R&R Royalty, LTD

Vernon Parish, LA

A Look at Modern vs. Vintage Completion in Tyler County and Vernon Parish

Key Contact

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Conclusion

Based on proven offsets and witnessing prolific performance of modern Austin Chalk wells in Tyler County, R&R Royalty's Vernon Parish 14,295 acre leasehold offers premium acreage for developing the Austin Chalk formation using today's technology.

Key Highlights

- Vintage Austin Chalk Production Performance in Vernon Parish is Superior to Tyler County
 - Vernon Parish wells outperform Tyler County by 2.5x in first 36 months (MBOE 20:1)
 - 3x more oil in Vernon Parish wells
- Similar Drilling & Completion Techniques for Fair Comparison and Economics
 - Lateral lengths: ~4300' | TVD 13,800 14,500'
 - No frac upon completion
- R&R's Large Contiguous Block of Acreage Offers Capacity for Modern Wells with Longer Laterals, Bigger Fracs, Low Drilling Pressures, and Ultimately Enhanced Production
 - 14,295 federal acres
 - Navidad's Hancock #1H modern Austin Chalk well outperforms vintage Tyler County offsets by 6X (MBOE 20:1) in 19 months (First Prod Date: 1/1/2020)
 - 50% longer lateral than its offsets
 - Frac completion vs vintage completion style (open hole, slotted liner, etc.)

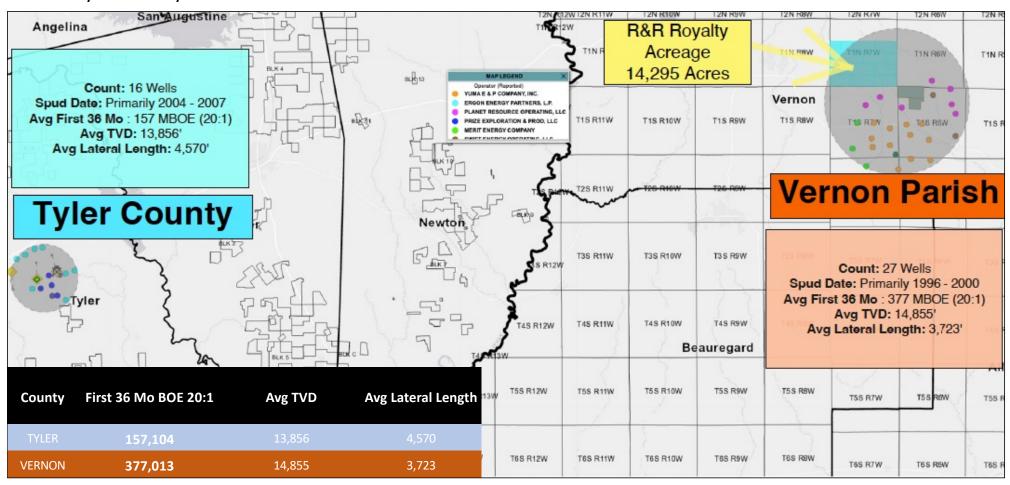
Acreage Position – Vernon Parish, LA 14,295 Acres | Exp 2025+

T1N R7W & T1S R6W

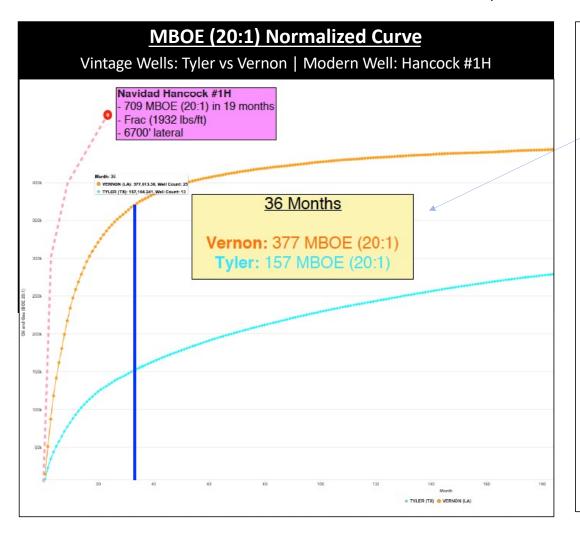
25	30	23	T2N	R8W	20	25	30	23	T2N	R7W	20	25	30	29	28 T2N	27 R6W	26
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13	•	600,000 - 700,000 - 800,000 -	800,000			13	18	17	16	15	14	13	18	17	16	15	14
24		900,000 - 1,000,000	1,000,000 - 1,200,0			24	19	20	21	R7W 22	23	24	19	20	T-1-N -	22	23
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w			rosby #1 14 Mbbl	Huc	dson 2	Mario	le 14	Goin:	s 7	R7W	23	2 4	19	20	T1S	R6W 22	23
_	Total (Gas 31	1 MMC	361	MMCF	360 N	MCF	247 M	MCF	27	26	25	30	29	28	27	26
			'97 - 1/0 19,060'		7 - 1/04 5,875'	18,5	-	17,95		34	35	36	31	32	33	34	35

Austin Chalk - Vintage Well Details

Tyler County vs. Vernon Parish



Austin Chalk - Well Performance Comparison



Highlights

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 - Vernon Parish wells outperform Tyler County by 2.5x in first
 36 months (MBOE 20:1)
- Navidad's Hancock #1H modern Austin Chalk well outperforms vintage Tyler County offsets by 6X (MBOE 20:1) in 19 months
 - Modern completion on Vernon Parish acreage possesses even higher upside potential than Navidad Hancock 1H due to proven superior performance from vintage offsets

BOE 20:1 Prod	Well or County							
Month	HANCOCK #1H	TYLER (TX)	VERNON (LA)					
19	708,713	120,613	315,359					

County	Avg TVD	Avg Lateral Length	Avg Proppant/ft (lbs/ft)
TYLER	13,856'	4,570′	0
VERNON	14,855'	3,723′	0
HANCOCK #1H	13,645′	6,728′	1924