



DJ Basin Operated Acquisition Opportunity

August 2023



Key Takeaways



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Confluence Resources (CDJ) is offering for sale certain operated and non-operated assets including Minerals and ORRIs in core DJ Basin.
A rare opportunity to acquire strong PDP cashflow with 23 DUCs and NRI's > 82%

Tier 1 DJ Basin

- Premier leasehold and mineral position with 38 operated and 32 non-operated producing horizontals
- Superior well performance in multiple Niobrara benches and Codell

Upside

- 23 DUCs add 10,103 net BOEPD and \$15.4MM/month operating cashflow by June 2024
- 3 PDNPs and 1 PDBP add 375 net BOEPD and \$554.7k/month operating cashflow by Q2 2024

Cashflow & Production

- October 2023 PDP net cashflow of \$10.8MM¹ and 8,150 BOEPD² (75% Liquids)
- 12-month estimated 1P net operating cashflow of \$165MM¹
- Operated assets comprises 98% of production and cashflow

Core Leasehold, Minerals, and ORRI

- 3,717 net leasehold acres (100% HBP)
- Average NRI of 82.4% in operated wells, inclusive of ORRI and Mineral Rights

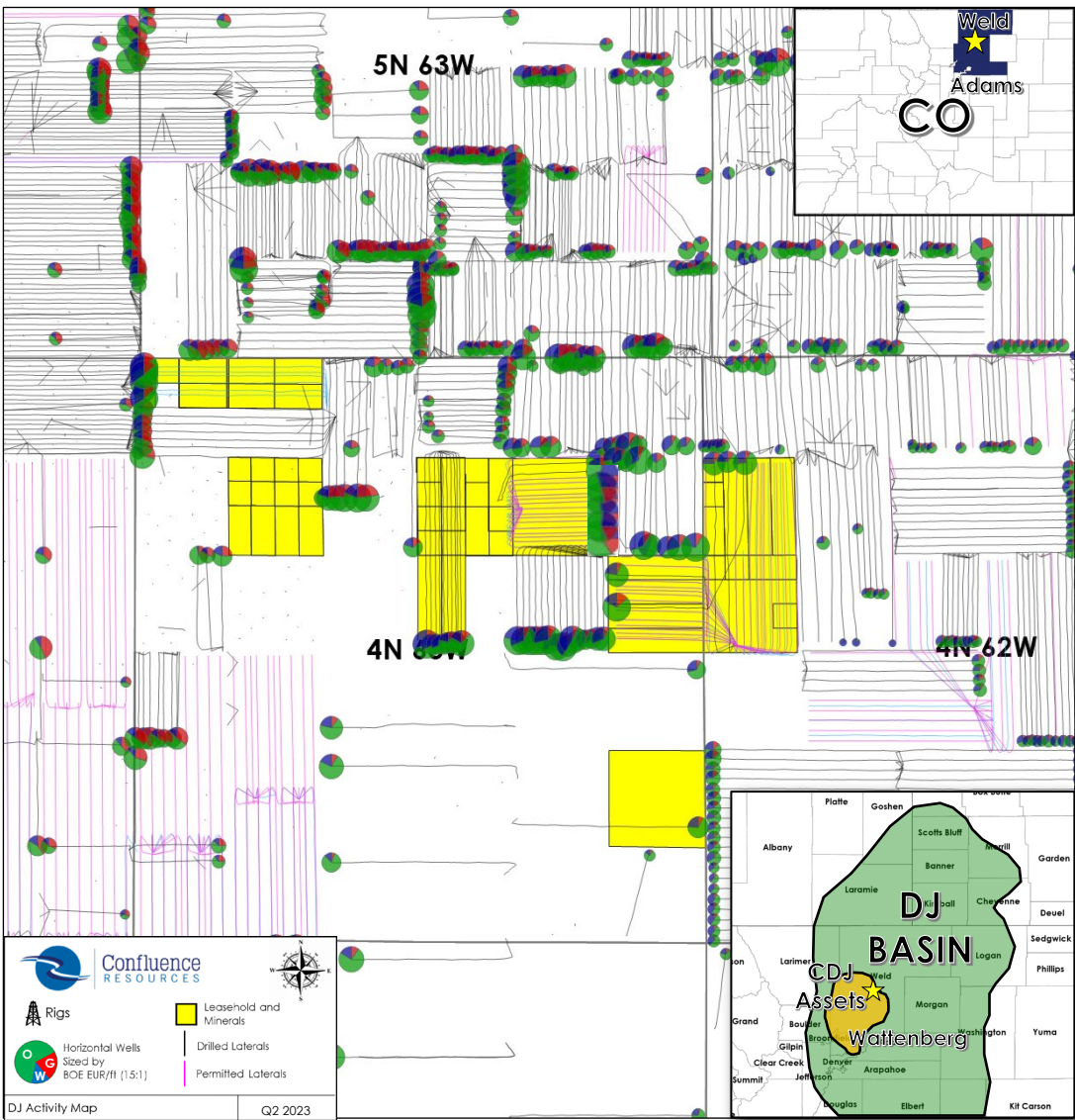
¹ As of October 1, 2023. 8/4/2023 3YR STRIP

