

# **HYDROCARB-EN BLAINE COUNTY MINERAL DIVESTITURE**

STACK Core Investment Opportunity – 2019

# Cautionary Note

This presentation includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, and as amended. Statements made herein express a belief, expectation or intention and are generally accompanied by words that convey projected future events or outcomes. The forward-looking statements include projections and estimates of the Seller's strategies, future operations, and development plans and appraisal programs, projected acreage position, drilling locations, estimated oil, and natural gas and natural gas liquids production, rates of return, reserves, price realizations and differentials, hedging program, projected operating, general and administrative and other costs, projected capital expenditures, tax rates, efficiency and cost reduction initiative outcomes, liquidity and capital structure and infrastructure assessment and investment. We have based these forward-looking statements on our current expectations and assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual results and developments will conform with our expectations and predictions is subject to a number of risks and uncertainties, including the volatility of oil and natural gas prices, actual decline curves and the actual effect of adding compression to natural gas wells, changes in economic conditions, the amount and timing of future development costs, the availability and demand for alternative energy sources, regulatory changes, including those related to carbon dioxide and greenhouse gas emissions, and other factors, many of which are beyond our control. The actual results or developments anticipated may not be realized or, even if substantially realized, they may not have the expected consequences for our assets.

# Oil & Gas Mineral Divestment

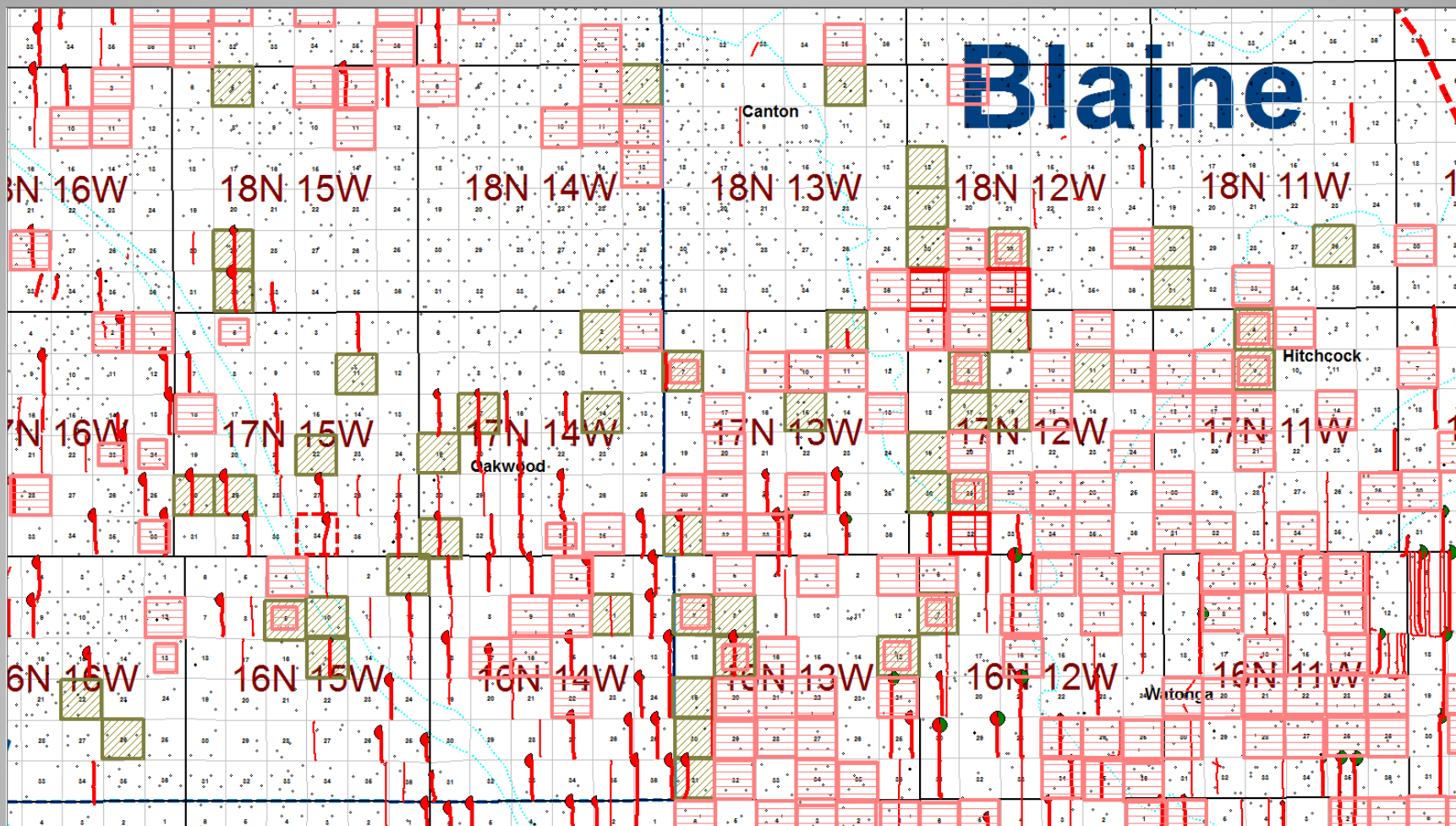
The Seller, have accumulated approximately 406.502915 Net Mineral Acres.

