

INEXS has 25 years of experience providing technical expertise and independent assessments of "Realizable Economic Value" of a company's oil & gas reserves.

Hiring INEXS brings expertise in geology, geophysics, reservoir engineering, drilling and production operations to independently assess the potential value of hydrocarbons in the ground, a company's effectiveness in drilling and producing those hydrocarbons, and lifetime costs of production. The result is a comprehensive study and go-forward plan detailing the strategy to extract the highest value from the assets.

### Challenges to Third Party Assessments and Values

- Traditional third party reserve reports are often assembled quickly, with little due diligence, and may be influenced by the client company.
- Third party reserve reports often have no risks associated with drilling and flowing proven non-producing (PDBP, PUD, PDSI) reserves – both technical and mechanical risks.
- Some management teams become so enamored with their drilling prospects and portfolio they find it difficult to evaluate them dispassionately and objectively.
- Some companies and management teams have difficulties communicating technical information in a manner that can be translated easily into financial terms and may overlook key risks or costs associated with finding and developing new opportunities.

### Solutions

- As part of a complete technical review process, INEXS creates a summary report that is a P50 most likely outcome focused on defining and implementing the highest value field operations to maximize cash flow, through the process of generating an independent risk weighted NPV-10 / Investment value for all non-producing future well operations – including Probable and Possible reserves.
- INEXS provides complete technical project management, with teams that evaluate the technical data, deliver the summary report, with options to implement the drilling, production, abandonment and environmental operations, and deliver the results efficiently and cost effectively.

### Portfolio Evaluations

INEXS independently evaluates the realizable economic value of a portfolio of assets and assesses the current production performance and recommends enhancements to improve results.

- Review third party engineering reports. Confirm technical support for all proven reserves. Check support for acreage, reservoir thickness, porosity, water saturation, pressures.
- Import database. Independently re-pick decline curves on relevant wells.
- Review full presentation of portfolio, identify high value wells, and wells with insufficient support data, then meet with technical team to resolve.
- Generate risk assessment for recoverable reserves and apply these risk factors to create a risked reserve value for all non-producing and undeveloped locations.
- Use identified risk values to identify the high value opportunities, and to downgrade those below key threshold ratios.
- Build full recompletion and drilling schedule to capture all of the high value non-producing and undeveloped locations, and define the investment necessary to complete the program.
- Review field operations to identify possible improvements to reduce downtime, lower lease operating expenses, increase field level efficiencies, and maximize value.
- Generate full written report including complete well database, along with the field recompletion and drilling schedule of field operations over the next several years to maximize the value of the entire portfolio.

### Field Operations Management

- Partner / Client owns PDP assets or PDP producing company.
- INEXS engineers manage all field operations.
- INEXS evaluates operations and recurring costs.
- Aggressively renegotiates field level service costs.
- Optimizes field operations, pumps, gathering, water disposal.
- Operates production on longer term hold pattern with minimal capital costs.
- During hold pattern, conduct detailed careful field evaluation for further drilling.
- As commodity prices increase, conduct infield drilling and production enhancement operations.
- Accelerate production and revise 3<sup>rd</sup> party reserve report.

## A&D Assistance

### Acquisitions

INEXS independently assesses the current value and potential incremental value of acquisition properties in addition to identifying potential risks of investment by completing the workflow.

- Identify geologic trends and targets to assist acquisition.
- Classify target fields and analog fields prior to data room review .
- Focus due diligence on added value and exploration upside.
- Determine asset “spread” so that the 80/20 rule or 60/40 rule can be applied.
- Focus G&G evaluation on high-value assets.
- Assist in risk and reserve analysis.
- Provide final written recommendations in a comprehensive report .

### Divestitures

INEXS identifies assets, provides technical recommendations on how to enhance the assets to attract buyers, provides estimated market selling value, estimated time to sell and assists or markets the asset packages through virtual/physical data rooms, buying/selling events, trade publications, identification of potential clients and in house client presentations. Our goal is to place added value on upside potential.

- Complete diligence prior to initiating the offering.
- Work with client to determine which assets to consider in the package.
- Staff both virtual and physical data rooms.
- Review resources and identify exploration opportunities.
- Evaluate PDP, PNP and PUD, and identify the potential for including additional exploration assets in the PUD category.
- Identify potential buyers, prepare presentation material and present the prospects, minimizing disruptions to seller’s staff.
- Respond quickly to questions and data requests.

### Restructuring

- INEXS has extensive experience providing consulting services for both the Debtor and Creditor sides during a company's restructuring. INEXS provides acreage and asset valuations, expert witness testimony, and company evaluations for ad-hoc creditor committees using both public and proprietary data.

## Integrated Field Studies

- Identify all data relevant to the field.
- Cross-check all well locations, deviations, KBs, TDs, perforations, production from each perf interval, pressures, etc.
- Correlate all TVD well logs and tie to the 3D seismic data.
- Sort all well production by API and perf interval.
- Conduct fault and horizon interpretations.
- Depth-convert seismic time surfaces using laterally and vertically varying velocities.
- Generate well, seismic and map attributes and correlate to structure.
- Use reservoir thickness, porosity, content and structural closure to determine hydrocarbons in place and recoverable reserves.
- Compare the hydrocarbons produced from a fault block or reservoir to the calculated EUR, and determine if additional drilling or side-tracking potential would be cost-effective.
- Design well trajectory and location of targets and faults to allow for testing of multiple targets with a single optimal trajectory.
- Integrate drilling results with all data.
- Prepare concluding reports that quantify individual reservoir production and remaining potential.

