



# Maverick Natural Resources, LLC

## LA Basin Asset Divestiture

### Executive Summary

May 2019



# Maverick LA Basin Asset Divestiture

1,914 Net Acres

Net Production of ~840 boepd<sup>1</sup>

Proved Net PV<sub>10</sub> of \$55.2 mm<sup>2</sup>

Net Cash Flow of ~\$750 m/month<sup>1</sup>

Maverick Natural Resources, LLC (“Maverick”) is offering for sale certain Los Angeles Basin assets located in Orange and Los Angeles counties, California (“the Properties”). Maverick has retained UBS Securities LLC (“UBS”) as the exclusive financial advisor for this transaction. Maverick’s preference is to sell the properties in a single cash transaction, but will consider offers on individual or multiple fields.

## Investment Considerations

### Low-Decline Production, Steady Cash Flow

- Opportunity to acquire four low-decline, operated long-life oil fields in the Los Angeles (“LA”) Basin in California
- Average 75% WI (72% NRI, 4% burden) and 100% operatorship across 1,914 net acres (100% HBP)
- ~840 boepd net<sup>1</sup>; low annual decline of 8% on oil rates, producing from >120 vertical wells across the four fields
- Steady cash flow of ~\$750 m/month from mature oil fields
- Cash flow supports development plan

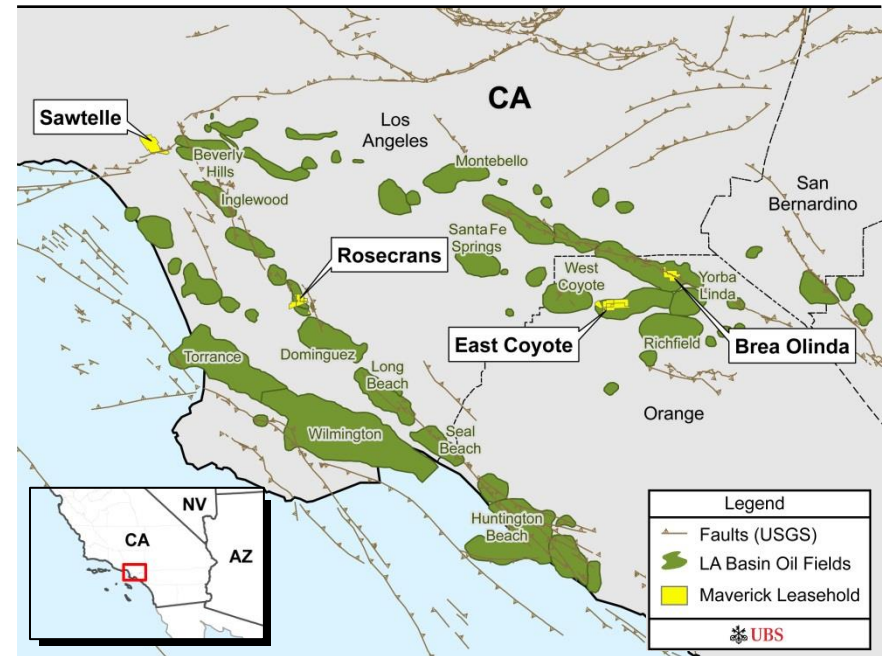
### Quality New Drill Opportunities

- Infill new drill and sidetrack opportunities targeting bypassed zones; fields have <30% recovery factor
- Large inventory of waterflood optimization, zonal isolation, and simple well workovers provide low-risk opportunities to grow production
- Brea Olinda Field has a zero royalty burden enhancing new drill economics

### Simple Operations and Infrastructure

- Fully developed infrastructure with ample capacity and central facilities provides clean and simple field operations
- Robust oil realizations that closely mirror international Brent pricing

## Maverick LA Basin Field Map



## PDP Reserve Table<sup>2</sup>

Field Groupings	Net Rate <sup>1</sup> (boepd)	Net Cash Flow <sup>1</sup> (\$m/month)	Net Reserves (mboe)	Net PV <sub>10</sub> <sup>3</sup> (\$mm)	Net Acres
East Coyote / Brea Olinda	435	\$446.8	2,617	\$23.4	883
Sawtelle / Rosecrans	407	\$302.9	2,565	\$16.2	1,031
<b>PDP Total</b>	<b>841</b>	<b>\$749.6</b>	<b>5,182</b>	<b>\$39.6</b>	<b>1,914</b>