- Said NMA are located in townships 18 North through 16 North, Ranges 11 West through 13 West, the Buy Area.

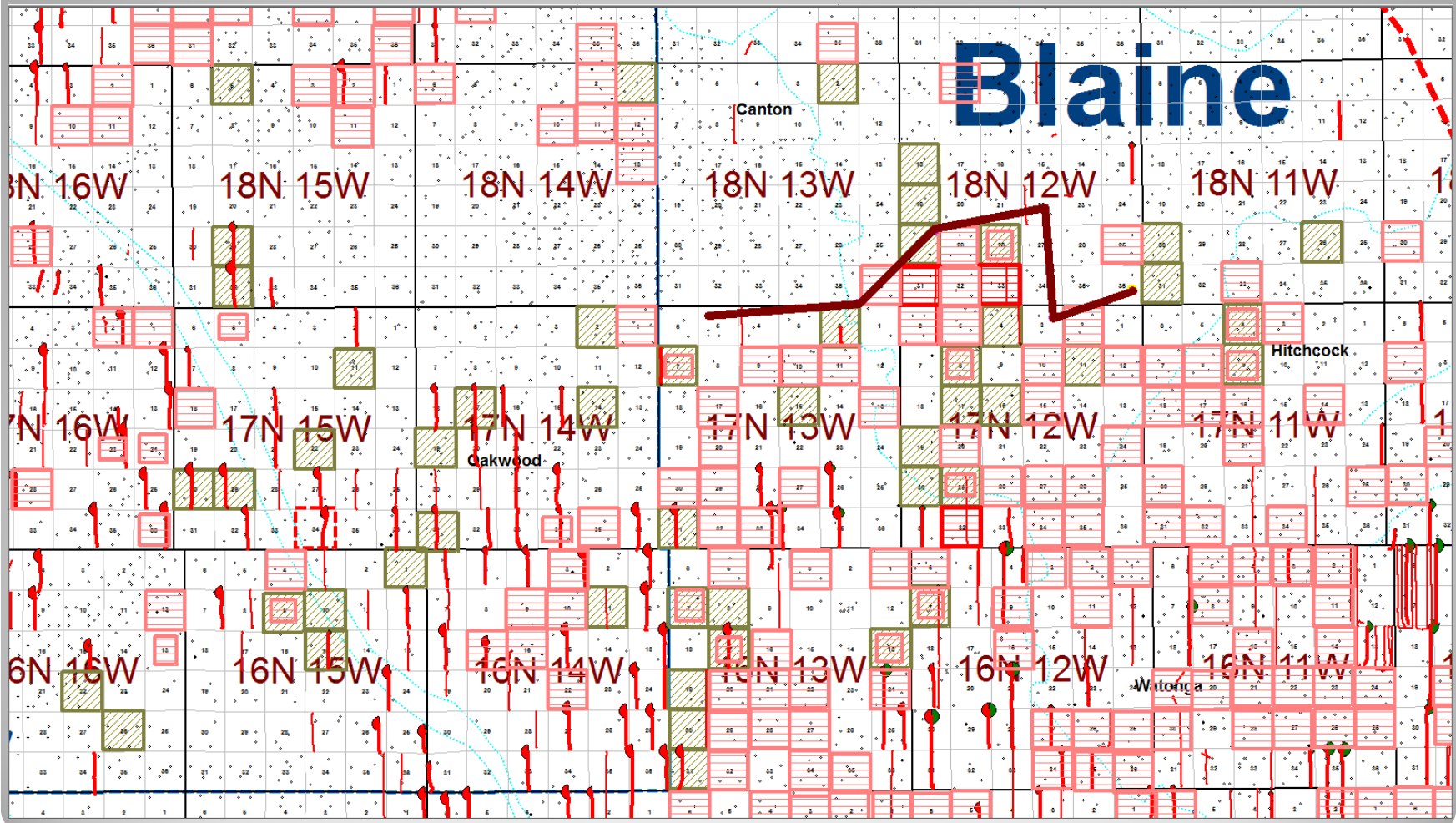
# Oil & Gas Mineral Buy Area

- The Buy Area was delineated via well data throughout said Area, including the new Council Oak, Coffey 1-7H well and the old Sandridge, now Devon, Ethel 1-34 well, and has been known since 2010.
- While employed at Sandridge, the DKT owner planned and drilled the Ethel 1-34. Then planned and additional 30 wells in a package