² BOE Ratios - 6:1 Gas

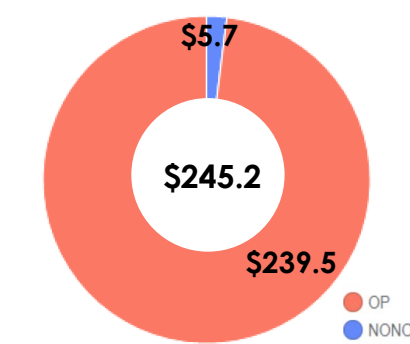
Asset Overview – All Interests



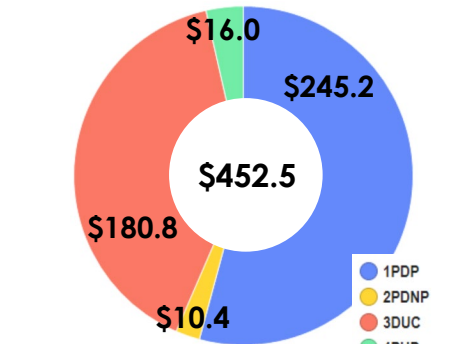
Activity Map – DJ Basin – Weld County



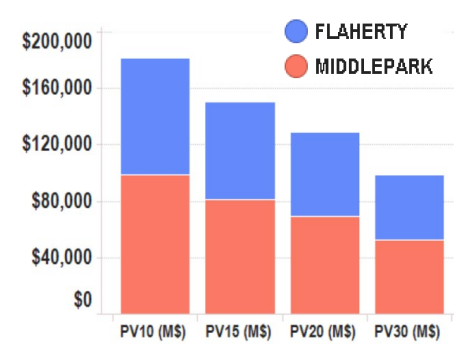
PDP PV10¹ (MM\$) by Operator



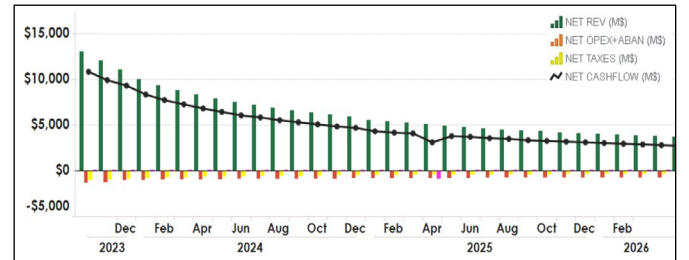
PV10¹ (MM\$) by Category



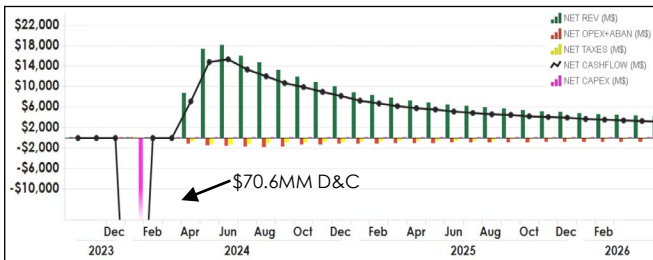
Operated DUC PVs¹ (M\$) by DSU



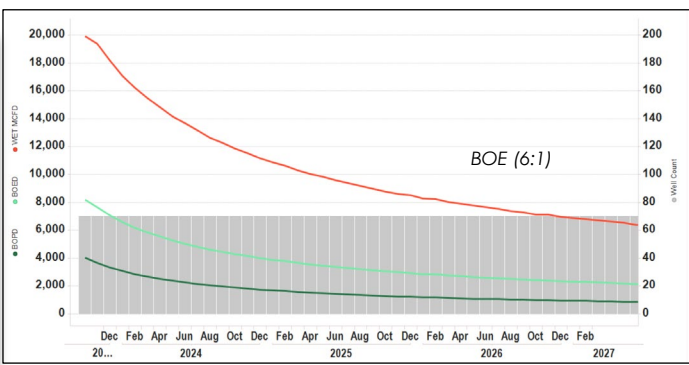
Forecast PDP Net Cashflow



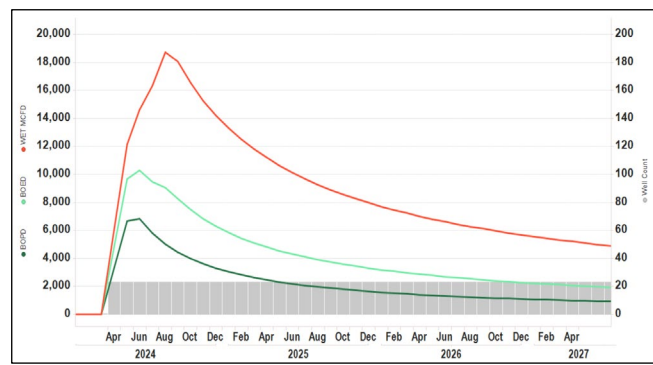
Forecast DUC Net Cashflow



Forecast PDP Net Production



Forecast DUC Net Production



¹ As of October 1, 2023. 8/4/2023 3YR STRIP

Asset Overview Continued – All Interests



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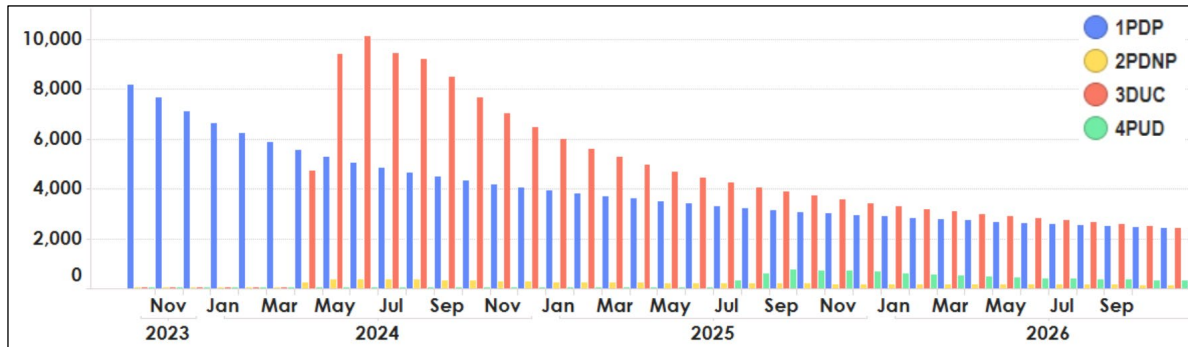
Highlights

- Core DJ Basin operated production, leasehold, and ORRIs with two pads (23 wells) drilled uncompleted (DUC)
- \$10.8MM October 2023 forecast PDP net cashflow (>99% Operated)
- Next 12-month cumulative net PDP cashflow of \$165MM and 12-month net reserves of 2.2MMBOE (73% Liquids)
- 8,150 BOEPD October 2023 forecast PDP net production rate from 70 horizontal wells (38 Operated and 32 Non-Op)
 - Additional DUC net operating monthly cashflow of \$15.4MM and 10,103 net BOEPD peak rate by June 2024
- 3,717 net leasehold acres (100% HBP) primarily in five operated DSU's with an average WI of 95%
 - Average of 2% ORRI across all operated wellbores

Economic Summaries by Reserve Category¹

Reserve Category	Gross Well Count	Net Well Count ²	Net Oil (MBBL)	Net Gas (MMCF)	Net NGL (MBBL)	Net MBOE
PDP	71	37.85	5,154	24,143	3,959	13,138
PDNP/PDBP	4	4.00	376	820	129	641
DUC	23	21.74	5,681	19,122	3,168	12,036
PUD	41	1.00*	447	1,358	238	912
TOTAL	139	64.59	11,658	45,443	7,494	26,726

1P Forecast Net BOEPD (6:1)¹



¹ As of October 1, 2023. 8/4/2023 3YR STRIP.

