

Board Meeting

December 12, 2023

Stephanie Barber-Renteria & Chanse Rinderknecht
Energy & Minerals

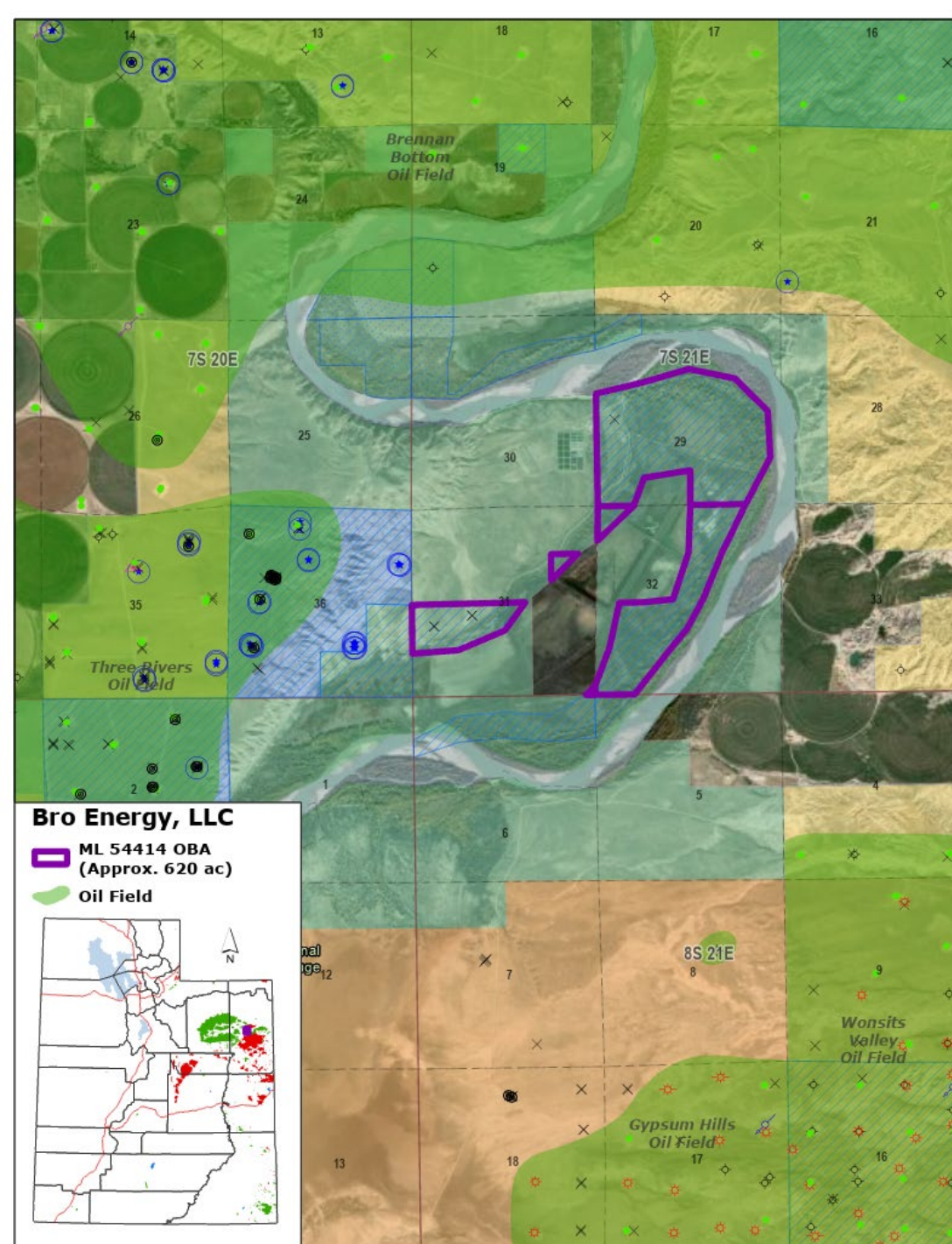


International Petroleum, LLC (Bro Energy) Sand Bar OBA

Area

- 7S-21E, Section 29: LOTS 5, 6(30.00), 7(32.00), 8(9.10), 10(29.00), 11(37.30), 12(13.00), 13(40.00), 14(19.00), N2SW4, NW4SE4 [LOTS] AKA PART OF S2S2N2, PART OF S2SW4, PART OF NE4SE4, PART OF S2SE4]
- 7S- 21E, Section 31: LOTS 5(6.27), 6(5.40), 7(32.00), 8(36.90), 9(0.08) [AKA PART OF NW4SE4NE4, PART OF N2SW4, PART OF NW4NW4SE4, PART OF SE4SE4SE4SE4]
- 7S- 21E, Section 32: LOTS 1(39.00), 2(11.23), 3(29.00), 6(4.55), 7(37.25), 8(22.80), 9(46.20) [AKA PART OF NW4NE4, PART OF SW4NE4, PART OF NW4NW4, PART OF SE4NW4, PART OF SW4, PART OF NW4SE4]

