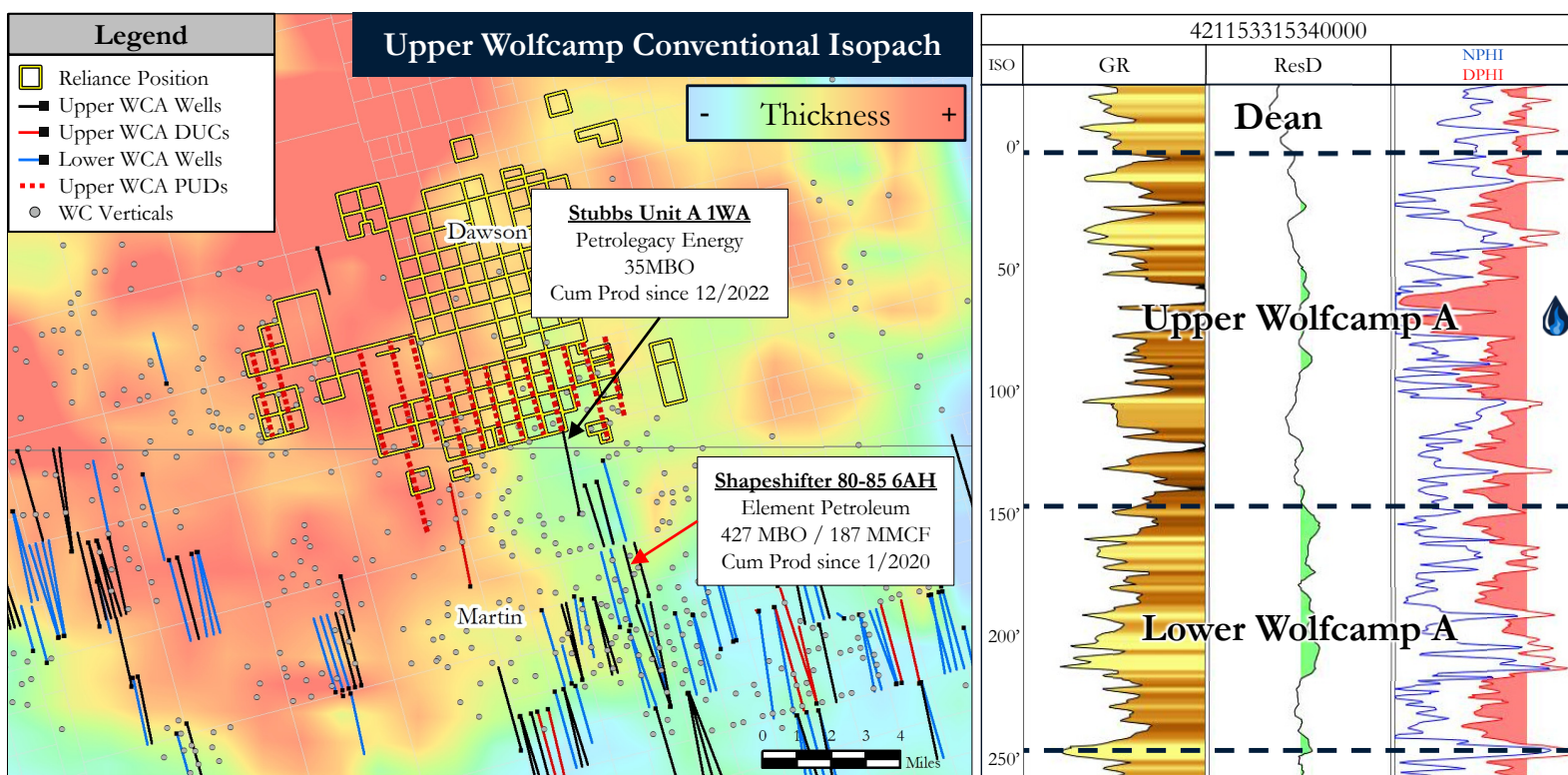
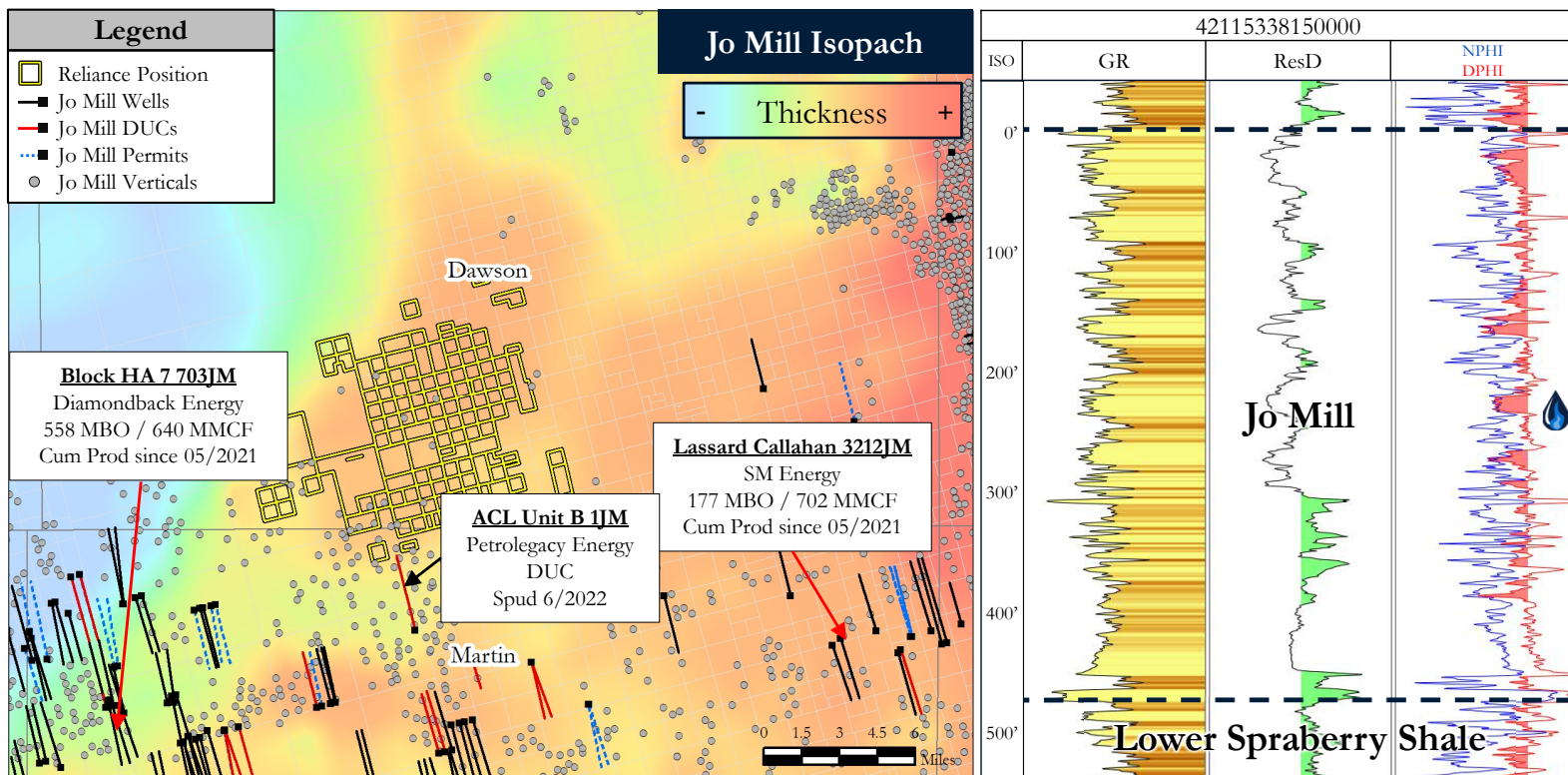


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Two additional conventional targets coming into the forefront of development in this region of the basin are the Jo Mill sand and conventional Upper Wolfcamp A. Development of the conventional Upper WCA continues to push northward, and results are outperforming Lower WCA wells across the region, with development locations booked appropriately across the southern portion of Reliance's footprint based on geologic interpretation. The Jo Mill, on the other hand, is continuing to be delineated around the Reliance position, with inventory not modeled for this horizon in Reliance reserves (remaining unquantified).



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Process Overview

March 2023						
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 2023						
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

Reliance anticipates PSA execution and closing by mid-May and June 30, respectively. Offers for the full position will be given clear preference, however, Reliance requests that the offer be allocated between Upstream, SWD Infrastructure and Gas Gathering.

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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.



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