

LEASE OPERATING STATEMENT

EXECUTIVE SUMMARY – PORTFOLIO ECONOMIC ANALYSIS

Analysis Period: 2020-01 → 2024-12 | Generated: 2026-06-07 | CONFIDENTIAL

12M Net Revenue	12M Total LOE	12M Op. Income	Avg Lift Cost/BOE
\$436,911,411	\$175,200,147	\$227,647,771	\$21.87
LOE % Revenue	Active Wells	Critical Wells	Healthy Wells
40.1%	300	22	156

PORTFOLIO ACTION SUMMARY

Action Category	Well Count	% Portfolio
■ HEALTHY – MONITOR / INFILL DRILLING CANDIDATE	156	52.0%
■ LOE ABOVE BASIN P75 – COST REDUCTION TARGET	76	25.3%
■ EVALUATE WATER HANDLING OPTIONS	27	9.0%
■ REVIEW FOR P&A / DIVESTMENT	19	6.3%
■ MONITOR – ROUTINE REVIEW	10	3.3%
■ ARTIFICIAL LIFT OPTIMIZATION REVIEW	7	2.3%
■ CANDIDATE FOR SHUT-IN	3	1.0%
■ WORKOVER OPTIMIZATION REQUIRED	1	0.3%
■ HIGH FIXED COST – CONSIDER DIVESTMENT	1	0.3%

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STRATEGY ACTION MATRIX – TOP 20 PRIORITY WELLS

Wells ranked by economic priority. Red rows require immediate action. Rolling 6-month average operating income used to normalize one-time workover costs.

	Field	Basin	Economic Status	Op. Income	Lift \$/BOE	LOE % Rev	Action
	DeSoto East Area	Haynesville	CRITICAL – Below Econo	(\$503,956)	\$100.88	265.5%	■ REVIEW FOR P&A
	Karnes East Area	Eagle Ford	CRITICAL – Below Econo	(\$447,156)	\$148.24	390.1%	■ REVIEW FOR P&A
3 V	Weld South Block	DJ Basin	CRITICAL – Below Econo	(\$444,522)	\$218.31	552.9%	■ REVIEW FOR P&A
5 V	DeSoto West Sectio	Haynesville	CRITICAL – Below Econo	(\$326,730)	\$135.37	335.3%	■ REVIEW FOR P&A
	Midland East Area	Permian - Midlan	CRITICAL – Below Econo	(\$224,551)	\$259.02	627.5%	■ REVIEW FOR P&A
#1 H	Reeves North Unit	Permian - Delawa	CRITICAL – Below Econo	(\$212,378)	\$165.24	406.8%	■ REVIEW FOR P&A
	DeSoto East Area	Haynesville	CRITICAL – Below Econo	(\$85,562)	\$101.98	293.6%	■ REVIEW FOR P&A
	Midland East Area	Permian - Midlan	CRITICAL – Below Econo	(\$84,036)	\$254.26	624.3%	■ REVIEW FOR P&A
#1 H	Weld South Block	DJ Basin	CRITICAL – Below Econo	(\$50,649)	\$97.23	277.1%	■ REVIEW FOR P&A
	DeSoto North Unit	Haynesville	CRITICAL – Below Econo	(\$50,544)	\$68.18	183.3%	■ REVIEW FOR P&A
2 V	Reeves West Sectio	Permian - Delawa	CRITICAL – Below Econo	(\$44,046)	\$181.14	463.4%	■ REVIEW FOR P&A
	Karnes West Sectio	Eagle Ford	CRITICAL – Below Econo	(\$41,052)	\$61.45	158.3%	■ REVIEW FOR P&A
3 H	Midland North Unit	Permian - Midlan	CRITICAL – Below Econo	(\$40,181)	\$118.03	307.4%	■ REVIEW FOR P&A
3 H	Karnes East Area	Eagle Ford	CRITICAL – Below Econo	(\$15,441)	\$39.83	101.5%	■ REVIEW FOR P&A
3 H	DeSoto West Sectio	Haynesville	CRITICAL – Below Econo	(\$14,007)	\$91.60	230.3%	■ REVIEW FOR P&A
V	Blaine North Unit	Anadarko	CRITICAL – Below Econo	(\$12,895)	\$47.88	132.6%	■ REVIEW FOR P&A
	Karnes East Area	Eagle Ford	CRITICAL – Below Econo	(\$12,299)	\$105.99	309.5%	■ REVIEW FOR P&A
1 V	Weld East Area	DJ Basin	CRITICAL – Below Econo	(\$5,381)	\$72.13	176.7%	■ REVIEW FOR P&A
	Midland North Unit	Permian - Midlan	CRITICAL – Below Econo	(\$343)	\$43.55	105.7%	■ REVIEW FOR P&A
V	Reeves East Area	Permian - Delawa	CRITICAL – Below Econo	(\$583,950)	\$107.72	276.8%	■ CANDIDATE FOR S

LOE COST BREAKDOWN – PORTFOLIO AVERAGE (LATEST MONTH)

Cost Category	Total (\$)	% of LOE	Avg \$/Well/Month
Direct Labor	\$489,754	3.4%	\$1,633
Chemicals	\$1,579,224	11.1%	\$5,264
Water Disposal	\$5,822,810	41.0%	\$19,409
Fuel & Power	\$1,433,158	10.1%	\$4,777
Repairs & Maint.	\$122,891	0.9%	\$410
Workover	\$243,615	1.7%	\$812
Compression	\$1,610,470	11.3%	\$5,368
Transportation	\$813,897	5.7%	\$2,713
Environmental	\$82,371	0.6%	\$275
Insurance	\$50,103	0.4%	\$167
Land Rental	\$42,390	0.3%	\$141
G&A Allocation	\$1,927,075	13.6%	\$6,424
TOTAL LOE	\$14,217,757	100.0%	\$47,393