for planned sale. The package sold to Devon before marketing took place. All the older Woodford laterals were planned by said owner, and taken by Devon in the sell.
- The Ethel had the best shows in the Osage and the upper Mississippian intervals, but completed in the Woodford.
- This knowledge led to the early extension of the Stack Play for the Sellers, and the \$196 million divestiture from Sandridge to Devon.

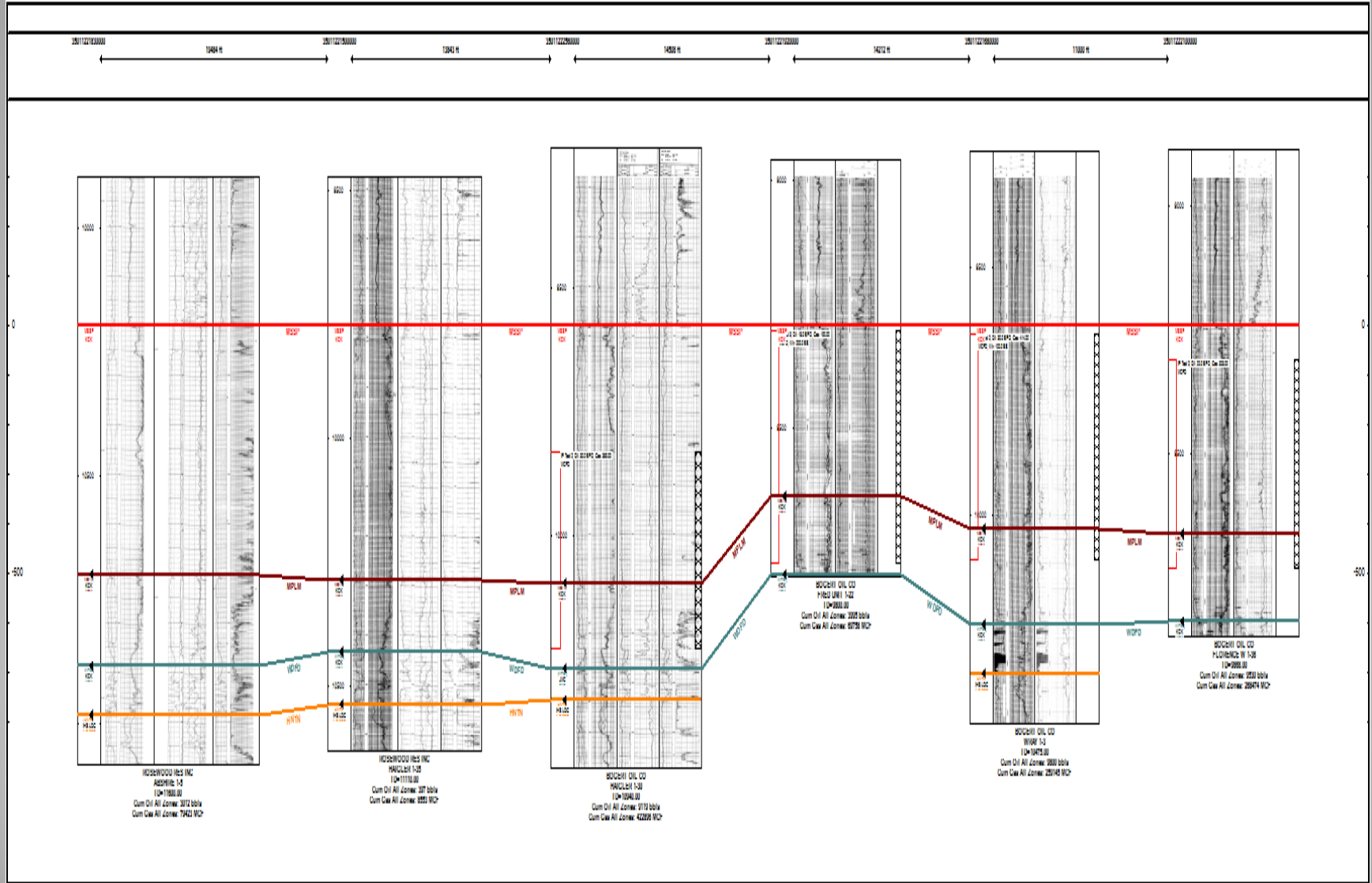
# Blaine County Mineral Position In Green



