Building an Integrated Business in North Louisiana
Fred Bakun: President Indigo Natural Resources
PLANO, February 19, 2020
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Reserves This presentation provides disclosure of Indigo’s proved, probable and possible reserves. The reserves estimates in this presentation are estimated using the reserve recognition methodologies and pricing assumptions described herein; which may not be consistent with the SEC’s reserve recognition standards and pricing assumptions. We may use the term “expected ultimate recoveries” (“EURs”) or other descriptions of volumes of reserves, which terms include quantities of oil, natural gas and NGLs that may not meet the SEC’s definitions of proved, probable and possible reserves. Unless otherwise stated in this presentation, such estimates have been prepared internally by our engineers and management without review by independent engineers. Estimates of probable and possible reserves are by their nature more speculative than estimates of proved reserves and accordingly are subject to substantially greater risk of being actually realized, particularly in areas or zones where there has been limited or no drilling history. We include these estimates to demonstrate what we believe to be the potential for future drilling and production by Indigo. Actual locations drilled and quantities that may be ultimately recovered from our properties may differ substantially from the estimates in this presentation. In addition, we have made no commitment to drill all of the drilling locations identified in this presentation. Ultimate recoveries will be dependent upon numerous factors including actual encountered geological conditions, the impact of future oil, natural gas and NGL pricing, exploration and development costs, and our future drilling decisions and budgets based upon our future evaluation of risk, returns and the availability of capital. Our estimates may change significantly as development of our properties provides additional data and therefore actual quantities that may ultimately be recovered will likely differ from these estimates. Our related expectations for future periods are dependent upon many assumptions, including estimates of production decline rates from existing wells, the undertaking and outcome of future drilling activity and activity that may be affected by significant commodity price or cost changes.

Market Data and Statistical Information Certain data and other market information used in this presentation are based on independent industry publications, government publications and other published independent sources. Although we believe these third-party sources are reliable as of their respective dates, we have not independently verified the accuracy or completeness of this information. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, which could cause our results to differ materially from those expressed in these third-party publications.
North Louisiana / East Texas Overview

Basin Overview

- World class resource base
  - 304 Tcf of resource per USGS\(^1\)
  - 2.0+ Bcf/1,000 ft
- Stacked pay
  - Haynesville, Bossier and Cotton Valley targets
- 41 active drilling rigs\(^2\)
  - Private and public operators
- Premium product pricing
  - Proximity to the U.S. Gulf Coast’s LNG export and petrochemical demand

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\(^1\) 304 Tcf of Bossier and Haynesville resource per a United States Geological Survey report dated April 2017.

\(^2\) Rig data per Baker Hughes 2-7-2020.
Basin Transformation

Haynesville Basin Gross Gas Production

- **2007 - 2008**
  - Haynesville Discovery
- **2009 - 2012**
  - Acreage Capture
  - Rapid Development: A Well in Every Section
- **2013 - 2016**
  - The Lean Years
    - Low Gas Prices
    - Low Rig Count
    - Testing New Techniques
- **2017 - Today**
  - Resurgence: The “New” Haynesville
    - Growing Production
    - Adoption of Longer Laterals
    - More Proppant

**Record Basin Production:** ~11.4 Bcf/d

- <500 wells to grow by ~7 Bcf/d
- ~3,000 wells to grow by ~7 Bcf/d

**Average EUR per 1,000 Ft (Bcf)**

**Average Horizontal Lateral Length (Ft)**

**Proppant per Well (MM lb)**

**Well Count**

**Average Gas Production**

- 2007 - 2008
- 2009 - 2012
- 2013 - 2016
- 2017 - Today

- Cotton Valley Production
Indigo Natural Resources
Indigo Today

- 4th largest private U.S. E&P company
- 50/50 Midstream JV acquired by DTE Energy for $2.65 Bln in December 2019
- Well hedged with a strong balance sheet
- Headquartered in Houston

### Company Overview

- **Net Production**: 923 Net MMcfe/d\(^{(1)}\)
- **Gross Production**: 1,294 Gross MMcfe/d\(^{(1)}\)
- **Proved Net Reserves**: 4.7 Tcfe / $2.4 B PV-10\(^{(2)}\)
- **3P Net Reserves**: 17.2 Tcfe / $4.8 B PV-10\(^{(2)}\)
- **Gross Operated Core Horizontal Locations**: 1,724\(^{(3)}\)

### Indigo Asset Overview

\(\text{(1)}\) Wellhead production as of 11/11/2019.

\(\text{(2)}\) NSAI reserves and PV-10 as of 12/31/2018 based on NYMEX pricing. 5-year average NYMEX Pricing of $2.696 / MMBtu HHUB and $50.04/ Bbl WTI.

\(\text{(3)}\) NSAI estimated locations based on 12/31/2018 NYMEX pricing. Includes only Haynesville, Bossier and Holly Vaughn locations. Excludes 219 Cotton Valley Other locations.
Indigo Vision: 2015

Build and Integrated Production and Midstream Company

2015
- Indigo focused on a single horizon
- No material midstream presence

Present Day
- Expanded acreage position in NLA
  - 450,000 net acres; targeting multiple horizons
- Large scale integrated midstream business
Indigo's goal to grow to 1.0 Bcf/d production company

**Organic Growth Requirements**

- Aggressive drilling program
- Efficient completions
- Midstream infrastructure
- Water solutions
- Low cost sand

**Target 1 Bcf/d**
Active Drilling Program

- One of the most active drillers Louisiana
- Running 5 rigs
- Drilled 48 wells with over 8,000’ of lateral
- Average lateral ~7,000’ in 2019
**Completion Efficiency**

**Increasing stimulation intensity**

- Average 2 full time stimulation crews
- Placed 2,577 stages in 2019
- Utilized 1.36 bln pounds of proppant in 2019
- Most efficient completions operation in the basin

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**Completing 50+ wells per year**

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<th>Wells Completed Per Year</th>
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<tr>
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<tr>
<td>2015</td>
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<td>2018</td>
<td>30</td>
</tr>
<tr>
<td>2019</td>
<td>35</td>
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**Increasing Proppant Usage**

<table>
<thead>
<tr>
<th>Year</th>
<th>Proppant Utilization (Mlbs/Year)</th>
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<tbody>
<tr>
<td>2014</td>
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<tr>
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</tr>
<tr>
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Growing Volumes and Reserves

600% increase in operated production from 2016 to 2019

- Averaged appx 1.3 BCFD gross in 2019
- Proved reserves of 4.7 TCFe

Growing Volumes (LA Operated)

![Gross Production MMSCFD and Proved Reserves TCFe charts]

2015, 2016, 2017, 2018 NSAI NYMEX YE Reserves
Building Midstream Infrastructure

- Gathering system currently provides lean gas and rich gas gathering and treating services with 1.5 Bcf/d capacity
- Freshwater supply and produced water disposal
- Local proppant supply with 1.5 MMTPA capacity
- LEAP: 36" line providing gathering and redelivery to southwest LA markets

Greenfield gathering system provides runway for growth

**Gen6 Sand Mine**

**Sabine Plant CO2 & H2S Treating Facility**

**Fresh and Produced Water Services**
Indigo Execution

Delivering growth

- One of the largest Haynesville operators
- 450,000 effective net acres
- 176 employees

- Large scale midstream system
- Gathering, treating, fresh and produced water and local sand
Indigo: Key Highlights

- Fourth Largest Private E&P in the U.S.
- Top Tier Natural Gas Resource
- Conservative Financial Profile
- Low Leverage with Strong Hedge Book
- Targeting Free Cash Flow in 2020