

Reeves County Operated Development Opportunity

Rio Oil and Gas (Permian) II, LLC



Oil and Gas II, LLC

Rio Oil and Gas (Permian) II, LLC (“Rio”) has retained Detring Energy Advisors to market for sale its oil and gas leasehold in **two concentrated, operated, held-by-production units (~100% WI & ~75% NRI)** in Reeves County, Texas. The assets offer an attractive opportunity to acquire (i) **~1,500 Boed of liquids-weighted net production (~70% liquids)** from three 3rd Bone Spring and two Wolfcamp producers; (ii) **\$13.6MM in NTM PDP cash flow**, underpinning future development capital with low lifting costs; and (iii) **three 2nd Bone Spring horizontal locations with further potential in 1st Bone Spring and Avalon targets** benefiting from **timing optionality of HBP units**.

\$13.6MM Op. CF (NTM PDP)

~1,500 Boed | 66% Liquids

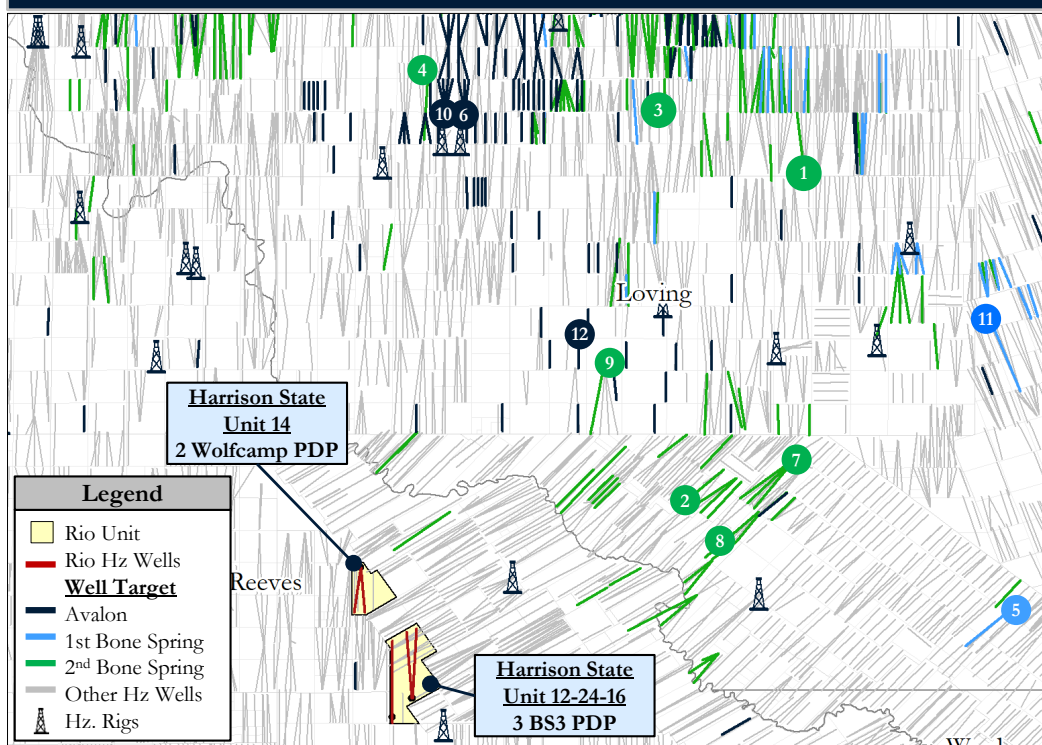
- Oil-rich production generated from 5 existing horizontal wells
 - PDP PV10: \$53MM
- Low-cost, high-margin production
 - LTM lifting cost of ~\$7/Boe
- Two operated, held-by-production units with developmental control
 - ~2,600 gross/net acres
 - Avg. 99% WI / 74% NRI