Notes:

1. Estimated June 2019
2. Effective Date 06/01/2019. 05/13/2019 NYMEX Strip (2019: \$68.48, \$2.72; 2020: \$65.17, \$2.72; 2021: \$62.10, \$2.64; 2022: \$60.23, \$2.63; 2023+: \$59.58, \$2.71)
3. Includes plugging and abandonment costs

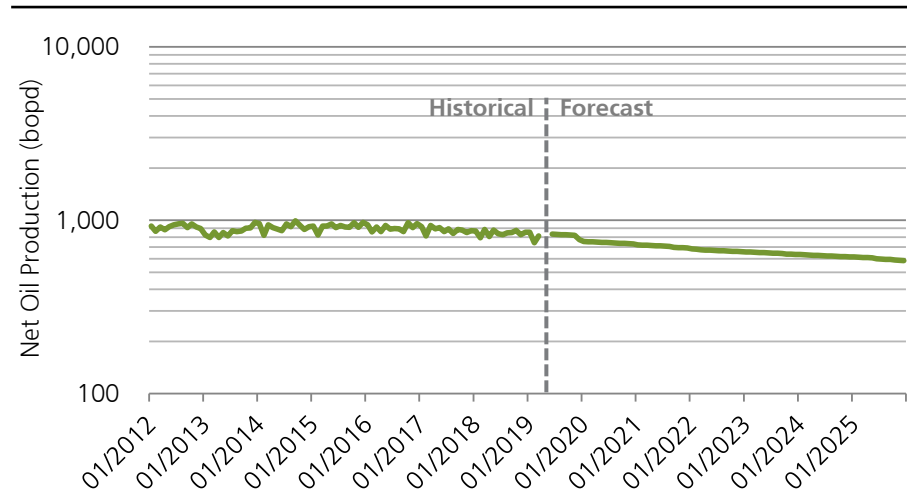
# Substantial PDP Base with Outstanding Cash Flow

Net Production of ~840 boepd<sup>1</sup> | PDP Net PV<sub>10</sub> of \$39.6 mm<sup>2</sup> | PDP Net Reserves 5.2 mmmboe<sup>2</sup> | ~\$750 m/Month Net Cash Flow<sup>1</sup>

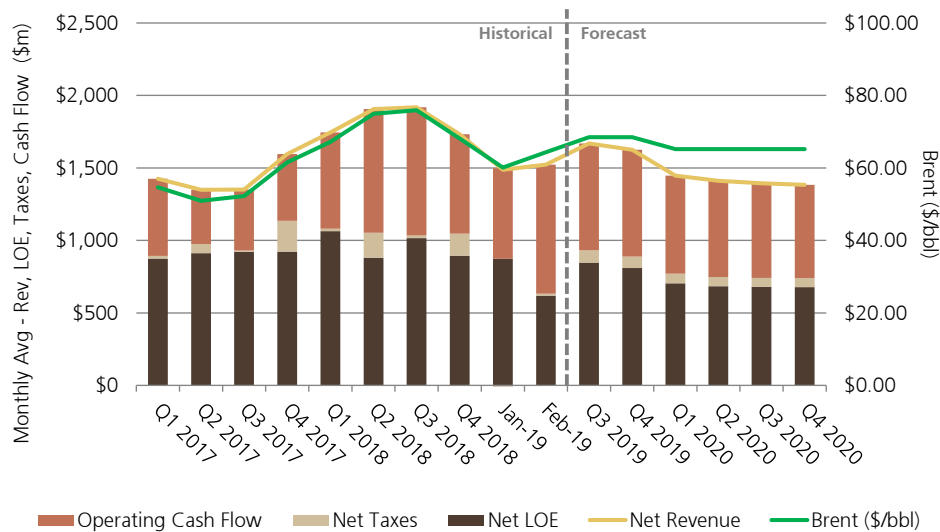
## Key Highlights

- 123 PDP wells producing ~840 boepd (99% oil, 1% gas)<sup>1</sup> primarily from high quality Miocene and Pliocene sands
- Long-life PDP reserves with R/P of 17 years
- East Coyote, Sawtelle and Rosecrans all have injector wells to help enhance oil recovery
- Well-developed, lease-level infrastructure enables operators to streamline operations further as field matures

