

Year-End 2020 Reserve Summary



Year-End 2020 Reserve Summary

- Mesquite's third-party reserve report was prepared by Ryder Scott for the SEC case (additional pricing scenarios updated internally)
- Reserves shown include all of Mesquite's ownership at YE 2020 (including acquired Gavilan assets, but excluding UnSub)
 - Reserve values exclude adjustments for G&A and commodity hedges
- Given low SEC price deck (oil and gas below \$40 and \$2, respectively) and uncertain development activity, no PUDs were booked at YE 2020
 - We expect to re-evaluate PUD bookings at mid-year or year-end 2021 based on commodity prices and activity levels at that time
- Mesquite corporate reserve valuations reflect current marketing contracts but exclude adjustments for UnSub band subsidies
- SEC preparation processes use historic actuals for expense modeling (LTM average in most cases)
- Following commodity market rebound, YE 2020 reserve values are significantly higher when viewed at recent strip pricing

Reserve Volume Summary

	<u>Oil (MBbl)</u>	<u>NGL (MBbl)</u>	<u>Gas (MMcf)</u>	<u>Total (MBoe)</u>
PDP	22,936	19,688	128,110	63,976
PDNP	81	70	408	219
PUD	0	0	0	0
Total Proved	23,017	19,758	128,518	64,194

Reserve Value PV-10 Summary (\$ in millions)

	<u>YE 2020 SEC</u>	<u>YE 2020 Strip</u>	<u>3/22/21 Strip</u>
PDP	\$163.0	\$336.2	\$513.4
PDNP	(0.9)	(0.3)	0.3
PUD	0.0	0.0	0.0
Total Proved	\$162.1	\$335.9	\$513.7

Pricing Case Comparison

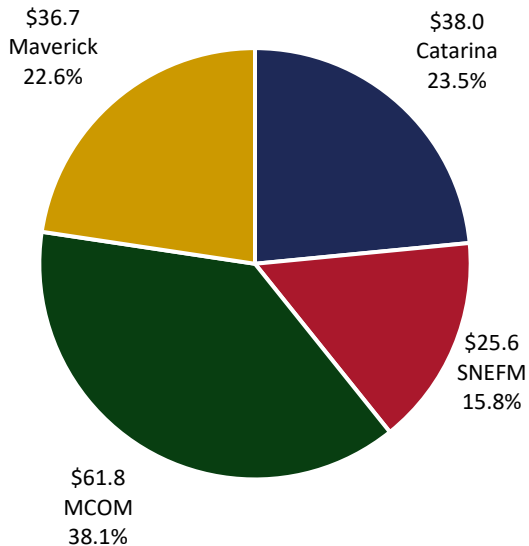
<u>YE 2020 SEC</u>	<u>WTI (\$/Bbl)</u>	<u>HH (\$/MMBtu)</u>	<u>NGL (\$/Bbl)</u>
2021+	\$39.57	\$1.99	\$18.70
<u>YE 2020 Strip</u>	<u>WTI (\$/Bbl)</u>	<u>HH (\$/MMBtu)</u>	<u>NGL (\$/Bbl)⁽¹⁾</u>
First 5 years average	\$46.14	\$2.54	\$19.10
Thereafter	\$44.84	\$2.52	\$18.75
<u>3/22/21 Strip</u>	<u>WTI (\$/Bbl)</u>	<u>HH (\$/MMBtu)</u>	<u>NGL (\$/Bbl)⁽¹⁾</u>
First 5 years average	\$54.25	\$2.59	\$22.26
Thereafter	\$49.94	\$2.83	\$20.98

Year-End 2020 Reserve Summary (Asset Breakdown)

- Below are Mesquite’s year-end reserve values broken out by asset under the three different pricing scenarios shown
 - SNEFM (SN EF Maverick) represents legacy Comanche position (i.e., pre-existing net Comanche position excluding UnSub and UnSub bands)
 - MCOM (Mesquite Comanche Holdings) represents Gavilan’s Comanche assets acquired in 2020

