

# Operated Northwest Shelf Opportunity



Contango Resources

Detring Energy Advisors has been engaged by **Contango Resources** (“Contango”) to market for sale its oil and gas leasehold, producing properties, and related assets located on the **Northwest Shelf** in Eddy County, New Mexico. The assets span **~12,600 net acres** with **~1,200 Boed of liquids-weighted net production (75% liquids)** from ~270 producing wells (3 hz), generating **\$10MM in next-twelve-months operating cash flow** (PDP-only). Significant undeveloped inventory of **100+ high-value horizontal Paddock and Blinebry locations** remains across **four target Yeso horizons** with superior economics and return profiles.

## \$10MM NTM PDP Cash Flow

~1.2 MBoed Net Prod. | 75% Liq.

- **Liquids-weighted net production base generated from 268 producing wells (88% operated)**
  - PDP Net Reserves: 2.3 MMBoe<sup>(1)</sup>
  - PDP PV10: \$26.0MM<sup>(1)</sup>
- **Future development primarily funded by asset cash flow**

## ~12,600 Net Acre Position

Primarily HBP & Primed for Dev’t

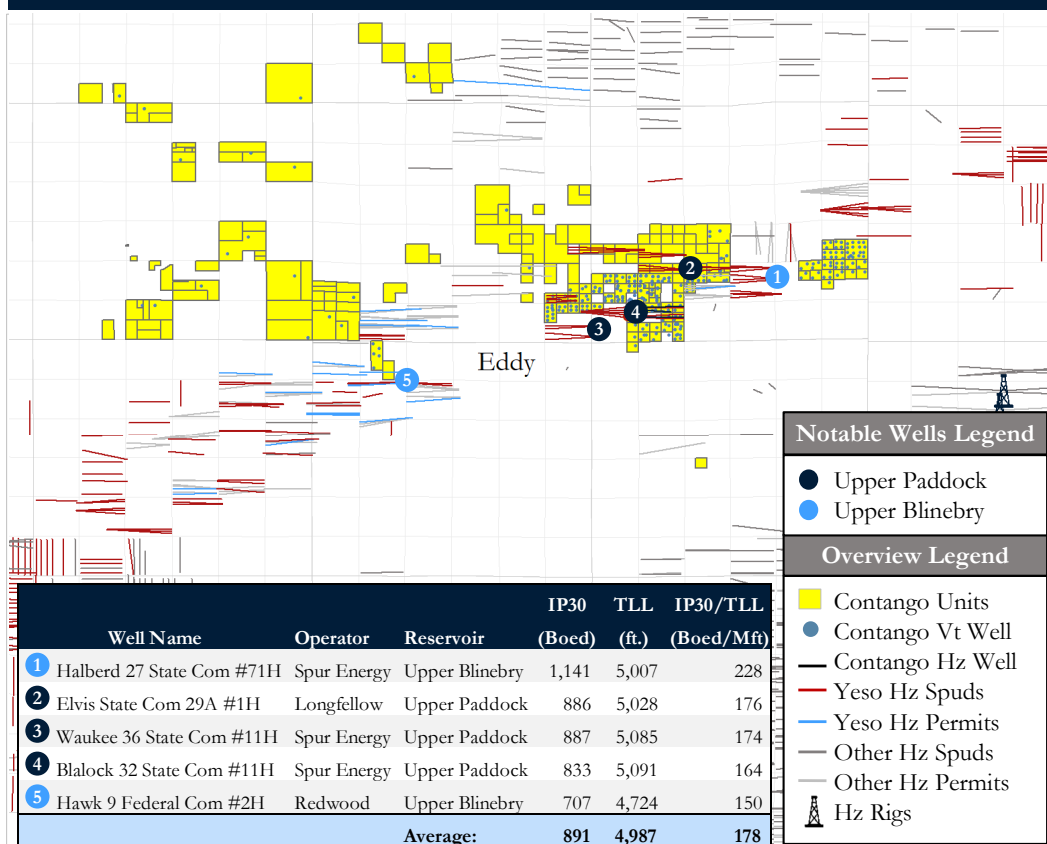
- **Large, contiguous, operated, HBP footprint with access to Yeso horizontal development**
  - Primary targets de-risked by recent on-lease and off-lease development
  - Op. and non-op. participation opportunities (avg. 70% WI)
- **Compression optimization program in progress, reducing line pressure and improving future productivity**