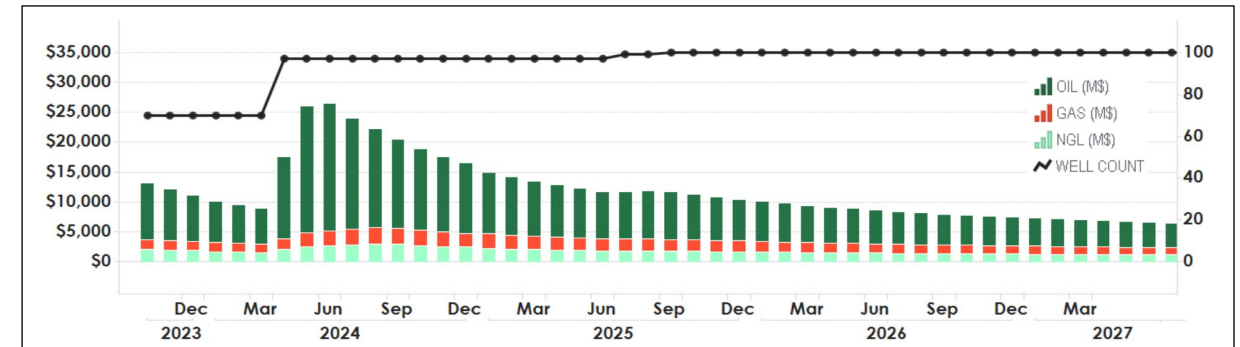
² Net to CDJ's WI

* Net to CDJ's RI

Present Values By Reserve Category and Discount Rate – All Properties¹

Reserve Category	PV9 (M\$)	PV10 (M\$)	PV12 (M\$)	PV15 (M\$)	PV20 (M\$)
PDP	\$253,338	\$245,192	\$230,881	\$213,273	\$191,002
PDNP/PDBP	\$10,863	\$10,439	\$9,681	\$8,726	\$7,489
DUC	\$188,536	\$180,789	\$167,075	\$149,976	\$127,894
PUD	\$16,930	\$16,061	\$14,549	\$12,709	\$10,410
TOTAL	\$469,667	\$452,481	\$422,186	\$384,684	\$336,795

1P Forecast Net Monthly Revenue by Product¹



Data Room Process



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Confidentiality Agreement and Technical Questions

- Confidentiality agreements and presentations/Q&A scheduling through Nick Asher at nasher@meagheradvisors.com
- Upon receipt, access will be granted to the VDR and can be downloaded at www.meagheradvisors.com
- Technical questions necessary for valuation purposes should be directed to Chris McCarthy at cmccarthy@meagheradvisors.com
- Presentations/Q&A may be requested and held virtually. Format is a question-and-answer session. Meagher requests questions be provided prior to meeting. Presentation/Q&A scheduling through Nick Asher at nasher@meagheradvisors.com
- Updates and a Q&A log will be posted throughout the process, typically bi-weekly

Key Dates

Teaser Sent	Data Room Open	Bids Due	Effective Date
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August						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
30	31	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	1	2

Effective Date:
10/1/2023

Bid Date:
9/14/2023

September						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
27	28	29	30	31	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

PSA Execution:
TBD

Closing:
TBD

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For the purposes of this report, neither a field inspection of the properties has been performed nor has the mechanical operation or condition of the wells and their related facilities been examined. MEA has not investigated any possible environmental liability related to the properties; therefore, these estimates do not include any costs, which may be incurred due to such possible liability. Also, these estimates do not include any salvage value for the lease and well equipment or the cost of abandoning the properties. This is a common practice in industry.

In evaluating the information at MEA's disposal, MEA excluded from consideration all matters as to which legal or environmental, rather than accounting, engineering and geological, interpretation may be controlling. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of accounting, engineering and geological data; therefore, the conclusions necessarily represent only informed professional judgments.

The titles to the properties have not been examined by MEA, nor has the actual degree or type of interest owned been independently confirmed. The data used in these estimates were obtained from the company and public information sources and were accepted as accurate. MEA does not own an interest in these properties.

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