Powder River Basin

EnerCom

August 21, 2018
Company Overview

Anschutz Exploration Corporation

- Private O&G company based in Denver
  - Significant capital resources, no debt, long term outlook
- Extensive experience and success with multiple unconventional plays
- Current focus on Rockies Basins (PRB, DJ, GGR, Uinta)

Powder River Basin Assets

- Leases: 406,000 net acres
  - WI: 62%/NRI: 82%/HBP: 65%/Term: 35%
- Royalties: 11,425 net royalty acres, Minerals: 3,840 net mineral acres
- 235 total wells (21 operated/214 non-op)
- Current net production of 4,600 BOEPD (80% oil)
  - Forecast of 12,000 to 15,000 net BOEPD in Q1 2019
- Two active operated drilling rigs
  - Positive cash flow to be reached in Q2 2019
Recent PRB Public Announcements

EOG
- Two new “premium” plays (Mowry/Nio)
- Over 1,600 undrilled premium locations
- Increasing activity/development

Devon
- Moving to development mode w/4 rigs
- Positive Niobrara results

Chesapeake
- Positive Turner “down-spacing” test
- Continue to increase rig count

Anadarko
- Appraisal/Plan of development
### Multiple Stacked Oil Productive Targets

**IP 30 Rates**

<table>
<thead>
<tr>
<th>Target</th>
<th>BOEPD</th>
<th>Oil Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Devon Downs Fed 12-133669-3XTPH</td>
<td>1,381</td>
<td>96%</td>
</tr>
<tr>
<td>EOG Bolt 241-06H</td>
<td>2,333</td>
<td>82%</td>
</tr>
<tr>
<td>Chesapeake Combs 29-33-70-D SX 14H</td>
<td>1,627</td>
<td>66%</td>
</tr>
<tr>
<td>Wold Tuesday Draw #3874-36-355</td>
<td>1,162</td>
<td>94%</td>
</tr>
<tr>
<td>Chesapeake Combs Ranch 17-33-70 A 2H</td>
<td>1,730</td>
<td>53%</td>
</tr>
<tr>
<td>Anschutz Theo Fed 3571-17-5-1H</td>
<td>2,187</td>
<td>84%</td>
</tr>
<tr>
<td>EOG Flatbow 423-1720H &amp; Ballista 204-1102H</td>
<td>2,190</td>
<td>35%</td>
</tr>
<tr>
<td>Contango WC 44N-66W-9-1H</td>
<td>433</td>
<td>96%</td>
</tr>
</tbody>
</table>

**Total Horizontal Targets = 14**

- Over 3 BBOE produced from conventional vertical wells
- Historical production averages 84% oil
Reservoir Distribution

Anschutz Vertical Wells

- 45 miles in total distance
- New wells with extensive log suites and core data
- Very similar reservoir attributes
- Multiple stacked pay intervals with established economics
- New HZ wells scheduled to test additional targets, potential of 7 HZ zones per DSU
### Land & Leases

#### Net Acres

1. 450,000 - Anadarko
2. **406,000 - Anschutz**
3. 400,000 - EOG
4. 398,000 - Devon
5. 275,000 - Chesapeake
6. 160,000 - Samson
7. 148,000 - Wold
8. 115,000 - Ballard
9. 112,000 - North Woods
10. 60,000 - Conoco
11. 58,000 - ATX
12. 52,000 - Impact

**Note:** Acreage estimate based on various sources

#### PRB Lease Terms - Overview

- NRI range of 80% to 87.5%
- Large percentage of acreage HBP
- Primary terms of 4 to 10 years
- Little to no drilling obligations (i.e. continuous operations)
- No Pugh clauses
- Ongoing efforts across basin to further “core” up operated positions/increase WI
Operations & Drilling Permits

State Drilling Permits

1) 4,445 - EOG
2) 2,901 - Anadarko
3) 2,474 - Wold
4) 1,437 - Anschutz
5) 1,039 - Devon
6) 972 - Samson
7) 456 - Navigation
8) 453 - Titan
9) 425 - Peak
10) 415 - Impact
11) 292 - Chesapeake
12) 1,756 - All others

Source: IHS

PRB Operational Highlights

- State permits secure operations outside Federal units
- Inventory of “fully drillable” permits provide drill schedule options
- Expanding multi well pad use will further reduced well costs and increase efficiencies
- Water for completions and multiple disposal options currently available with extensive room for growth
- Substantial existing oil and gas take way infrastructure already in place plus ongoing investments/expansions
Anschutz PRB Operated Program

- **2018 Program:** 20 new wells (12 TIL)
  - Delineation wells - additional zones
  - Development wells - ROCE

- **Operational Optimization**
  - Learning curve - lowering costs
  - “Smart” completions - tighter cluster spacing for improved near wellbore stim = increased economic recovery
  - LOE/OPEX reductions - improved facility designs & H2O mgmt.