Year-End 2020 SEC

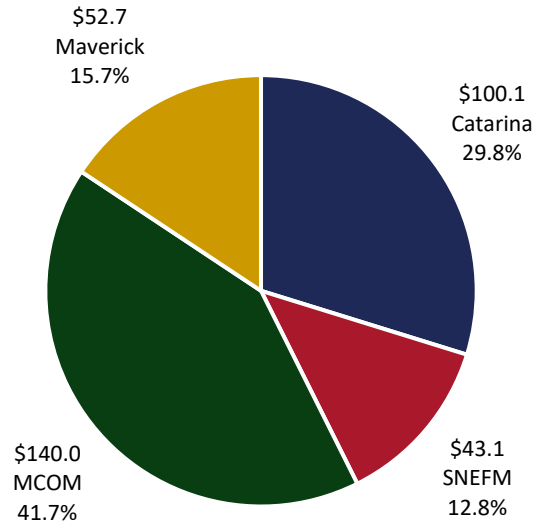
■ Catarina ■ SNEFM ■ MCOM ■ Maverick



Total PV-10 ~\$162.1 MM

Year-End 2020 Strip

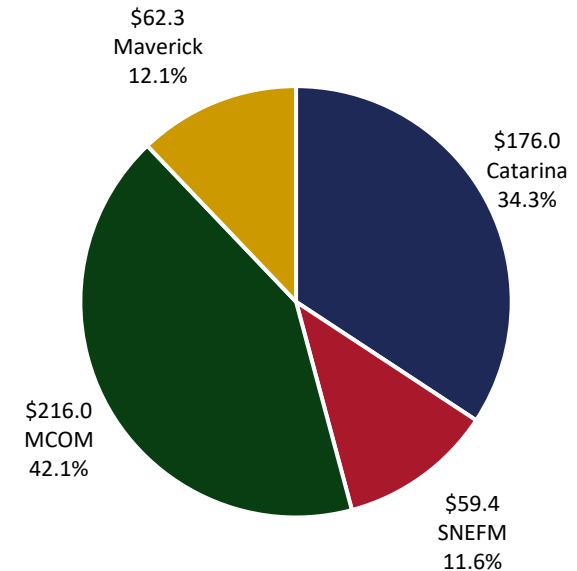
■ Catarina ■ SNEFM ■ MCOM ■ Maverick



Total PV-10 ~\$335.9 MM

3/22/21 Strip

■ Catarina ■ SNEFM ■ MCOM ■ Maverick



Total PV-10 ~\$513.7 MM

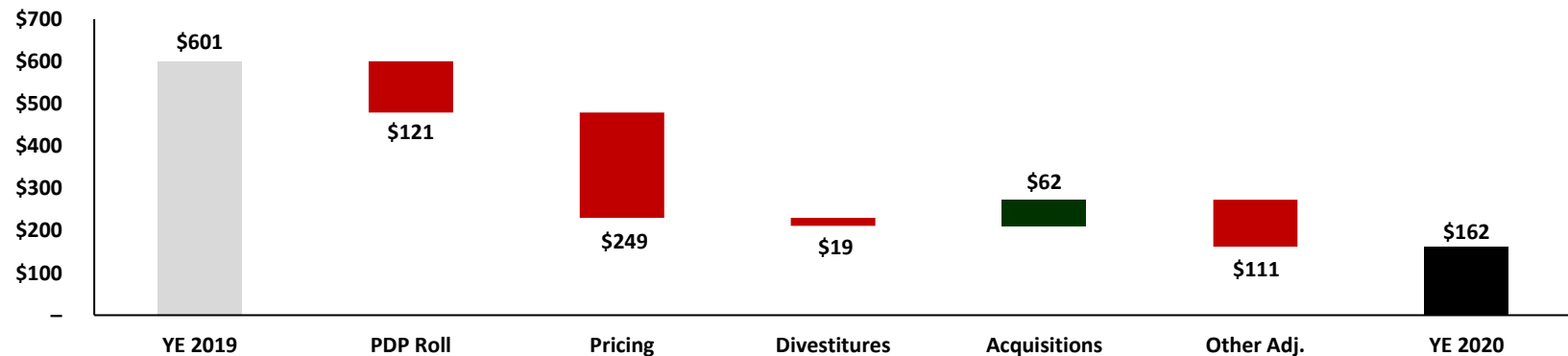
Reserve Reconciliation (Year-End 2019 to Year-End 2020)

