

Asset Management

CASE STUDY

MIDLAND BASIN
CLIENT

Background/Challenges

A private equity backed team of 2 executives had been working with NTG Auburn for nearly one year establishing asset management models to engage when and if the team successfully purchased an operating property.

The team was able to negotiate directly with a seller (no bid process) for 500 wells, 21,000 BOE/day in the Midland Basin. At that point, the team had not set up a legal entity to buy the properties and the negotiated PSA had penalties if the team could not take over full operations on property closing which was 90 days away.

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 transitional agreement with the seller. Transition of staff from NTG to the client began 90 days after closing with NTG still providing functions that are only needed part-time.

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OCT - NOV

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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DEC - FEB

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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MAR - MAY

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

- Subsurface staff from Seller transitioned to Client employment after trial period
- Moved 6 outside contractor staff to NTG at lower cost

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