## Superior Dev’t Economics

Low-Cost, High-Value Inventory

- **~100 high-performing, low-cost Paddock & Blinebry horizontal development locations**
  - Avg. IP30 of ~680 Boed generating robust EURs of ~840 MBoe on a 5,000 ft lateral normalized basis
  - ~3.3x ROI-D<sup>(2)</sup> (\$800/lat. ft D&C)
- **103 undeveloped locations significantly enhance value**
  - 3P Net Reserves: 32.6 MMBoe
  - 3P PV10: \$325MM

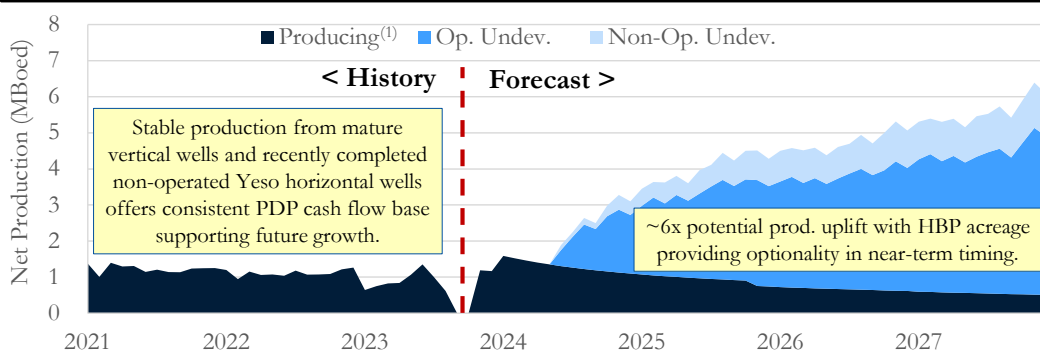
## Northwest Shelf Location Map | Eddy County, New Mexico



The assets offer a stable, low-decline vertical production base with access to highly economic undeveloped reserves in targets with active offset development. Low-cost operations supported by high-quality facilities, and meaningful ongoing ESG initiatives allow for high cash flow margins and additional capacity for future development.

## Stable, Primarily Operated Production Base with Meaningful Dev’t Potential

\$10MM PDP Operating Cash Flow (NTM)



Note: All metrics based on preliminary reserves as of 12/1/2023 and 10/13/2023 NYMEX 5-year strip pricing. 1. PDP includes compression uplift. 2. Return on invest., disc. 10%.

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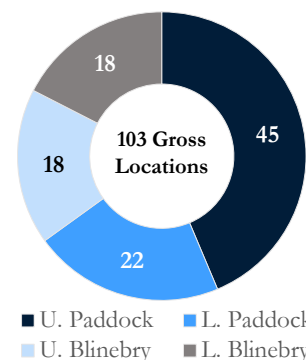
Contango Resources

Contango's assets offer an **expansive, held-by-production footprint** with significant production from **legacy vertical and modern horizontal wells** supporting **ongoing development of the Paddock and Blinebry formations**. On-lease and offset **operators continue to achieve notable results** throughout the **core development fairway covering the eastern portion of Contango's assets**. Paddock and Blinebry targets offer **low-cost development**, with **access to 4 distinct target zones**, driving continuous drilling capital into the region towards **full development of Contango's operated and non-operated positions**.

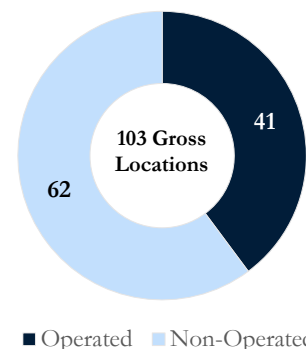
## Reserves Profile By Operator Status & Category