# Blaine County Cross Section



# Blaine County Cross Section



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# Mineral Divestment

Section-Township-Range	County	State	Net Min. Acres	Legal	OGL Information
7-16N-12W	Blaine Co.	OK	20.000000	W/2 NE/4	3Y+2 3/16th PEX 11/10/2017 B1151 P359
07-16N-13W	Blaine Co.	OK	10.000000	NE/4	3Y+2 3/16th PEX 6/8/2018 B1168 P657
08-16N-13W	Blaine Co.	OK	5.000000	W/2 SW/4	3Y 3/16th PEX 10/12/2017 B1149 P65 & P63
13-16N-13W	Blaine Co.	OK	2.000000	N/2 17.25 total	HBP 3/16th, Deep rights 1/5 not prod
13-16N-13W	Blaine Co.	OK	3.500000	N/2	HBP 3/16th, Deep rights 1/5 not prod
13-16N-13W	Blaine Co.	OK	3.750000	N/2	HBP 3/16th, Deep rights 1/5 not prod
13-16N-13W	Blaine Co.	OK	4.000000	N/2	HBP 3/16th, Deep rights 1/5 not prod
13-16N-13W	Blaine Co.	OK	4.000000	N/2	HBP 3/16th, Deep rights 1/5 not prod
17-16N-13W	Blaine Co.	OK	5.000000	N/2 NW/4	HBP 3/16th
19-16N-13W	Blaine Co.	OK	4.3918700	Lot 3 & 4 & E/2 SW aka SW/4	3Y+2 1/5th PEX 5/15/2018 B1166 P624
30-16N-13W	Blaine Co.	OK	10.000000	Lots 3& 4 and E/2 SW/4	3Y+2 3/16th PEX 6/8/2018 B1168 P657
31-16N-13W	Blaine Co.	OK	2.500000	Lot 1 & NE/4 NW/4	HBP 3/16th
11-17N-12W	Blaine Co.	OK	20.000000	S/2 NE & NW less and except a tract	HBP 3/16th B807 P650
4-17N-11W	Blaine Co.	OK	4.9684000	Lot 1 & Lot 2 & S/2 NE/4	HBP 3/16th
4-17N-12W	Blaine Co.	OK	5.6666500	E/2 SW/4 & SW/4 SW/4	HBP 1/5th 0.00183869
8-17N-12W	Blaine Co.	OK	5.000000	NE/4	3Y 3/16th EX 3/19/2019 B1131 P585, 100'DepthCI
16-17N-12W	Blaine Co.	OK	13.335000	SW/4	3Y+2 3/16th PEX 2/10/2017 B1131 P57
17-17N-12W	Blaine Co.	OK	16.000000	SE/4 & LOTS 1,2,3 & S/2 NW/4 (+5.33335ACS)	HBP 1/6th
19-17N-12W	Blaine Co.	OK	13.333300	SE/4	3/16th EX 6/11/2018 B1182 P117
29-17N-12W	Blaine Co.	OK	30.000000	NW/4	3Y+2 3/16th PEX 3/5/2017 B1131 P573
30-17N12W	Blaine Co.	OK	2.500000	Lts 1, 2,3 & NE/4 NW/4	3Y+2 3/16th PEX 5/19/15 B1166 P366
2-17N-13W	Blaine Co.	OK	2.4083750	L 3,10,11,12 & SW-NW	HBP 3/16th
2-17N-13W	Blaine Co.	OK	19.2675000	L 3,10,11,12 & SW-NW	HBP 3/16th
7-17N-13W	Blaine Co.	OK	18.2100000	LOT 3 & LOT 4 & E/2 SW/4	1/4 PEX 3/20
15-17N-13W	Blaine Co.	OK	2.000000	NW/4	3Y 3/16th EX 3/25/2019 B1204 P302
31-17N-13W	Blaine Co.	OK	1.6666500	NE/4	HBP 3/16th B1050 P679