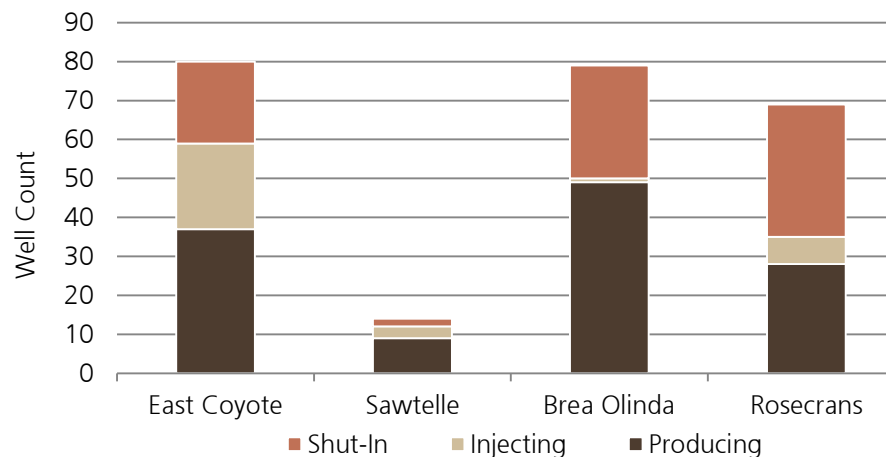
## PDP Net Production Profile



## PDP Cash Flow and Revenue Profile



## Well Status by Field<sup>3</sup>



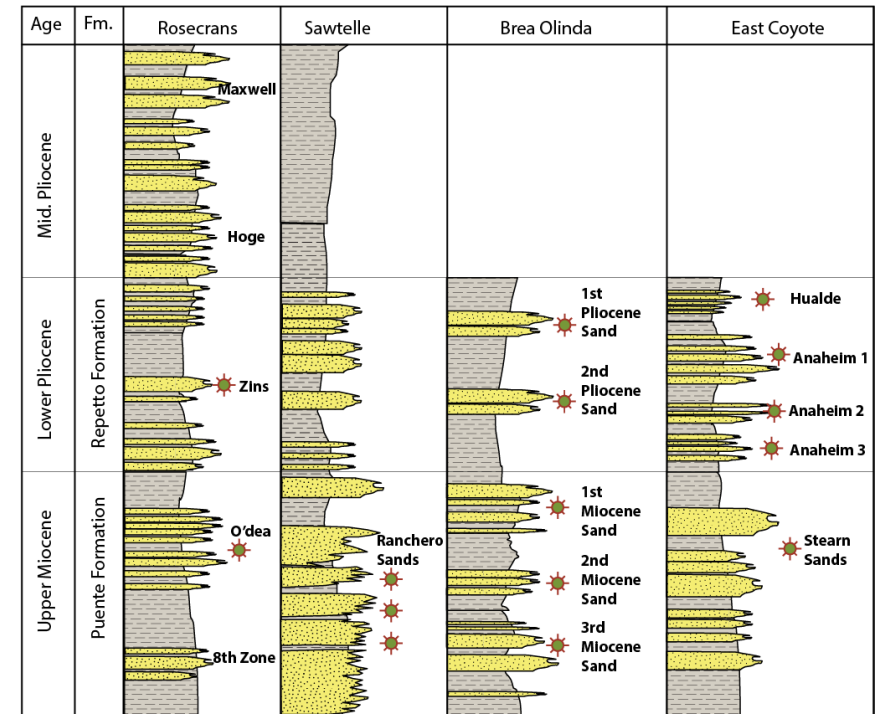
Notes:

1. Estimated June 2019
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3. Derived from the Master Well List

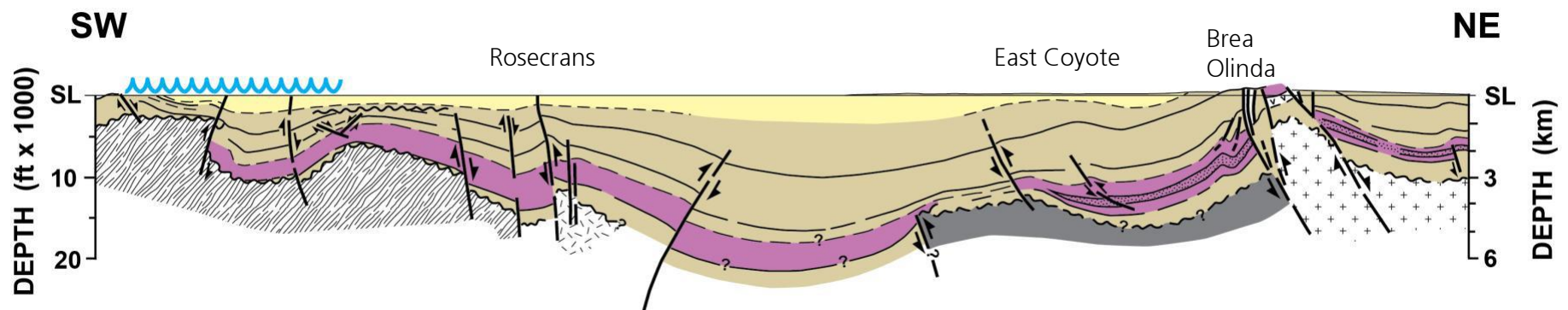
# High Quality Conventional Oil Fields

- Structurally controlled, transform-margin basin with complex history due to strike slip deformation associated with the San Andreas Fault System
- Conventional Miocene and Pliocene aged clastic reservoirs containing medium to heavy oil
- Significant in-place reserves sourced from the organic-rich Monterey Shale with relatively low current recovery factor (~30%)
- LA Basin represents one of the highest concentrations of crude oil in the world<sup>1</sup>
  - 68 oil fields in an area of 450 sq. miles
  - 10 fields that each contain over 1 billion barrels of oil
  - USGS mean estimate of approximately 3.2 billion barrels of additional oil potentially recoverable from the top 10 producing fields

**Maverick LA Basin Fields Composite Stratigraphic Sections**



**LA Basin Schematic Cross Section and Maverick Fields<sup>2</sup>**



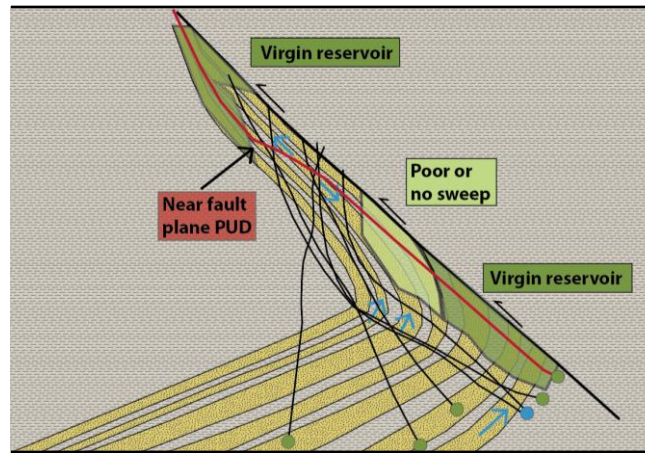
# New Drill and Sidetrack Infill Opportunities

Wells to target missed play and enhanced recovery infill opportunities

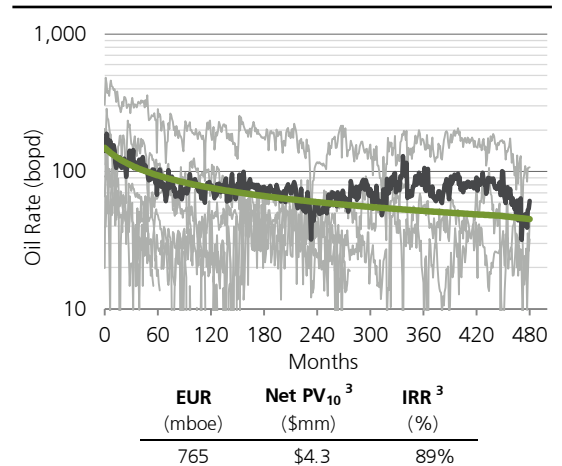
## Sawtelle Side-Tracks

- These sidetrack opportunities seek to enhance recovery factor by targeting bypassed zones in an overturned reservoir section near the fault plane
- The opportunities would target both attic and near-fault plane trapped hydrocarbons – seeking not only the virgin reservoirs but portions of the reservoir with the highest oil saturations