	Gross Wells	Net Boed	Net Reserves					CAPEX & NPV	
			Oil (MBbl)	Gas (MMcf)	NGL (MBbl)	Total MBoe	% Liq.	CAPEX (\$MM)	PV10 (\$MM)
<b>Producing <sup>(1)</sup></b>									
Operated	237	1,002	940	3,270	601	2,085	74%	\$1	\$21
Non-Operated	31	164	118	406	75	260	74%	0	5
<b>Total Producing</b>	<b>268</b>	<b>1,166</b>	<b>1,058</b>	<b>3,676</b>	<b>675</b>	<b>2,346</b>	<b>74%</b>	<b>\$1</b>	<b>\$26</b>
<b>Undeveloped</b>									
Operated	41	NA	11,610	25,974	4,772	20,710	79%	\$119	\$218
Non-Operated	62	NA	5,317	11,946	2,195	9,503	79%	61	81
<b>Total Undeveloped</b>	<b>103</b>	<b>NA</b>	<b>16,927</b>	<b>37,920</b>	<b>6,966</b>	<b>30,213</b>	<b>79%</b>	<b>\$181</b>	<b>\$299</b>
<b>Total by Operator</b>									
Operated	278	1,002	12,549	29,244	5,372	22,796	79%	\$120	\$239
Non-Operated	93	164	5,436	12,352	2,269	9,763	79%	61	86
<b>Grand Total</b>	<b>371</b>	<b>1,166</b>	<b>17,985</b>	<b>41,596</b>	<b>7,642</b>	<b>32,559</b>	<b>79%</b>	<b>\$182</b>	<b>\$325</b>

## Undev. Location Targets



## Undev. Location Operator

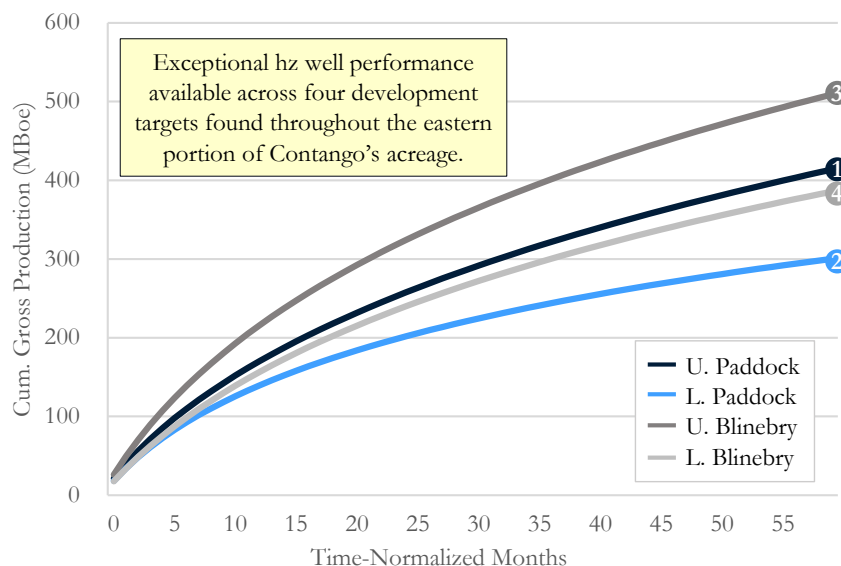
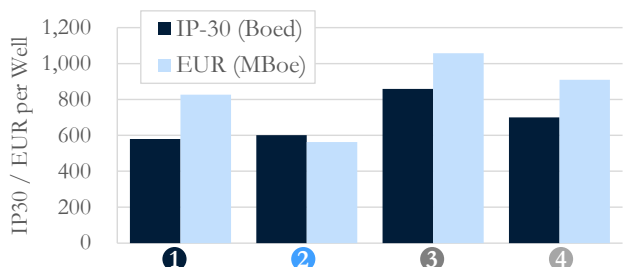


With >100 undeveloped locations (~40% operated), these well-proven assets have meaningful undeveloped potential across four primary target intervals offering immediate impact to near-term cash flow. Ongoing and future development are primarily funded by the healthy PDP production base generated from 268 active wells.

## Highly Economic, Proven Paddock & Blinebry Performance Across Four Key Development Areas<sup>(2)</sup>

### Compelling Performance from 5,000' Horizontals

Type Curve	IP-30 <sup>(2)</sup>		EUR <sup>(2)</sup>		
	Total (Boed)	Boed/Mft	Total (MBoe)	MBoe/Mft	% Liq.
1 Upper Paddock	579	116	827	165	76%
2 Lower Paddock	601	120	562	112	84%
3 Upper Blinebry	859	172	1,057	211	81%
4 Lower Blinebry	700	140	909	182	78%
<b>Avg.</b>	<b>684</b>	<b>137</b>	<b>839</b>	<b>168</b>	<b>80%</b>



