

## Executive Summary – Luginbill Jo-Mill Mineral Sale

### **Opportunity**

Offers are being considered for the purchase of producing mineral interests under more than 12,000 acres (193-197 NMA) and producing overriding royalty interests under more than 3,200 acres in two legacy high profit margin Spraberry / Dean waterflood units in Borden County, Texas with shallow declines and significant upside development potential.

*Map – BKL Royalty Ownership*

Last six months net cash flow averaged \$5,815 per month.

*Summary of Run Checks*

*Revenue Statements – Great Western, Jo Mill, XTO*

Jo-Mill Unit (8A-60465), operated by Jo Mill Oil Company. Producing 1,835 bopd (18.3% oil cut based on latest reported well tests) out of 183 producing wells (10 bopd/w) along with 570 Mcfd.

*Production Curve – JMU*

West Jo-Mill Unit (8A-61062), operated by Great Western Drilling Company. Producing 280 bopd (26.0% oil cut based on latest reported well tests) out of 35 producing wells (8 bopd/w) with gas currently being vented or flared.

*Production Curve – WJMU*

	Unit Size (Acres)	Tracts	Minerals			Tracts	Override		Est NTM NCF (1) (\$)
			Gross (Acres)	Net (1/8) (Acres)	Net (NL) (Acres)		Gross (Acres)	Tracts	
JMU	19,747	77	8,992	139	134	34	0	0	49,240
WJMU	<u>3,620</u>	8	<u>3,220</u>	<u>58</u>	<u>59</u>	7	<u>3,220</u>	7	<u>22,116</u>
Total	23,367		12,212	197	193		3,220		71,355

(1) - Based on 5%/year decline and 09/29/23 strip

*Summary – Ownership and NMA Estimate – JMU*

*Summary – Ownership and NMA Estimate – WJMU*

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### Upside

- Additional recovery by continuing vertical infill development to 20-acre spacing
  - COP Overview – WJMU Remaining Infill Potential*
  - Production Curve – WJMU 20-Ac Infill Program*
  - Production Curve – JMU 20-Ac Infill and Horizontal Infill Program*
  - Production Curve – Canon Ranch Unit 20-Ac Infill Program*
  - Production Curve – Northeast Ackerly Dean Unit 20-Ac Infill Program*
  - Map – WJMU Remaining 40-Acre Vertical PUD Locations*
  - Map – WJMU Remaining 20-Acre Vertical PUD Locations*
  - Map – JMU Remaining 20-Acre Vertical PUD Locations*
- Additional recovery by continuing to development units horizontally
  - Map – JMU Past Horizontal Infill Drilling Activity*
  - Summary – JMU Past Horizontal Infill Drilling Results*
  - Chevron Overview – JMU Horizontal Infill Potential*
- Additional recovery by combining two-sided injection support in conjunction with horizontal development
  - Chevron Overview – JMU Two-Sided Horizontal Injection Potential*
- Additional recovery by optimizing injection support through injection pattern modifications, conversions and pattern realignment
- Probable horizontal development opportunities in non-unitized producing formations
  - Map – Area Drilling Activity – Completions (20180101 – 20231001)*
  - Summary – Recent (2022 / 2023 YTD) Offset (Within 2 Miles S and W) Well Results*
  - Production Curve – Birch Ironborn 34-27 A 2DN*
  - Production Curve – Birch Ironborn 34-27 C 6DN*
  - Log-Core Montage – Midwest Morris Miller A 1 Dean Sand*
- Additional recovery resulting from workovers to improve the performance of existing vertical wells through adding perforations and applying new frac technology
- Opportunity to re-enter and re-establish production in shut-in, TA'd or P&A'd wells and apply new frac technology
- Opportunity to increase oil production and re-establish gas sales in the WJMU through optimization of operations