Total Acrage 619.08 acres

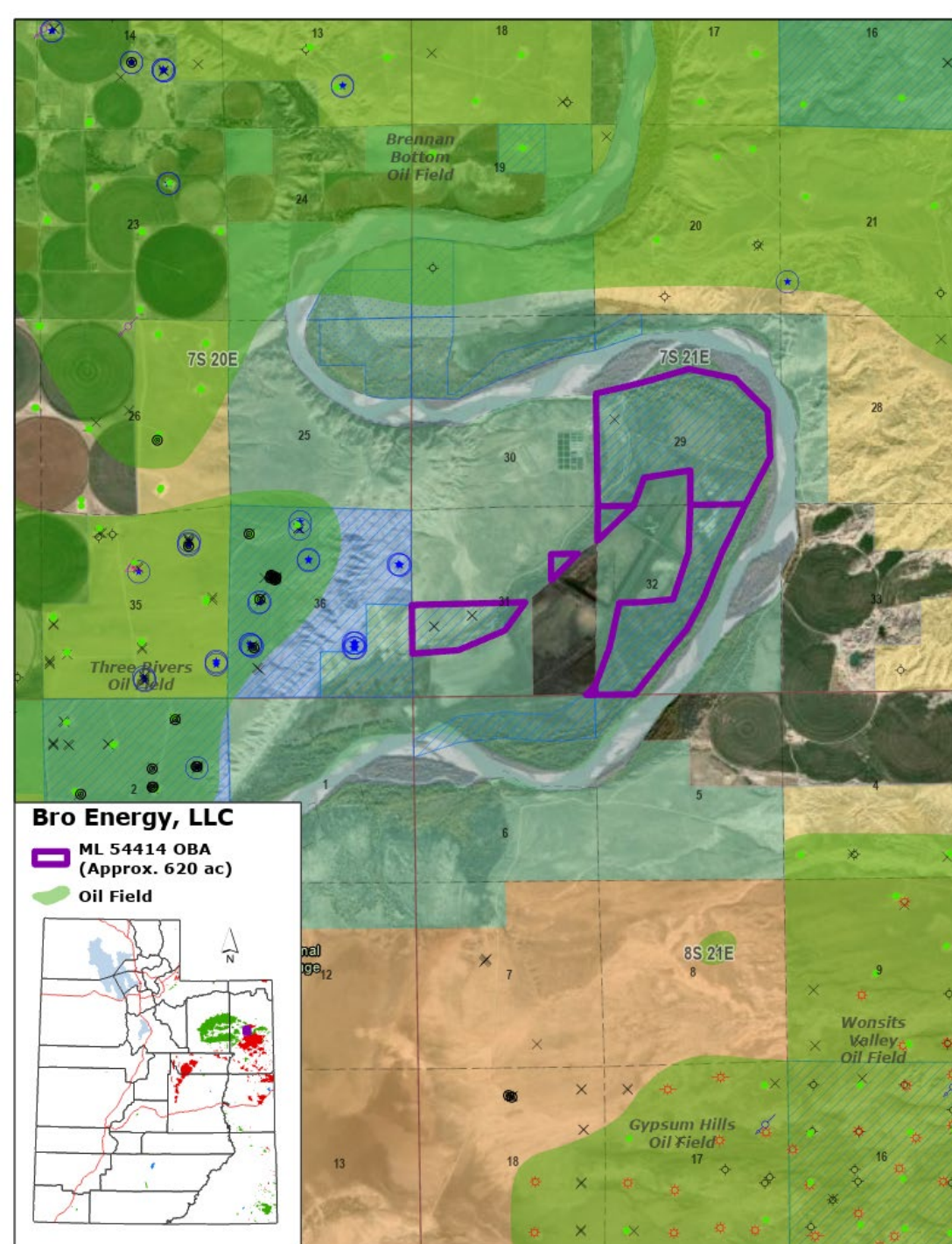




Terms of the OBA

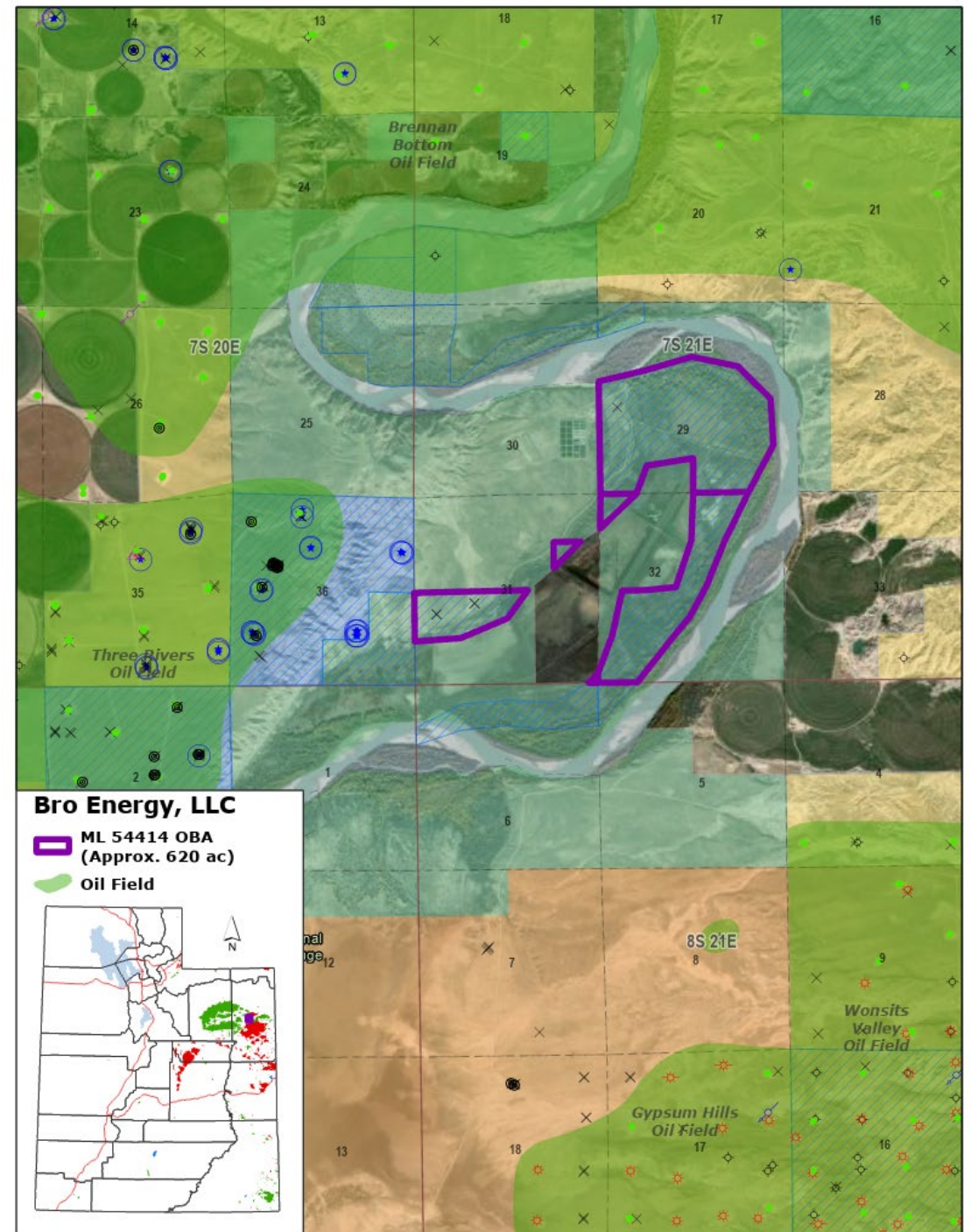
Sand Bar OBA Terms

- Total 619.08 Acres
- Paid-up bonus payment of \$107.28/acre (\$66,414.9)
- Five-year primary term
- 1/6th royalty rate
- Drilling must occur within 30 months of fully executed lease or International Petroleum pays TLA \$125,000 in penalty