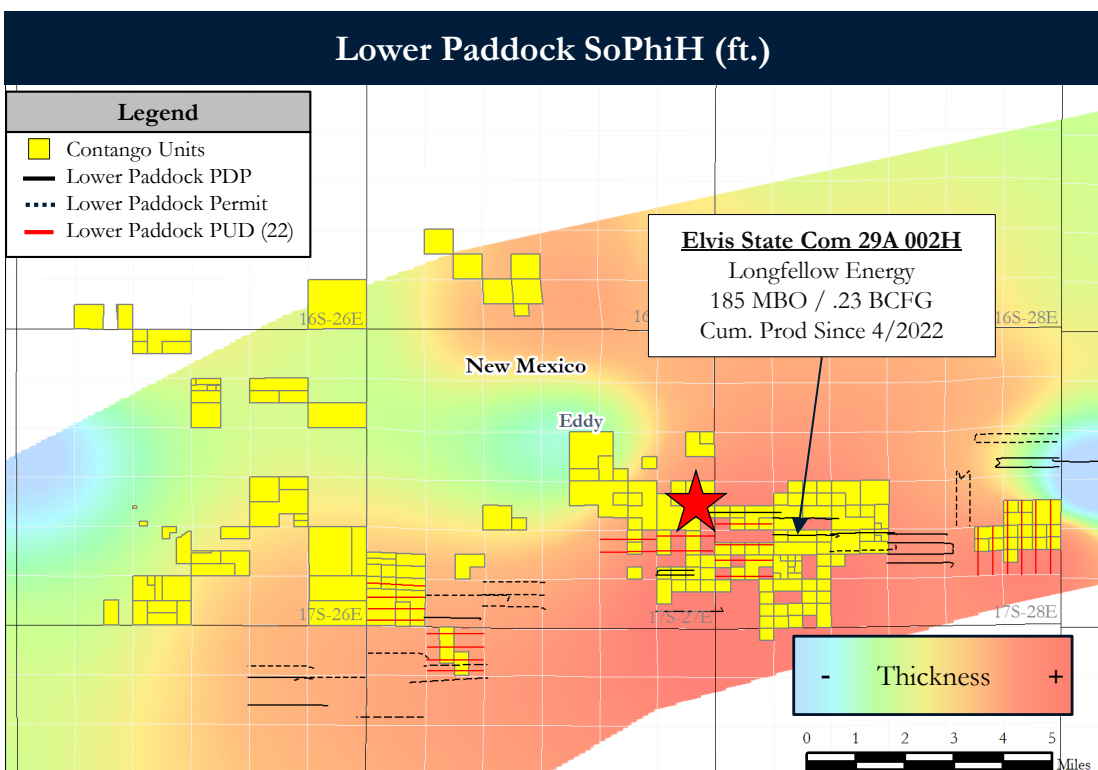
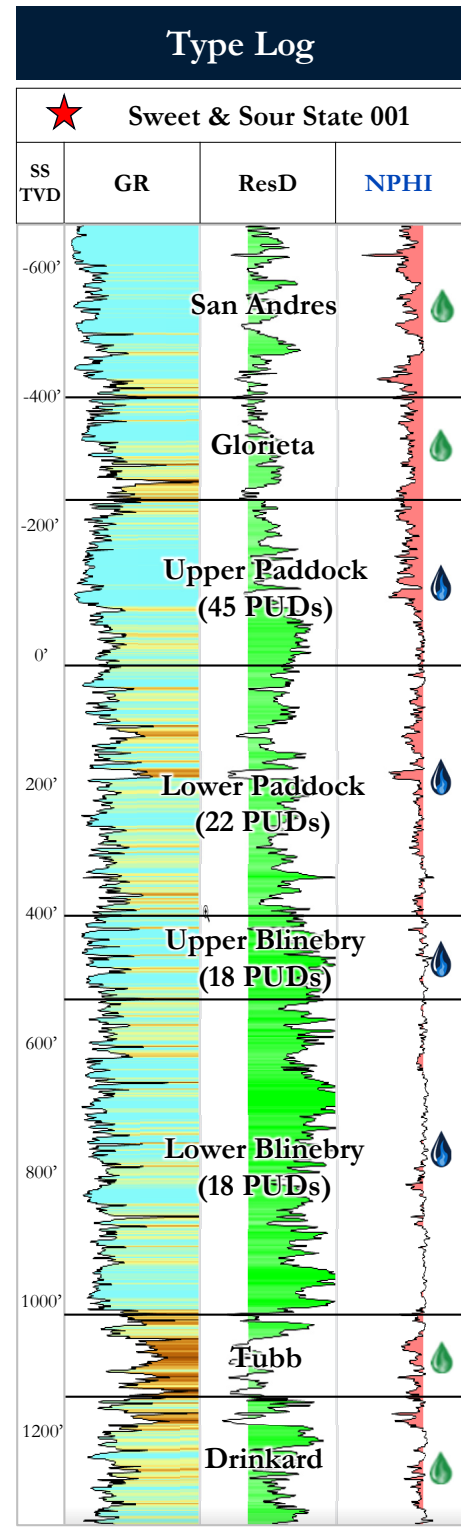
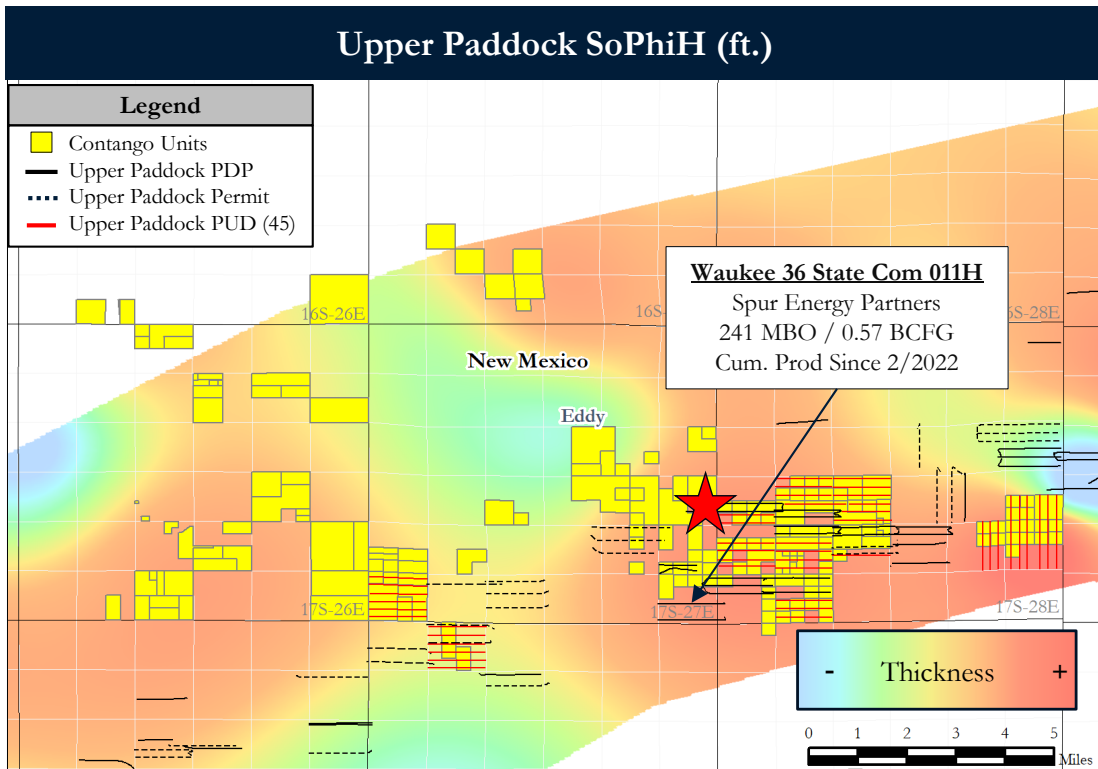
Note: All metrics based on 12/1/2023 Eff. Date & 10/13/2023 NYMEX 5-year strip pricing. 1. PDP includes compression uplift. 2. Type curve metrics are normalized to 5,000'.

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Contango is positioned on the Northwest Shelf of the Delaware Basin where **shallow targets are being drilled horizontally** across multiple benches within the **Yeso formation**. **Numerous drilling locations remain** across the Upper and Lower Paddock and Upper and Lower Blinebry where offset operators continue to delineate these prospective intervals. **Additional upside can be found above and below** the Paddock and Blinebry in the Glorieta, San Andres, Tubb, and Drinkard intervals.



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## Process Timeline

October 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				

November 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		

December 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						

VDR Opens
  Evaluation Period
  Bids Due
  Holidays

Contango anticipates PSA execution by mid-December and closing by January 2024.

## 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 Contango directly.

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