31-17N-13W	Blaine Co.	OK	1.6666500	NE/4	HBP 3/16th B1050 P682
31-17N-13W	Blaine Co.	OK	1.1111000	NE/4	HBP 3/16th B1054 P671
31-17N-13W	Blaine Co.	OK	1.1111000	NE/4	HBP 3/16th B1050 P676
31-17N-13W	Blaine Co.	OK	25.4545000	LOT 1 & LOT 2 & E/2 NE/4	HBP 3/16th
31-17N-13W	Blaine Co.	OK	3.6993750	NW/4	HBP 3/16th
26-18N-11W	Blaine Co.	OK	6.5036500	E/2 NW & SW	HBP 3/16th B477 P329
26-18N-11W	Blaine Co.	OK	6.5036500	E/2 NW & SW	HBP 3/16th B477 P329
26-18N-11W	Blaine Co.	OK	4.8777500	E/2 NW & SW	HBP 3/16th B477 P329
26-18N-11W	Blaine Co.	OK	9.6674500	E/2 NW & SW	HBP 3/16th B477 P329
26-18N-11W	Blaine Co.	OK	4.8777500	E/2 NW & SW	HBP 3/16th B477 P329
30-18N-11W	Blaine Co.	OK	5.3333500	E/2 NW/4	HBP 1/8th
30-18N-11W	Blaine Co.	OK	21.3333500	E/2	HBP 1/8th
31-18N-11W	Blaine Co.	OK	10.6666500	NE/4	HBP 3/16th
18-18N-12W	Blaine Co.	OK	10.8666650	LOT 1 & LOT 2 & E/2 NE/4	HBP 1/8th
19-18N-12W	Blaine Co.	OK	2.000000	NW/4 SE/4 & N/2 NE/4 SE/4	HBP 3/16th
28-18N-12W	Blaine Co.	OK	10.6666500	NW/4	HBP 1/8th
30-18N-12W	Blaine Co.	OK	11.6655000	See deed, B-1187, P-439	HBP 5/32nd
02-18N-13W	Blaine Co.	OK	40.000000	S/2 SW	3y 23% PEX 9/16/19 B1238 P029
TOTAL			406.5029150		

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# Economics

Analysis of the future value of the mineral acres marketed here provides cash flow analysis of one net mineral acre at a 3/16 royalty interest. This cash flow was generated using the same constraints and type curve data and parameters reflected in investor reports for operators in the area.

# Economics

*1 Acre Net Revenue / 3/16th Royalty Interest / 1280 acre Drilling Unit*

Year	Net Oil (Mbbbl)	Net Gas (MMcf)	Net NGL (Mgal)	Annual Cash Flow (M\$)	Cum Disc. Cash Flow (M\$)
2017	0.04	0.04	0.69	2.32	2.24
2018	0.01	0.02	0.28	0.93	3.06
2019	0.01	0.01	0.19	0.64	3.56
2020	0.01	0.01	0.15	0.47	3.90
2021	0.01	0.01	0.12	0.39	4.15
2022	0.01	0.01	0.11	0.33	4.35
2023	0.00	0.01	0.09	0.30	4.51
2024	0.00	0.01	0.08	0.27	4.64
2025	0.00	0.00	0.08	0.24	4.75
2026	0.00	0.00	0.07	0.22	4.84
2027	0.00	0.00	0.06	0.21	4.91
2028	0.00	0.00	0.06	0.19	4.98
2029	0.00	0.00	0.06	0.18	5.03
2030	0.00	0.00	0.05	0.17	5.08
2031	0.00	0.00	0.05	0.16	5.12
<b>Rem</b>	0.04	0.05	0.80	2.54	0.25
<b>Total</b>	<b>0.15</b>	<b>0.18</b>	<b>2.94</b>	<b>9.56</b>	<b>5.37</b>