- **Sufficient take away capacity**
  - All AEC wells turned to sales down pipelines after 3 days of flow back
  - $1.50/bbl. avg. oil transport/deduct
Recent Turner Well Results

<table>
<thead>
<tr>
<th>Well</th>
<th>IP30 (BOEPD)</th>
<th>Effective Lateral</th>
<th>IP30 per 1000 ft.</th>
<th>Cum Prod (MBOE)</th>
<th>% oil</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 AEC Remi</td>
<td>2,141</td>
<td>8,072</td>
<td>265</td>
<td>166 (4 mo)</td>
<td>90%</td>
</tr>
<tr>
<td>2 AEC Theo</td>
<td>2,187</td>
<td>6,872</td>
<td>318</td>
<td>245 (6 mo)</td>
<td>87%</td>
</tr>
<tr>
<td>3 CHK Sund</td>
<td>1,523</td>
<td>7,006</td>
<td>218</td>
<td>440 (12 mo)</td>
<td>78%</td>
</tr>
</tbody>
</table>

Average EUR from the highlighted Turner wells = 1,286 MMBOE (80% oil)
Turner Spacing Economics

AEC DSU Analysis

- Existing Turner HZ wells under similar conditions (thickness, pressure, GOR, etc.)

- Variables reduced utilizing only one operator with ten DSU’s with different well spacing and sufficient production history to permit accurate forecasts

- Utilizing one operator minimized completion and flow back differences

- Reduction in EUR’s (15%) and capex (5%) per well with corresponding increase in DSU well density

### Turner LL Wells/DSU

<table>
<thead>
<tr>
<th>Wells per DSU</th>
<th>D&amp;C/Well ($MM)</th>
<th>Total Invest per DSU ($MM)</th>
<th>PV10 ($MM) @ $55/bbl</th>
<th>PV10 ($MM) @ $60/bbl</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$9.0</td>
<td>$9.0</td>
<td>$30</td>
<td>$33</td>
</tr>
<tr>
<td>2</td>
<td>$8.5</td>
<td>$17.0</td>
<td>$45</td>
<td>$51</td>
</tr>
<tr>
<td>3</td>
<td>$7.5</td>
<td>$22.5</td>
<td>$63</td>
<td>$71</td>
</tr>
<tr>
<td>4</td>
<td>$7.0</td>
<td>$28.0</td>
<td>$77</td>
<td>$87</td>
</tr>
<tr>
<td>5</td>
<td>$6.8</td>
<td>$34.0</td>
<td>$70</td>
<td>$80</td>
</tr>
</tbody>
</table>

PV10 for 100% WI/82.5% NRI
## Recent Niobrara Results

<table>
<thead>
<tr>
<th>Well</th>
<th>IP30 (BOEPD)</th>
<th>IP60 (BOEPD)</th>
<th>Effective Lateral</th>
<th>Cum Production (MBOE)</th>
<th>% oil</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 AEC ML UL</td>
<td>1,245</td>
<td>1,145</td>
<td>9,754</td>
<td>98 (3 mo)</td>
<td>86%</td>
</tr>
<tr>
<td>2 AEC ML UU</td>
<td>764</td>
<td>698</td>
<td>9,751</td>
<td>63 (3 mo)</td>
<td>86%</td>
</tr>
<tr>
<td>3 EOG Ballista</td>
<td>1,455</td>
<td>1,347</td>
<td>9,831</td>
<td>384 (24 mo)</td>
<td>57%</td>
</tr>
<tr>
<td>4 CHK Barton</td>
<td>1,299</td>
<td>1,220</td>
<td>9,434</td>
<td>441 (32 mo)</td>
<td>76%</td>
</tr>
<tr>
<td>5 Balidor Netz</td>
<td>692</td>
<td>1,022</td>
<td>9,845</td>
<td>169 (6 mo)</td>
<td>70%</td>
</tr>
</tbody>
</table>

![Map of Niobrara Wells](image)
Niobrara Spacing - PRB & DJ

**DJ Summary**
- Existing spacing tests in DJ
- 3 to 4 Nio zones per DSU
- Current development at 8 to 16 wells per zone and DSU based upon operator objectives

**PRB Summary**
- Overall thicker Niobrara pay and higher calculated oil in place
- AEC planning for 2 to 4 Nio zones per DSU based on location in basin
- Development at 8 wells per zone given reservoir properties, fluid type in AEC area, economics, etc.
Mowry Overview

Highlights

- Mature over a very broad area
- Source for multiple conventional fields and reservoirs
- Limited number of HZ tests across PRB (25 wells total)
- EOG Ballista & Flatbow wells
  - Avg. IP30 = 2,170 BOEPD
- Four Mowry current ongoing ops
  - Peak (2), EOG (1), ATX (1)
- Multiple addition tests planned by various operators for 2018/19

Reference: Lawrence O. Anna, et.al., 2009, Geologic assessment of undiscovered oil and gas in the Powder River Basin
AEC operated rig schedule for the southern PRB
2018 = 1.5  
2019 = 2.5  
2020 = 4

Over 1,000 net core locations (Niobrara, Turner and Mowry) within Converse & S. Campbell Counties
Summary

- Oil rich basin with proven 5,000 foot column of multiple stacked pays
  - 14 productive horizontal targets distributed across the basin
  - Considerable upside potential with basin wide source rocks

- PRB well results are exceeding expectations, even though still in delineation to early stages of development
  - Key economic drivers are substantial (rates, costs, net backs, NRI’s)
  - Additional value with ongoing improvements in drilling and completions
  - Operators continue to test new targets and expand aerial extents

- Anschutz controls over 406,000 net acres
  - Largest private operator in the basin
  - Favorable lease terms, high NRI’s with no term issues or drilling obligations
  - Q1 2019 net production forecast of 12,000 to 15,000 BOEPD