

Asset Management

CASE STUDY

EAGLE FORD
CLIENT

Background/Challenges

An international firm's US subsidiary had a large non-operating position but had never been the operator of record in the United States. The firm's management worked with NTG Auburn for nearly one year establishing asset management models to engage when and if the team successfully purchased an operated property.

The team was able to win a bid sale for **25 gas wells, 200 million cubic feet per day** in the southern Eagle Ford which included an ongoing drilling campaign.

At that point, the negotiated PSA included penalties if the team could not take over full operations on the property upon closing plus be prepared to take over the current capital campaign within 60 days.

Results/Conclusions

NTG Auburn was prepared to provide the **legal, regulatory, environmental, safety, human resource and payroll, IT, planning and operations** support described more fully in the next pages prior to signing the Purchase and Sales Agreement ("PSA"), post the PSA and prior to closing, and post-closing support.

The acquisition closed on time, saving the client significant dollars rather than requiring a transition agreement with the seller. NTG Auburn's team successfully took over the current one-rig program from the Seller, drilling and completing the new wells on-time and on-budget. The client was able to hire new staff at their own pace as NTG Auburn provided on-call staff for all the initial functions. Today, NTG Auburn and NTG Environmental provide those functions that do not require a full-time equivalent employee or staff.

Eighteen months later, our client acquired a new property in another basin and asked NTG Auburn to provide similar services during the transition of that property.

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2-4 Weeks

Pre-PSA



PLANNING

- Reviewed LOS and related data
- Deliver initial G&A budget
- Post-PSA scope of work and budget
- Reserve and decline curve analysis
- Financial modeling
- High-level commercial revue
- High-level title revue



REGULATORY, ENVIRONMENTAL & EHS

- Desktop Study – Regulatory, Environmental and Health and Safety



OPERATIONS

- Deliver potential field staff optimization options

Notes: Yellow text indicates services available but not conducted for this client

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3-6 Weeks

Post-PSA



PLANNING

- Develop 12-month CAPEX, OPEX, G&A plans and budgets



OPERATIONS

- Defined field surveillance and production reporting/accounting systems and workflows
- Interviewed field staff with Client, offering optimization suggestions
- Site visit focused on understanding operation risk and opportunities



REGULATORY, ENVIRONMENTAL & EHS

- Phase 1 Environmental Study
- Register client as operator of record
- Review field HSE manuals and related documents
- ESG Executive Summary
- Conduct Air Quality Audit
- Remedial Action Review
- EPA Investigation



HR, PAYROLL, ACCOUNTING & IT

- Implement new accounting system
- Implemented new field and office IT system
- **Interview and deliver NTG offer letters to Seller's field employees**



LEGAL

- **Title Study**
- Detail review of sales and marketing contracts
- Managed the execution of ~200 MSA's and contracts

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90 Days

Post-Closing



OPERATIONS

- Management of field staff and vendors per plan
- Identify optimization opportunities
- **Developed a P&A plan for approval**
- Project Managed Capital Programs
- **Reserve Updates**
- **Direct Placement of Client Staff**
- **Operator of Record for certain clients**



REGULATORY, ENVIRONMENTAL & EHS

- Develop/Update HSE plan and implement program
- RRC Transfers & Filings
- Air Quality Compliance & Transfers
- Create or update SPCC plans
- Air Quality Compliance Audit



ONBOARD FIELD AND OFFICE STAFF

- Responsible for all payroll processes
- Manage HR issues as they arise
- **Provide WEX cards for fuel and maintenance of Client vehicles**
- **Provide vehicles and tools for field personnel**



ACCOUNTING & FINANCE

- Provide financial system, controller and staff to perform all services
- Report finances as required by Client



TRANSITION SUCCESS

- Covered key functional positions until client was able to hire internally
- Client hired NTG Auburn as contract operator for their next acquisition

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