- The table below shows the changes in reserve values from YE 2019 to YE 2020 by major category
- PDP Roll is the change in effective date (i.e., the roll-off in production and cash flows during 2020)
- SEC pricing was down materially since last year and represents the biggest driver of reserve value change
 - Oil down ~29% from \$55.69/Bbl to \$39.57/Bbl
 - Gas down ~23% from \$2.58/Mcf to \$1.99/Mcf
- Divestitures include the sale of Palmetto and SR properties during 2020
- Acquisitions reflect the purchase of Gavilan's Comanche assets in 2020
- Other Adjustments primarily reflect the write-off of uneconomic PUDs based on lower SEC pricing (as no PUDs were booked at YE 2020); the PDP line in this category refers to the estimated change in reserve value from shorter economic field life at the low SEC price deck

Reconciliation from Year-End 2019 (SEC)

(\$ in millions)

	YE 2019	PDP Roll	Pricing	Divestitures	Acquisitions	Other Adj.	YE 2020
PDP	\$530	(\$121)	(\$249)	(\$18)	\$61	(\$40)	\$163
PDNP	0	(0)	(0)	(1)	0	(0)	(1)
PUD	71	–	–	(0)	–	(71)	–
Total	\$601	(\$121)	(\$249)	(\$19)	\$62	(\$111)	\$162



Assumptions Comparison (ARIES Database)

- Oil realizations were down across all assets based on actual LTM realizations (including some unprecedented low months in 2020)
- Catarina fixed costs are down significantly from fewer workovers, reduced labor and lower produced water volumes
- Comanche gas gathering is up slightly from contractual rate increases (mainly Springfield gathering contract)

Comanche Input Comparison

	YE 2019	YE 2020
Differentials (to SEC)		
Oil	101%	94%
Gas	108%	103%
NGL (to WTI)	26%	30%
Fixed Opex		
Gross Field Level (\$/Month)	\$4,292,411	\$4,308,582
Gross Well Level (\$/Well/Month)	\$2,374	\$1,965
Total Fixed Opex (\$/Well/Month)	\$4,811	\$4,333
Variable Opex		
Dry Gas (\$/Mcf)	\$0.43	\$0.39
Oil Marketing (\$/Bbl)	\$3.67	\$3.51
Gas Gathering (\$/Mcf)	\$3.32	\$4.05

Catarina Input Comparison

	YE 2019	YE 2020
Differentials (to SEC)		
Oil	100%	84%
Gas	104%	101%
NGL (to WTI)	25%	30%
Fixed Opex		
Gross Field Level (\$/Month)	\$928,824	\$805,488
Gross Well Level (\$/Well/Month)	\$3,000	\$1,749
Total Fixed Opex (\$/Well/Month)	\$5,033	\$3,481
Variable Opex		
Dry Gas (\$/Mcf)	\$0.16	\$0.16
Oil Marketing (\$/Bbl)	\$2.64	\$2.77
Gas Gathering (\$/Mcf)	\$2.57	\$2.69

Maverick Input Comparison

	YE 2019	YE 2020
Differentials (to SEC)		
Oil	107%	93%
Gas	100%	100%
NGL (to WTI)	27%	30%
Fixed Opex		
Gross Field Level (\$/Month)	\$163,819	\$148,927
Gross Well Level (\$/Well/Month)	\$3,575	\$3,058
Total Fixed Opex (\$/Well/Month)	\$6,021	\$5,248
Variable Opex		
Oil (\$/Bbl)	\$0.30	\$0.20
Oil Marketing (\$/Bbl)	\$3.11	\$3.79
Gas Gathering (\$/Mcf)	\$2.26	\$1.96