COMMODITY PRICE SCENARIO ANALYSIS – PORTFOLIO NPV (PV10)

Scenario	Oil \$/BBL	Gas \$/Mcf	Annual Op. Inc.	PV10 NPV	Wells Below Limit	Economic Wells
High Case (\$90 oil)	\$90.00	\$4.00	\$4,958,411,385	\$12,817,607,065	30	267
Base Case	\$70.00	\$2.75	\$3,191,352,742	\$8,249,719,977	50	247
Low Case (\$50 oil)	\$50.00	\$2.00	\$1,698,432,790	\$4,390,487,686	85	212
Stress Case (\$35 oil)	\$35.00	\$1.50	\$613,010,164	\$1,584,645,324	153	144

PV10 = NPV discounted at 10% annual rate, standard industry metric for asset valuation. Stress case assumes \$35 WTI / \$1.50 HH. Production volumes held constant at trailing 12-month actuals.

FIELD PERFORMANCE SNAPSHOT – TRAILING 12 MONTHS

Field	Basin	Wells	Net Revenue	Total LOE	Op. Income	Net BOE	Lift \$/BOE	LOE % Realized
Reeves East Area	Permian - Delawa	14	\$33,772,250	\$11,754,211	\$19,474,185	1,320,142	\$8.90	34.8%
Hearnes East Area	Eagle Ford	19	\$38,204,328	\$17,212,919	\$18,084,560	1,393,076	\$12.36	45.1%
Yeld East Area	DJ Basin	14	\$25,006,211	\$6,311,244	\$16,849,873	1,020,147	\$6.19	25.2%
Reeves North Unit	Permian - Delawa	18	\$31,461,156	\$13,394,733	\$15,504,902	1,090,300	\$12.29	42.6%
Midland East Area	Permian - Midlan	24	\$31,330,276	\$13,765,294	\$15,129,861	1,150,208	\$11.97	43.9%
Midland North Unit	Permian - Midlan	23	\$25,460,158	\$8,993,751	\$14,530,029	1,038,781	\$8.66	35.3%
ReSoto East Area	Haynesville	20	\$28,672,337	\$12,885,613	\$13,541,477	1,079,039	\$11.94	44.9%
Reeves South Block	Permian - Delawa	12	\$22,476,173	\$7,521,083	\$13,142,054	869,410	\$8.65	33.5%
Yeld North Unit	DJ Basin	12	\$20,016,587	\$6,333,384	\$12,224,482	706,078	\$8.97	31.6%
ReSoto West Section	Haynesville	18	\$28,196,345	\$13,765,880	\$12,156,865	1,023,360	\$13.45	48.8%
Yeld West Section	DJ Basin	10	\$18,779,986	\$5,642,044	\$11,558,180	742,074	\$7.60	30.0%
Reeves West Section	Permian - Delawa	14	\$19,607,800	\$7,589,789	\$10,474,711	791,176	\$9.59	38.7%
Midland South Block	Permian - Midlan	14	\$17,828,721	\$7,299,184	\$9,218,436	691,899	\$10.55	40.9%
ReSoto South Block	Haynesville	14	\$15,612,635	\$5,785,945	\$8,632,057	566,647	\$10.21	37.1%
Midland West Section	Permian - Midlan	8	\$11,906,683	\$3,987,428	\$6,969,194	484,013	\$8.24	33.5%
Haine North Unit	Anadarko	8	\$12,385,894	\$4,629,029	\$6,753,080	448,324	\$10.33	37.4%
Hearnes North Unit	Eagle Ford	11	\$10,667,530	\$3,528,530	\$6,246,080	375,441	\$9.40	33.1%
Yeld South Block	DJ Basin	18	\$18,271,499	\$10,941,995	\$5,850,861	715,637	\$15.29	59.9%
Haine South Block	Anadarko	2	\$5,626,137	\$1,310,840	\$3,892,533	212,708	\$6.16	23.3%
Hearnes West Section	Eagle Ford	9	\$9,128,111	\$4,705,639	\$3,705,173	335,962	\$14.01	51.6%
ReSoto North Unit	Haynesville	11	\$11,666,114	\$7,358,765	\$3,414,692	405,941	\$18.13	63.1%
Hearnes South Block	Eagle Ford	3	\$834,479	\$482,847	\$294,486	30,927	\$15.61	57.9%

KEY RECOMMENDATIONS

	Category	Recommendation
■	Plug & Abandon / Divestment Review	19 well(s) have sustained negative operating income for 6+ consecutive months. Recommend immediate P&A
■	Shut-In Candidates	3 well(s) have been cash-flow negative for 3+ months. Evaluate shut-in economics vs continued operating costs
■	Workover Cost Optimisation	1 well(s) have workover costs exceeding 30% of total LOE, indicating mechanical instability. Review completion
■	Water Handling Review	27 well(s) have water disposal costs exceeding 25% of total LOE. Evaluate SWD optimisation, water recycle, o
■	Infill Drilling / Secondary Recovery	156 well(s) show consistent profitability with stable or declining unit costs. These leases are candidates for infill