Benefits to TLA

- International Petroleum thinks outside the box
- Good bonus payment and royalty rate
- Drilling commitment forces action
- A well/production or receive a generous penalty payment



Requested Agency Action

The agency requests that the Board approve the OBA and offers the following proposed motion:

“I Move to approve the Sand Bar OBA on the terms set forth in the Board Memorandum and to have the agency take all further actions necessary to finalize the transaction.”

Robert Bayless Producer, LLC Previous OBA's

Wells and Production

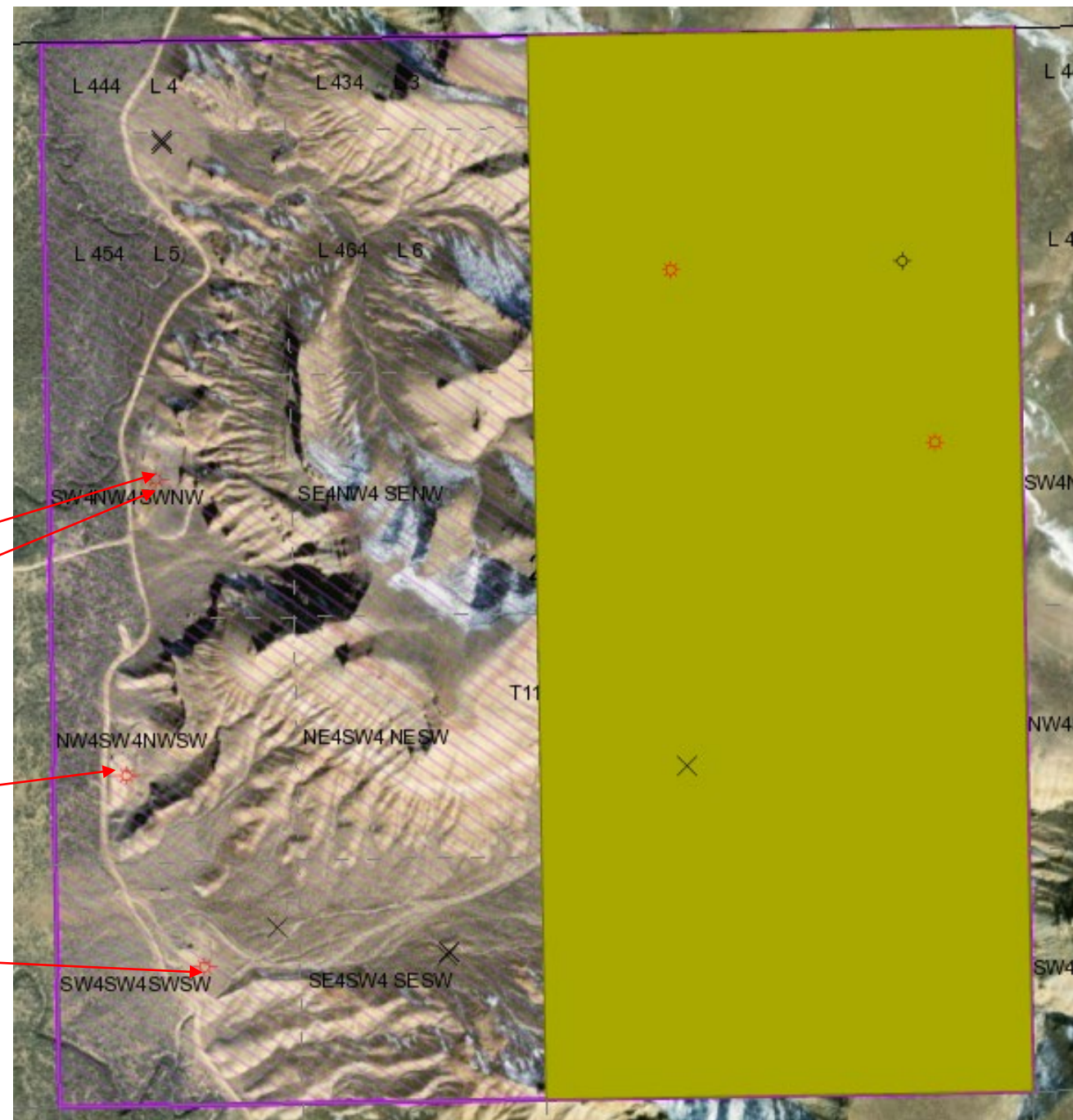
Archy Bench OBA- ML 54378

T11s, R22E, Section 2

Lots 3, 4, 5, 6, S2NW4, SW4 [LOTS AKA N2NW4

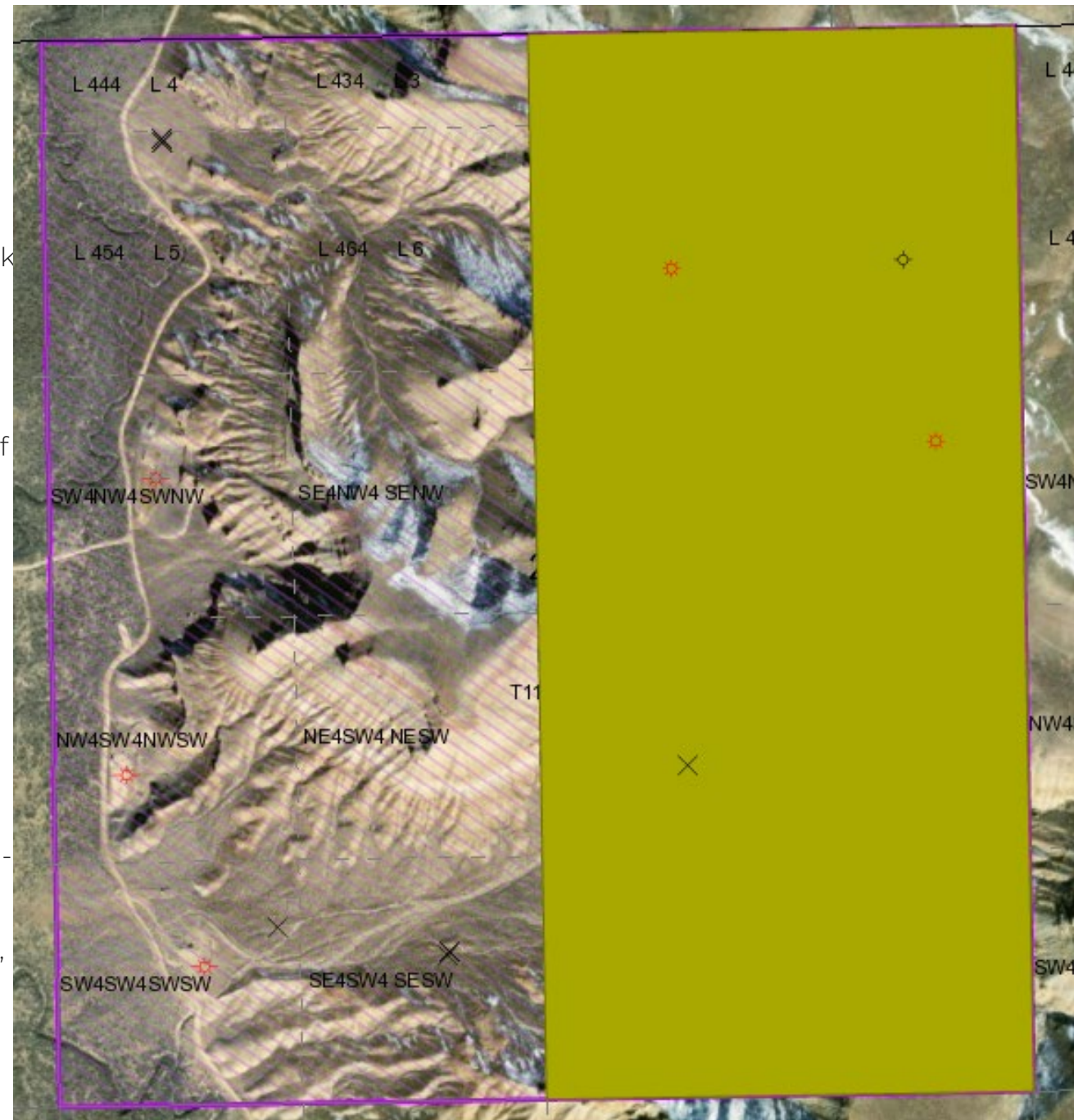
Uintah County

- Archy Bench 11-22-12-2
- Archy Bench 11-22-22-2
- Archy Bency 11-22-13-2
- Archy Bency 11-22-14-2