2nd Bone Spring Development

Upside Potential Across 3 Targets

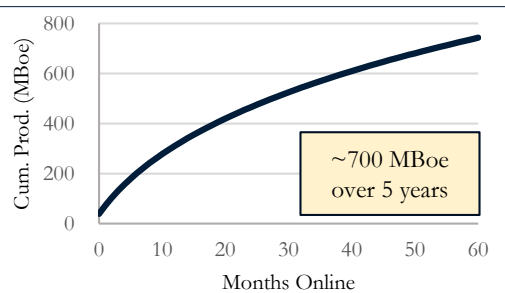
- Primary 2nd Bone Spring development target with three >2-mile loc. identified
 - >100% IRR 2nd BS performance
 - Further potential in 1st Bone Spring and Avalon targets
- Prolific upside from development of only the 2nd Bone Spring target
 - 3P Net Reserves: ~10 MMBoe
 - 3P PV10: ~\$110MM

Location Map | Southern Delaware Basin



The distinct footprint of the Harrison State Unit 12-24-16 offers longer lateral development locations of 11,400’-14,000’ TLL with ample 1,700’ spacing, facilitating top performance per target.

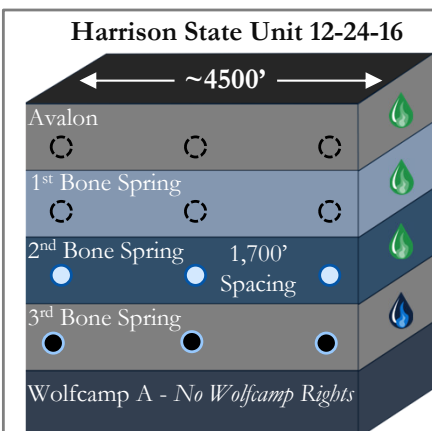
2nd Bone Spring Performance



Zone	EUR ⁽¹⁾			IP-30 ⁽¹⁾	
	Total (MMBoe)	Boe/ft	Oil (%)	Total (Boed)	Boed/Mft
BS2	1,630	215	50%	1,280	170

>100% IRR & ~1 year payout based on analogous, regional 2nd Bone Spring results.

Gun Barrel Diagram⁽²⁾



- Producing Well
- Undev. Potential
- Primary Inv.
- Producing
- Upside

Multi-Target Regional Results

No.	Well Name	Op.	TLL (ft.)	IP30/TLL (Boed/Mft)
1	Larson 04-TTT-B02 121H	Oxy	7,269	284
2	Hammerhead 54-1-35 1H	Oxy	4,422	271
3	Butternut 55-1-39-27 C 62H	Oxy	12,580	247
4	Wiggins 1-48-47 A 51H	Oxy	7,716	234
5	Tunstall State 55-1-38 1H	COP	4,089	203
6	Barnett T. 90-TTT-B01 122H	Matador	9,641	199
7	Jay Dick 92-TTT-B01124H	Matador	4,851	192
8	Oxtail 54-2-40 4H	COP	10,068	168
9	Sevengills 55-1-35 4H	Oxy	4,097	157
10	Burt Billy 90-TTT-B33 121H	Matador	6,577	157
11	Calypso 29-16-9 G 51H	Oxy	10,287	156
12	Slack Box 54-2-32 1H	COP	4,032	147
Average:				201

Additional zones beyond traditional development targets continue to be delineated further south.

Note: All metrics based on preliminary reserves as of 12/1/23 at current strip pricing. 1. Volumes normalized to 10,000 TLL. 2. Represents remaining inventory (spacing not to scale).

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Process Timeline

November 2023							December 2023						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
			1	2	3	4						1	2
5	6	7	8	9	10	11	3	4	5	6	7	8	9
12	13	14	15	16	17	18	10	11	12	13	14	15	16
19	20	21	22	23	24	25	17	18	19	20	21	22	23
26	27	28	29	30			24	25	26	27	28	29	30
							31						

- VDR Opens
- Evaluation Period
- Bids Due
- Holidays

Rio anticipates PSA execution by late 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 Rio directly.

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