# Economics

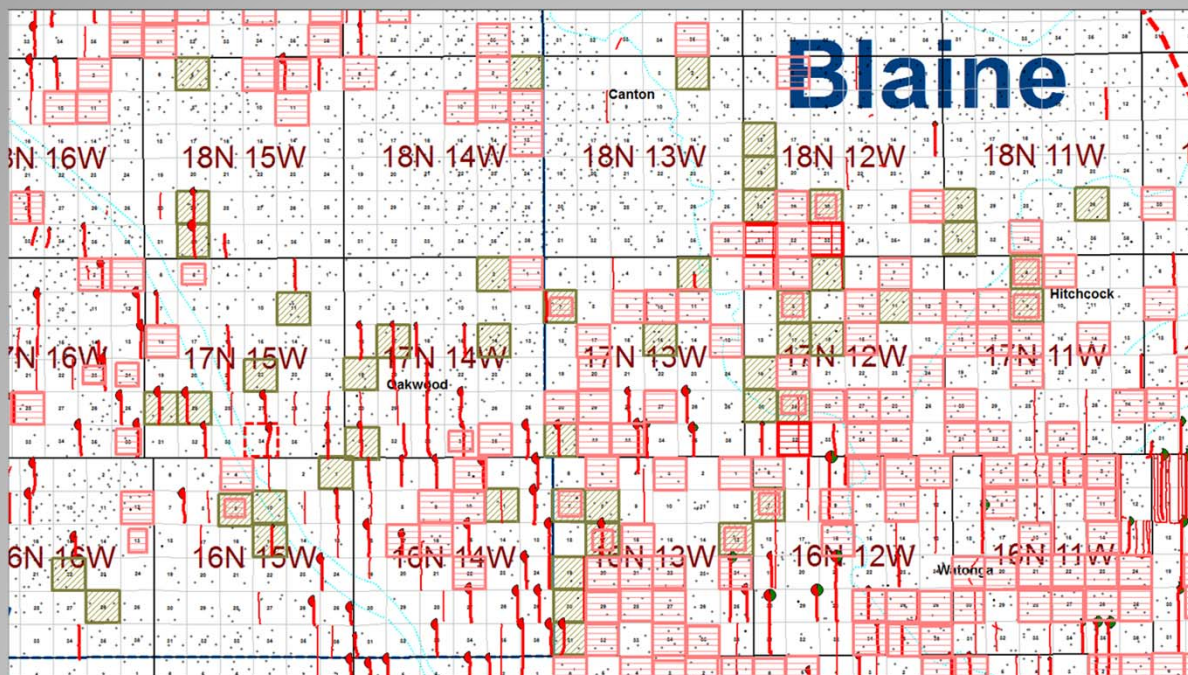
One net mineral acre leased at a 3/16th royalty interest may generate \$9,560 USD over the life a two-mile STACK Over-pressured Oil Well. This value is further multiplied by the ability of Operators to drill and complete no less than 15 two-mile laterals per 1,280 acre drilling unit. Accounting for the well density per drilling unit and the average NRI that the mineral inventory commands, a total estimated future net income due to passive Royalty Interest is arrived as follows:

1 NMA FNI @ 3/16th RI	1 NMA ADJ Factor	1 NMA FNI Adjusted	# Wells per Section	# Net Mineral Acres	Total Royalty Interest Future Net Income
\$9,560.00	1.0103683	\$9,659.12	15	677.2595285	\$98,125,975.48