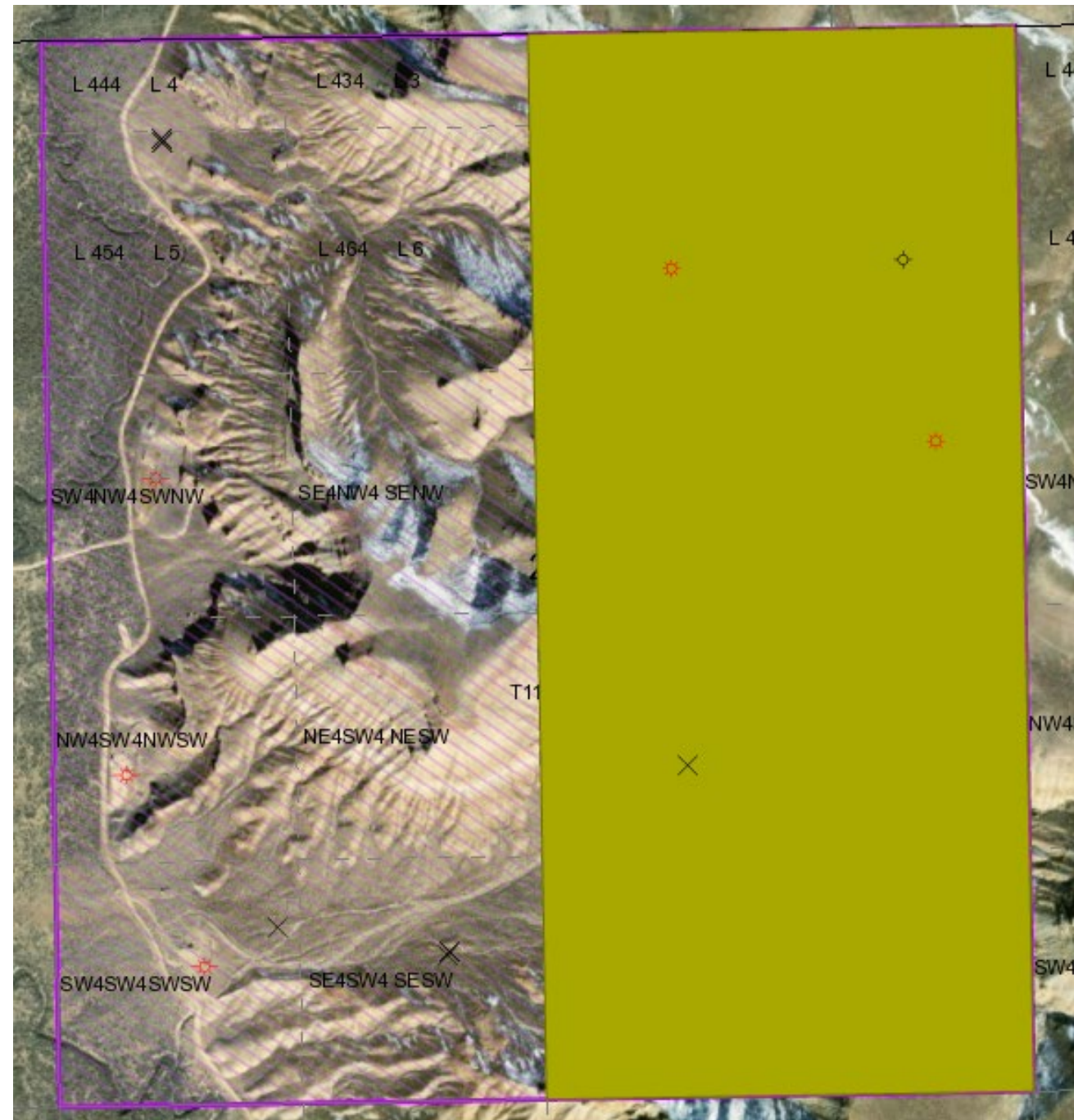
Repairs

- We have replaced 1x 300bbl tank on the Archy Bench 11-22-13-2 and 1x 300bbl tank on the Archy Bench 11-22-22-2/11-22-12-2 well pad. A 300bbl tank was removed on the Archy Bench 11-22-22-2/11-22-12-2 well pad, as it was no longer needed
- A new hatch was installed on a 300bbl tank on the Archy Bench 11-22-14-2
- All tanks on locations were fitted with new 4" valves in the front and back of the tanks
- Solar trace pumps were installed at each location
- Solar methanol pumps were installed at each location
- Solar methanol pump was installed at the Archy Bench CDP
- The Archy Bench 11-22-13-2 PCS 4000 had to be replaced with a PCS 1000. We also replaced a PCS 4000 on the Archy Bench 11-22-22-2/11-22-12-2 well pad with a PCS 1000
- Initially, a bad section of sales line pipe was observed on the Archy Bench 11-22-22-2/11-22-12-2 and had to be replaced