Sawtelle Schematic <sup>1</sup>



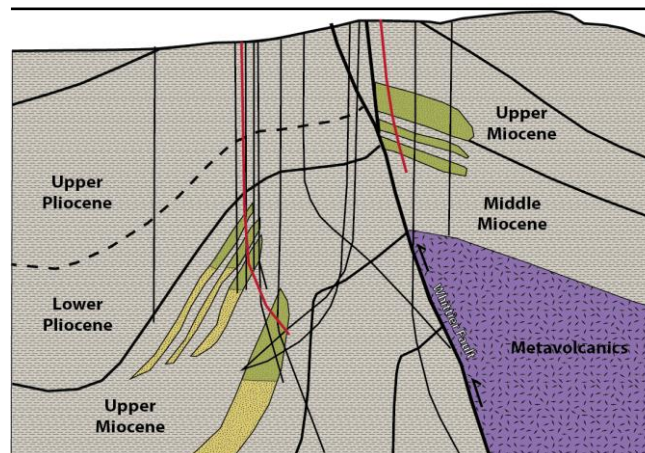
Sawtelle Type Curve



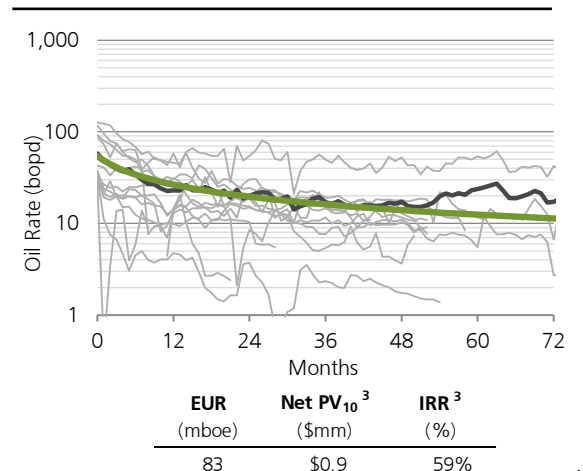
## Brea Olinda New Drill

- Production from Miocene sand units in tilted fault block structural/stratigraphic traps
- Extension of Miocene 3 sand trend on down-thrown block and extension of Miocene sand trend on up-thrown block

Brea Olinda Schematic <sup>2</sup>



Brea Olinda Type Curve



Notes:

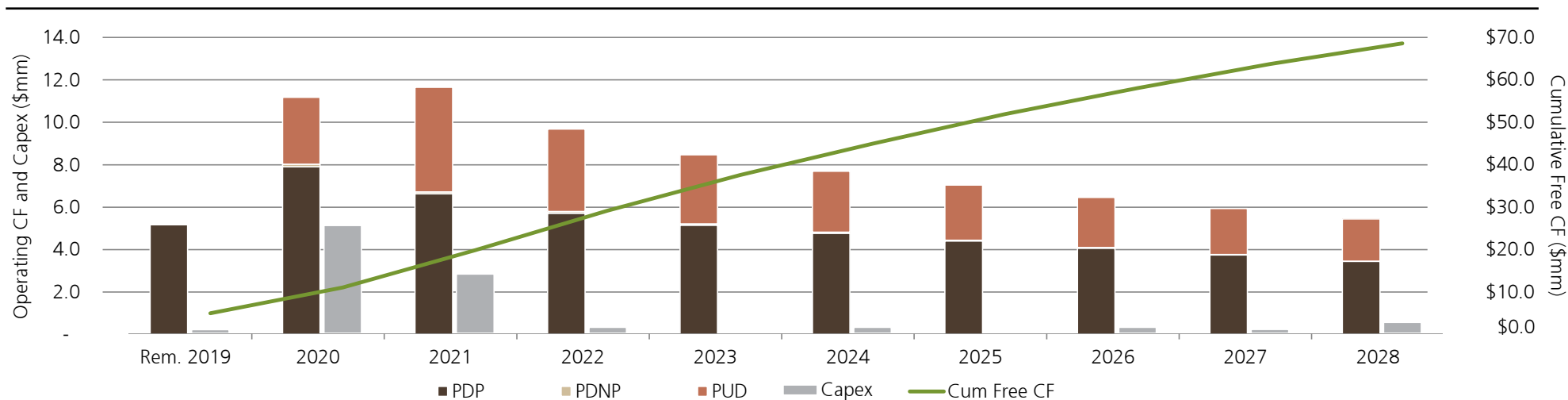
1. Modified from Engineer et al. 1985
2. Modified from Bjorklund 2016
3. Effective Date 06/01/2019. 05/13/2019 NYMEX Strip (2019: \$68.48, \$2.72; 2020: \$65.17, \$2.72; 2021: \$62.10, \$2.64; 2022: \$60.23, \$2.63; 2023+: \$59.58, \$2.71)