# Economics, Various Cums From Lateral Wells

API	Operator Name	Lease Name	Well Num	Location	Prod Zone Name	Oil Cum	Gas Cum
35011234670000	CONTINENTAL RES INC	SHORTYS PLACE	1-2XH	15N 11W 2 S2 S2 SE	WOODFORD	120,555	710,812
35011235410000	CONTINENTAL RES INC	COMPTON	1-2-35XH	15N 11W 2 SW SE SW	MISSISSIPPIAN	216,436	740,223
35011235280000	CONTINENTAL RES INC	BLURTON	1-7-6XH	16N 10W 7 SW SE SW	MERAMEC	199,046	433,538
35011234970000	CIMAREX ENERGY CO	PEOPLES	1-29H	16N 12W 29 SE SE SE	MISSISSIPPIAN	152,835	933,012
35011235560000	CIMAREX ENERGY CO	MCCRARY		16N 12W 31 SE	MISSISSIPPIAN	200,081	1,175,962
35011235800000	CONTINENTAL RES INC	MADLINE		16N 12W 9 SW SE SW	MISSISSIPPIAN	301,489	1,246,030
35011234460000	NEWFIELD EX MID-CON	TEEL	1-17H	16N 13W 17 SE SE SW	WOODFORD / MISS LIME	24,293	1,079,632
35011235730000	CONTINENTAL RES INC	FRANKIE JO	1-25-24X	16N 13W 25 SW SE SW	MISSISSIPPIAN	119,656	829,890
35011234690000	DEVON ENERGY PROD	NETTIE	1-34H	16N 13W 4 NW NE NE	WOODFORD	49,888	1,065,539
35011234720000	DEVON ENERGY PROD	CARIE	1-4-33H	16N 13W 4 W2 W2 E2	WOODFORD / MISS LIME	54,970	1,481,964
35043231550000	DEVON ENERGY PROD	IRWIN	1-36H	16N 14W 1 NE NW NW	WOODFORD	10,419	1,028,137
35043231800000	CONTINENTAL RES INC	TROOK	1-1H	16N 14W 1 SW SW SE	WOODFORD	33,259	1,091,727
35043231290000	DEVON ENERGY PROD	BAKER	1-12H	16N 14W 13 NE NE NW	WOODFORD / MISS LIME	34,650	1,790,927
35043231680000	DEVON ENERGY PROD	ABERCROMBIE	1-15H	16N 14W 15 SE SE SW	WOODFORD / MISS LIME	9,747	1,083,446
35043231380000	DEVON ENERGY PROD	JOHNNY	1-17H	16N 14W 17 SE SE SW	WOODFORD / MISS LIME	23,272	1,000,264
35043234110000	CONTINENTAL RES INC	MATLI BROTHERS 2-24-13XH	13XH	16N 14W 24 SW SE SE	WOODFORD	43,214	2,650,801
35043232630000	CONTINENTAL RES INC	BECK	1-3H	16N 14W 3 SE SE SE	WOODFORD	30,495	1,727,963
35043231560000	CHESAPEAKE OPERG	EVA J	1-15H	16N 15W 15 SW SW SE	CLEVELAND	43,932	67,894
35011233140000	DEVON ENERGY PROD	WIDNEY	1-35H	17N 13W 35 SE SE SW	WOODFORD	62,980	1,278,062
35043232370000	DEVON ENERGY PROD	EVELYN	1-17H	17N 14W 17 SE SE SW	MISSISSIPPIAN	15,633	586,117
35043231690000	DEVON ENERGY PROD	ROGERS	1-31H	17N 14W 31 SE SE SW	WOODFORD	6,918	700,880
35043232290000	DEVON ENERGY PROD	BARBARA	1-27H	17N 15W 27 SE SW SE	WOODFORD	8,990	841,624
35043232200000	DEVON ENERGY PROD	VIGNERY	1A-29H	17N 15W 29 SW SE SW	WOODFORD / MISS LIME	4,784	537,579
35043232230000	CONTINENTAL RES INC	OAKES	1-30H	17N 15W 30 SW	WOODFORD	8,587	1,782,477
35043231080000	DEVON ENERGY PROD	ETHEL	1-34H	17N 15W 34 SE SW SE	WOODFORD / MISS LIME	11,450	1,124,827
35043231010000	CONTINENTAL RES INC	DORIS	1-25H	17N 16W 25 SW SE SW	WOODFORD	11,465	1,586,871

# The Mineral Positions in Blue & Green



Additional data available upon completion of a Confidentiality/Non-Compete Agreement.

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