- Generally, a lot of repair and maintenance was done on all treaters (nipples, valves, etc.) and burners on all well locations
- Corrosion/scale chemical and pump has been hooked up on the Archy Bench 11-22-14-2



Production

- Archy Bench 11-22-14-2: This well was brought on initially and flowed for a couple weeks averaging 150 MCFD at the end of October and beginning of November
 - There is always a chance of additional issues with the surface equipment or downhole, and may have to shut back in until problems are resolved
- Archy Bench 11-22-13-2: This well is currently producing an average of 60 MCFD
- Archy Bench 11-22-22-2: The well is currently producing ~50 MCFD
- Archy Bench 11-22-12-2: This well is currently producing ~50 MCFD



Robert Bayless Producer, LLC

Rock House OBA



Area

ML 54411 OBA

10S-22E, Section 36: N2NW, NE, S2 – approximately 560 acres

ML 54412 OBA

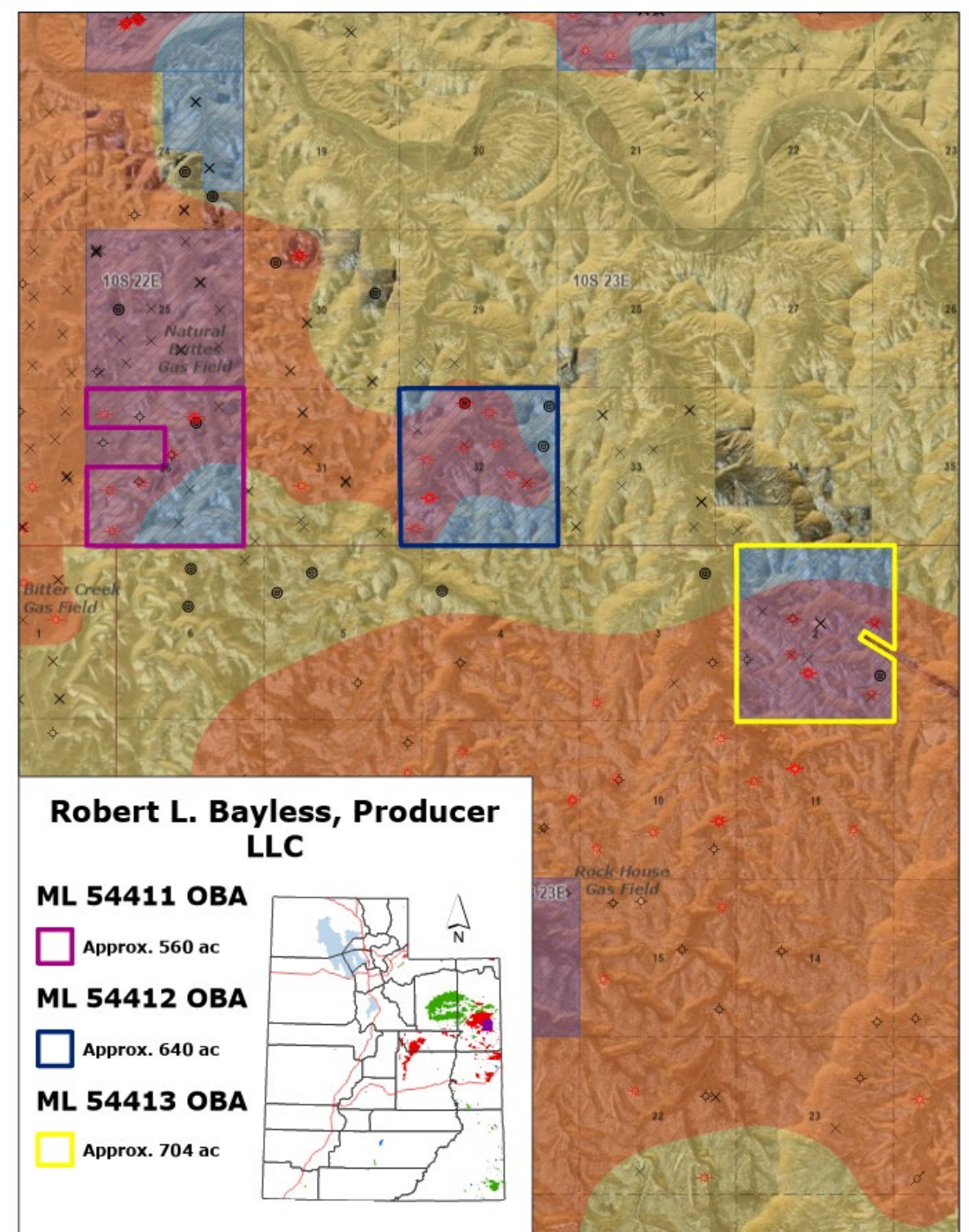
10S-23E, Section 32: All – approximately 640 acres