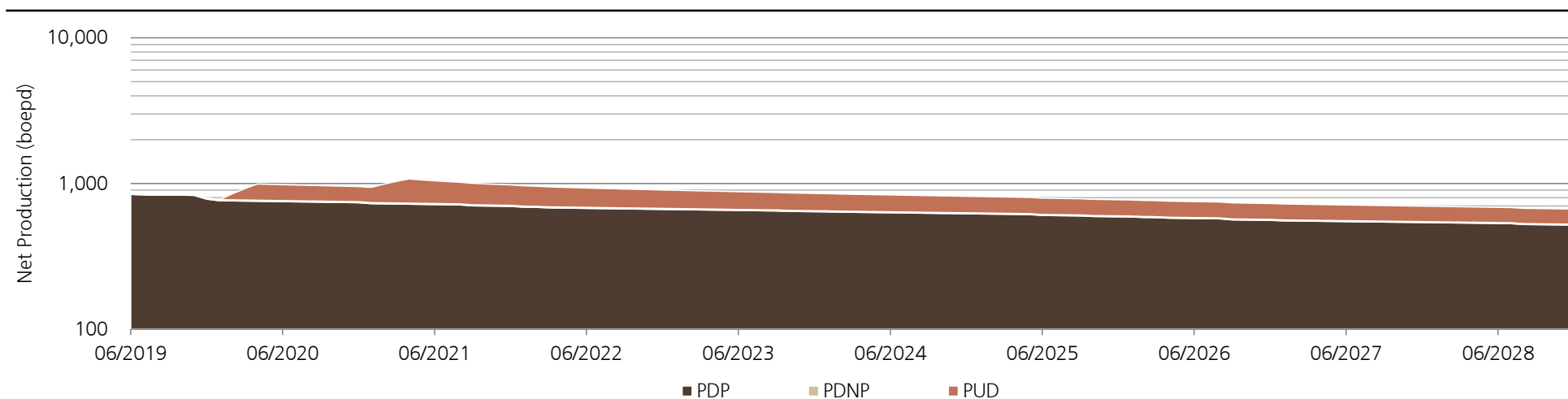
# Production Profile and Development Plan

Low-risk, low-decline production enabling growth within cash flow

## Net Operating Cash Flow and Capex Profile <sup>1</sup>



## Net Production Profile <sup>1</sup>



UBS

Notes:

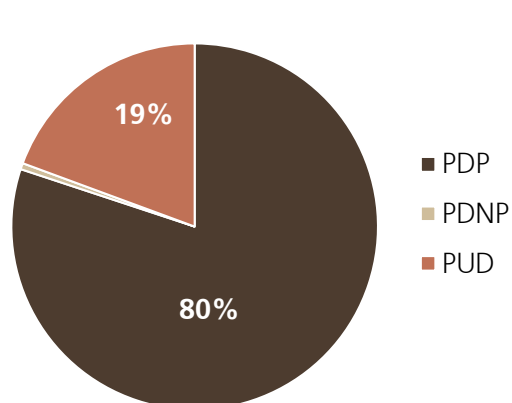
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# Summary Reserves and Cash Flows