ML 54413 OBA

11S-23E, Section 2: Lots 1-10, SWNE, S2NW, SW, W2SE, SESE (All)

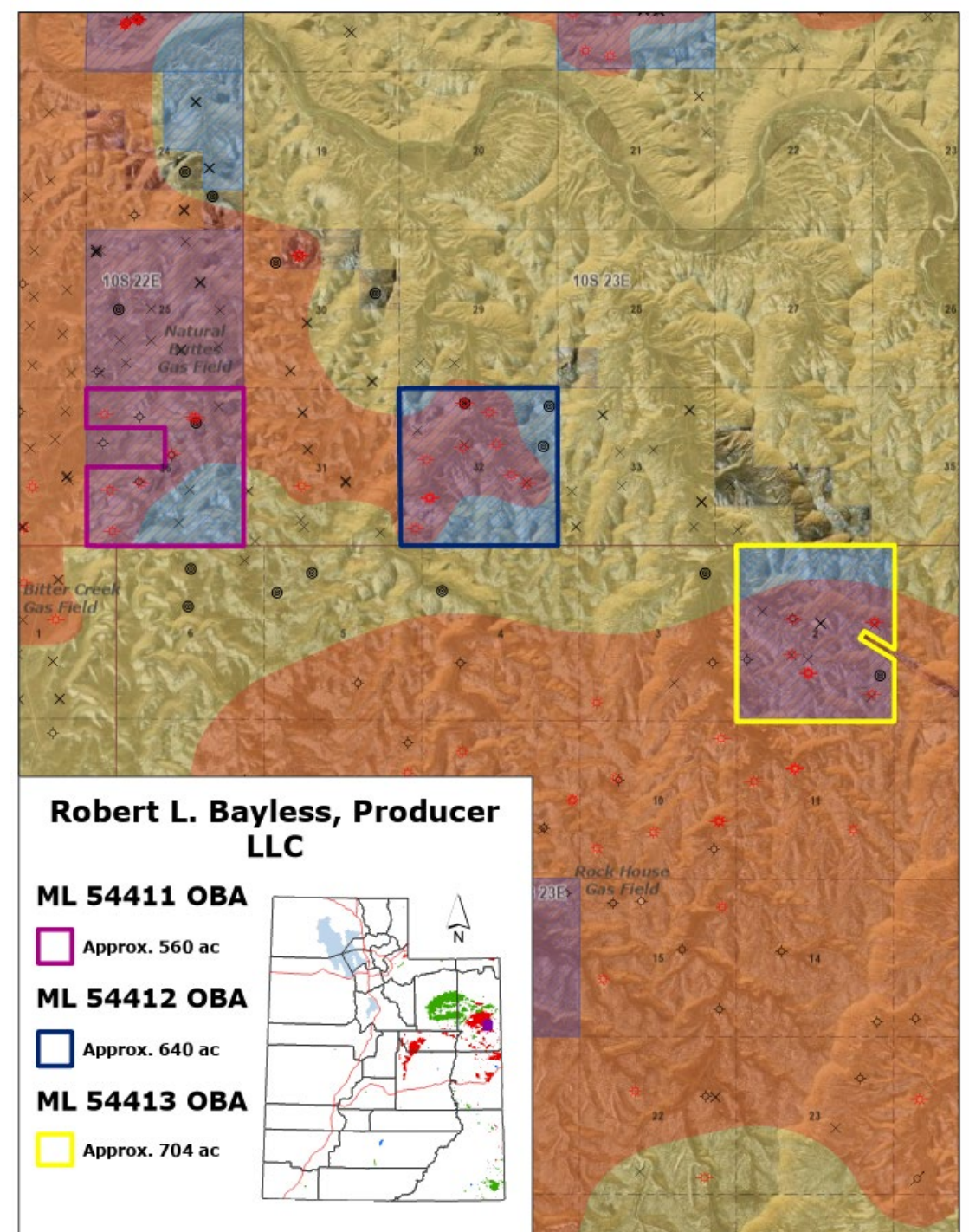
approximately 704.21 acres

Uintah County



Background

- The proposed lands and associated wells were previously operated by Enduring Resources and then assigned to Weststar Exploration in April 2018
- These Leases were terminated June 28, 2021, due to lease violations and the bankruptcy of Weststar
- There are 28 gas wells that have been shut in since March 2021
- The Utah Division of Oil, Gas & Mining and our E&M team had multiple conversations with potential operators

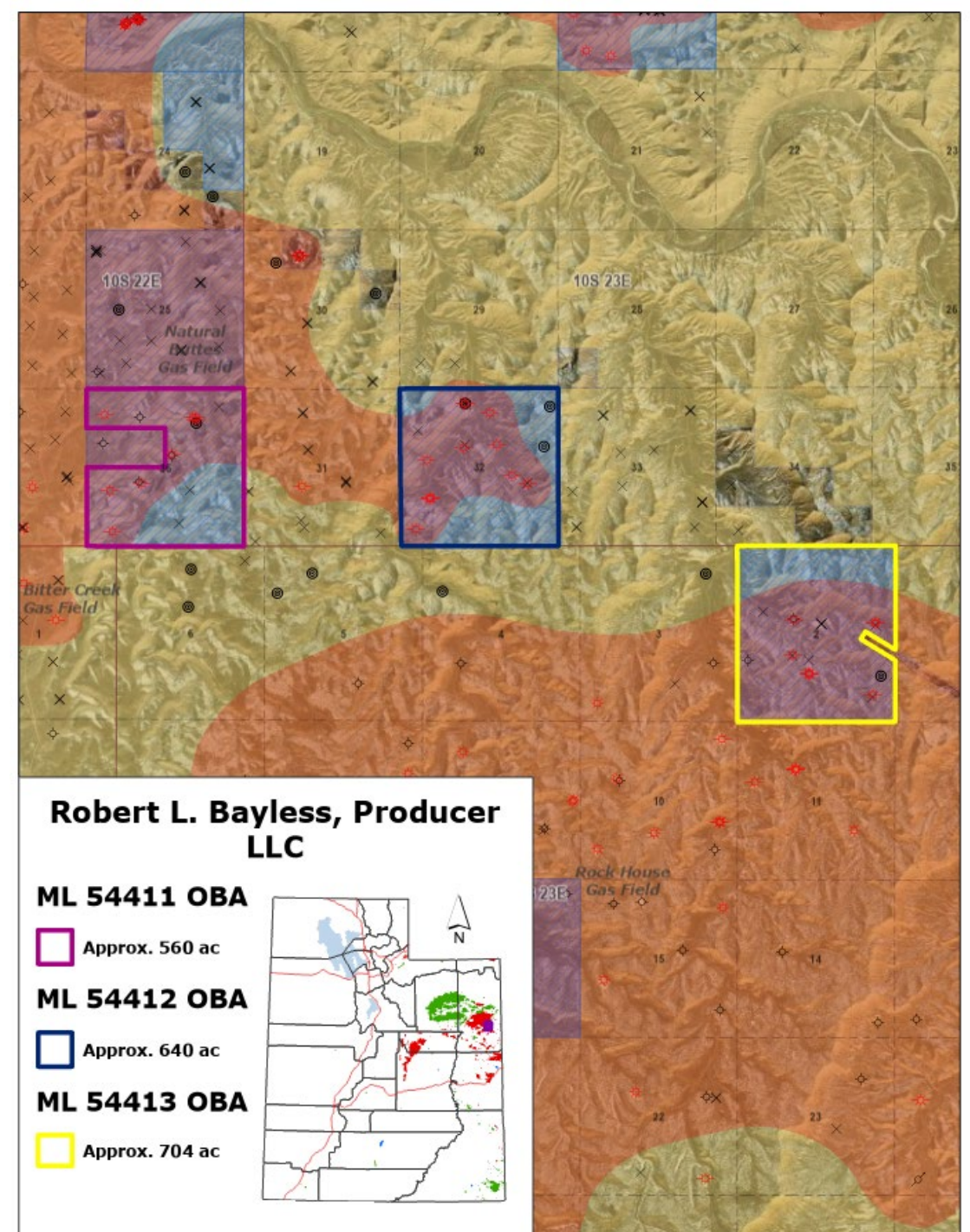




Terms of the OBA

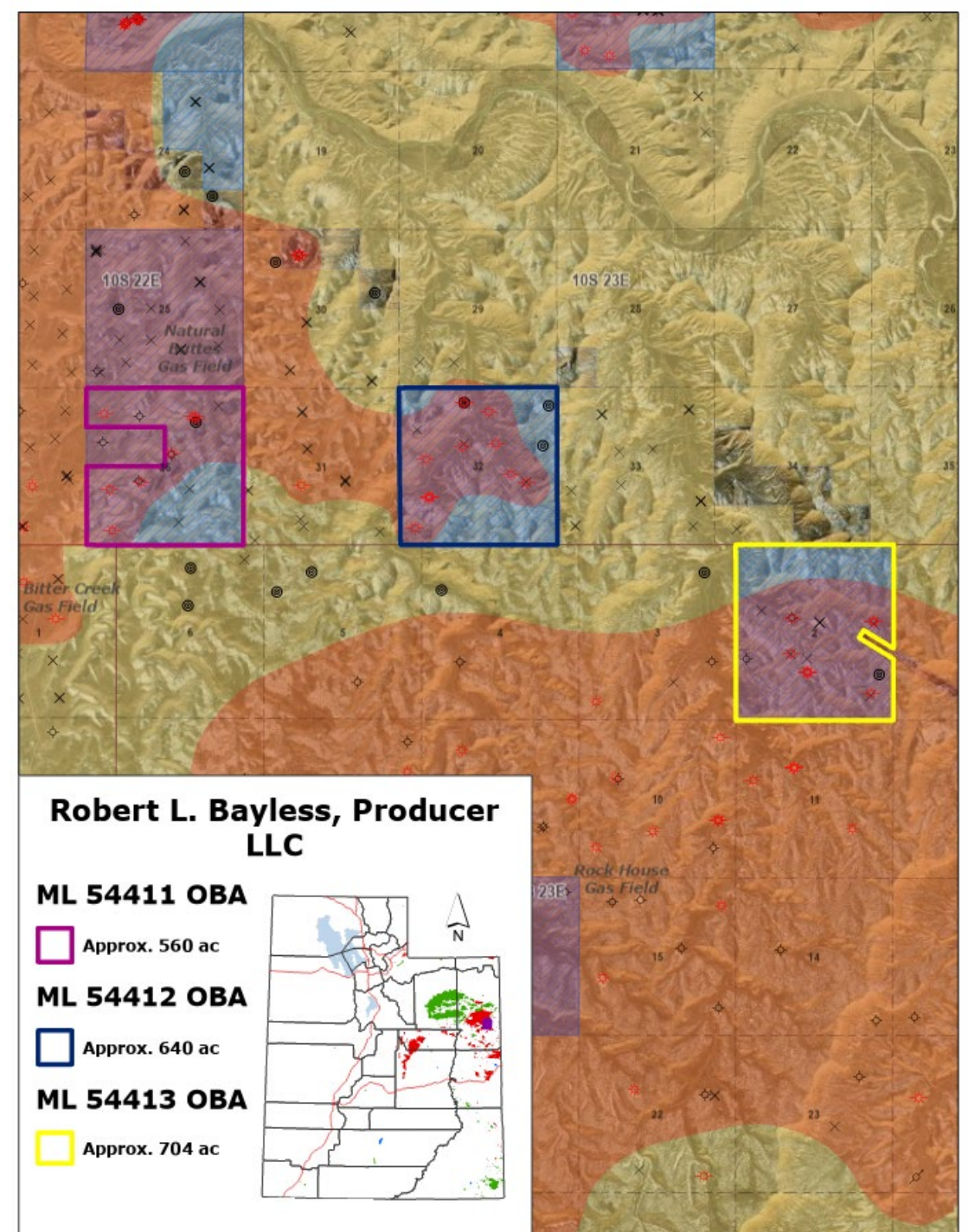
OBA Terms

- Bayless will take over and operate the 28 gas wells
 - They will have one year to determine and elect which wells are able to producing paying quantities
- The wells that are capable of production will be put on-line, and Bayless assumes all plugging liability
- Bayless will operate and produce from at least one well on each of the three leases
- Bayless will work with DOGM to manage a plugging and abandonment program for the wells deemed uneconomic (This must take place within 24 months of the year mark of the effective lease)



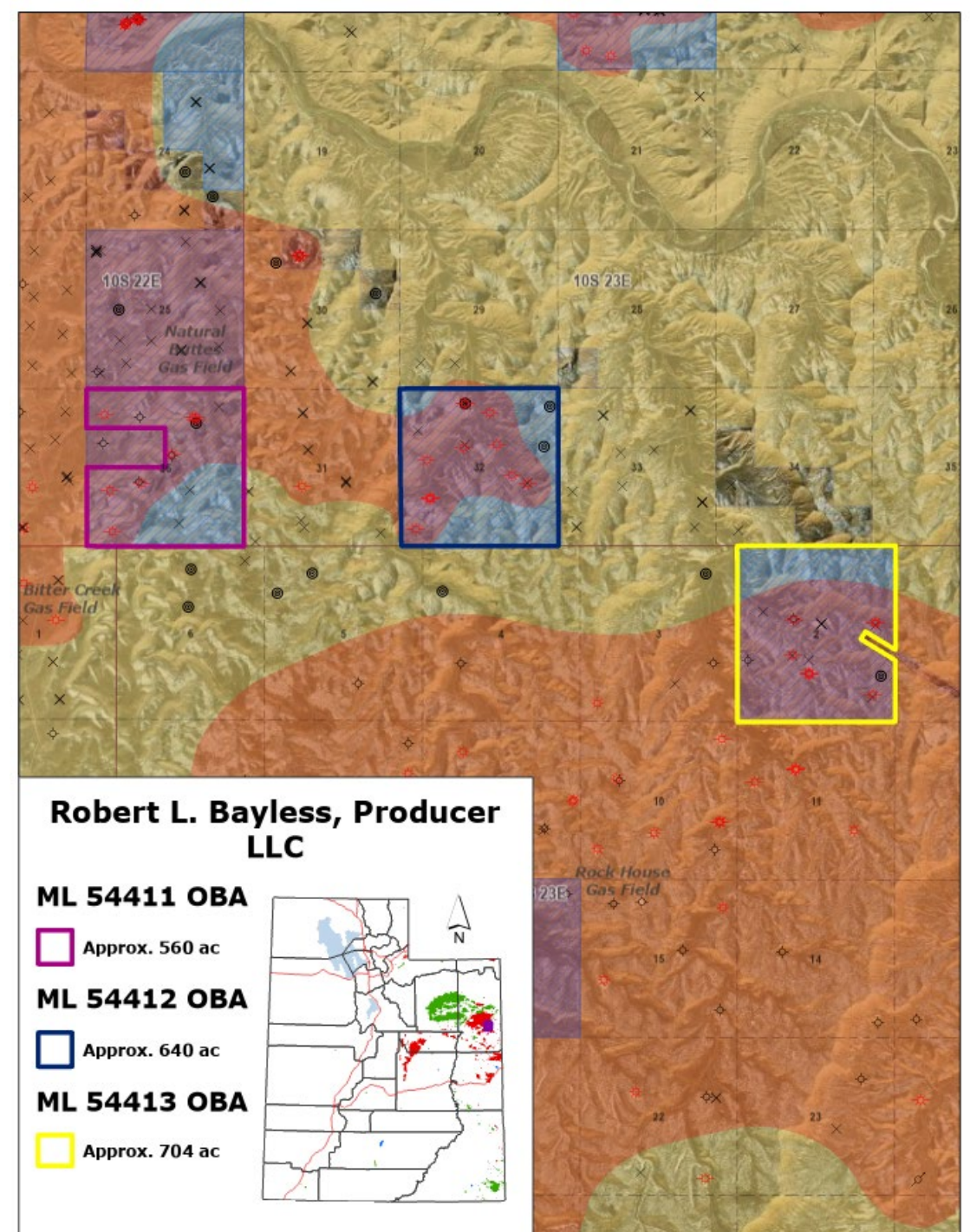
OBA Terms

- Royalty rate for existing wellbores will be 12.5%
- Royalty rate for any new well will be 16.67%
- If within 24 months, Bayless divests interest in the deeper formations in any of the parcels, TLA will receive 25% of any net proceeds including any cash or overriding royalty interest
- Bayless will pay any delinquent property tax on wells they elect to keep
- \$2/acre rentals after 1st year of effective date



Benefits to TLA

- Potential production from wells that were destined for the orphan well program
- Wells not capable of production will be P&A'd within 2-years of election date
- Bayless is a responsible operator with the capabilities to rework and initiate production
- Maintain and build relationships with UDOGM



Requested Agency Action

The agency requests that the Board approve the OBA and offers the following proposed motion:

“I Move to approve the Rock House OBA on the terms set forth in the Board Memorandum and to have the agency take all further actions necessary to finalize the transaction.”