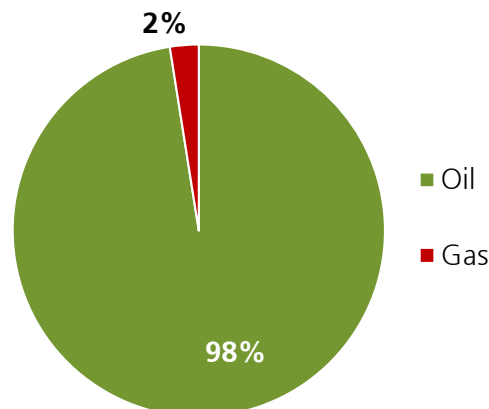
Maverick 1P Reserve Report <sup>1</sup> as of 06/01/2019

Reserve Category	Count (#)	Net Reserves			Net PV <sub>10</sub> <sup>2</sup> (\$mm)	Development Costs <sup>2</sup> (\$/boe)
		Oil (mbo)	Gas (mmcf)	Total 6:1 (mboe)		
PDP	123	5,123	350	5,182	\$39.6	\$9.13
PDNP	1	32	18	35	\$0.3	\$4.06
PUD	6	1,154	598	1,254	\$15.4	\$6.21
<b>1P Total</b>	<b>130</b>	<b>6,310</b>	<b>966</b>	<b>6,471</b>	<b>\$55.2</b>	<b>\$8.54</b>

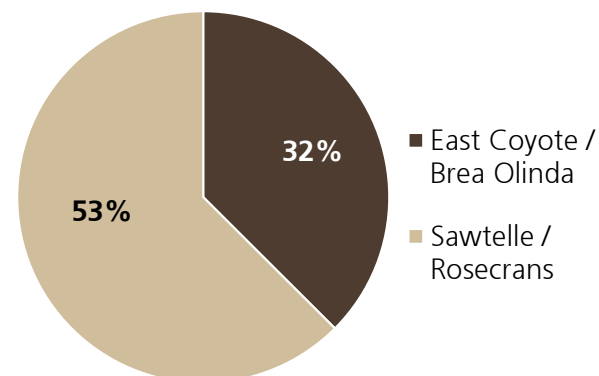
1P Net Reserves by Reserve Category



1P Net Reserves by Commodity



1P Net PV<sub>10</sub> by Field Grouping



Notes:

- 05/13/2019 NYMEX Strip (2019: \$68.48, \$2.72; 2020: \$65.17, \$2.72; 2021: \$62.10, \$2.64; 2022: \$60.23, \$2.63; 2023+: \$59.58, \$2.71)
- Includes plugging and abandonment costs

# Investment Considerations

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## Strong PDP Production and Cash Flow Base

- Low-decline production base of ~840 boepd<sup>1</sup> generating steady cash flow of ~\$750 m/month<sup>1</sup>
- Average 75% WI (72% NRI, 4% burden) and operatorship across 1,914 net acres (100% HBP)
- Robust oil realizations that closely mirror international Brent pricing

## Low-Risk Optimization Opportunities

- Infill new drill and sidetrack opportunities targeting bypassed zones enhance oil recovery
- Brea Olinda Field has a zero royalty burden enhancing new drill economics
- Significant unquantified opportunities to optimize production in 20 plus wells that are currently shut-in

## Existing Infrastructure

- Fully developed infrastructure with ample capacity and central facilities provides economies of scale and simplified field operations
- Mature asset including field office, equipment, and available operational staff enables low-cost, turnkey operations



# Process / Contact Information

## Process

- Transaction effective date of June 1, 2019
- Timing
  - Online VDR available starting May 24, 2019
  - Data room presentations available June 5 – June 26, 2019
  - Bids due on or before July 1, 2019 ("Bid Date")
    - Bid instructions will be provided approximately 10 days prior to Bid Date
- Evaluation materials will include:
  - Maverick 3P reserve report in ARIES and PHDWin
  - Supporting financial, technical, land and operations data
  - Information on key upsides
- Send executed confidentiality agreement and Q&A regarding the assets to [MaverickLABasin@ubs.com](mailto:MaverickLABasin@ubs.com)
- Visit our website at [www.ubs.com/adadvisory](http://www.ubs.com/adadvisory)

## Timeline

### June 2019

S	M	T	W	T	F	S
						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						

### July 2019

S	M	T	W	T	F	S
	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			

- Data Room Presentations
- Bid Date
- Holiday

## Key Contacts

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