

# Achieving Scale in Northern Delaware

*March 21, 2017*



# Forward-Looking Statements and Other Matters

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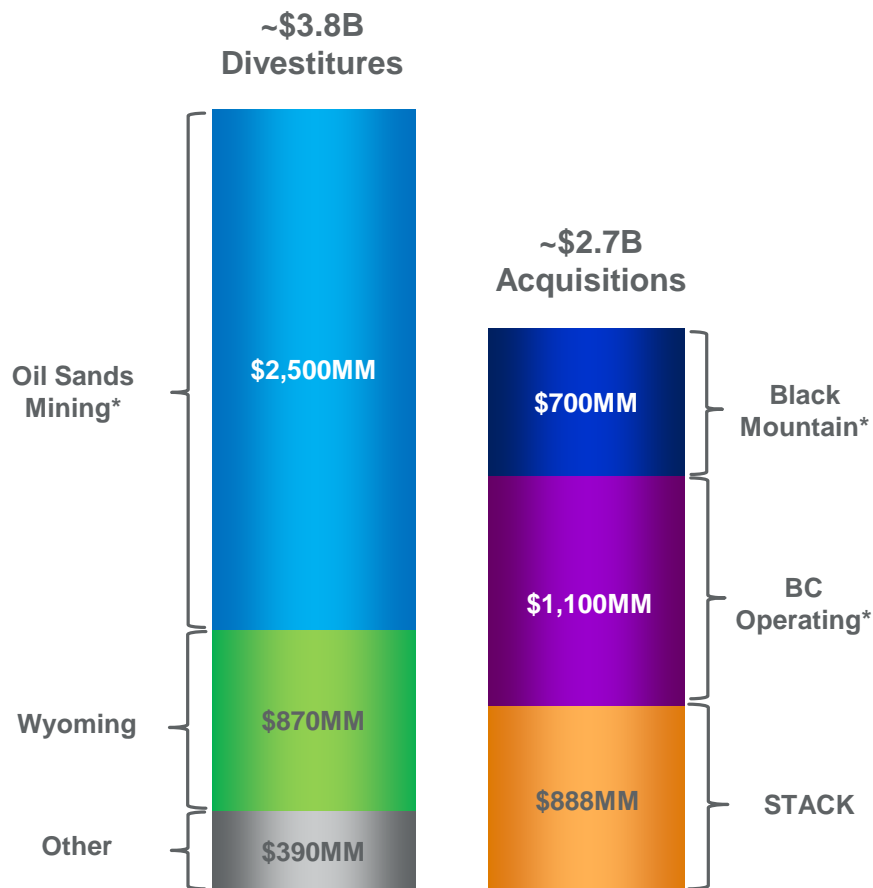
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# Black Mountain Acquisition Overview

*Solidifies scale for efficient, long-term Northern Delaware development*

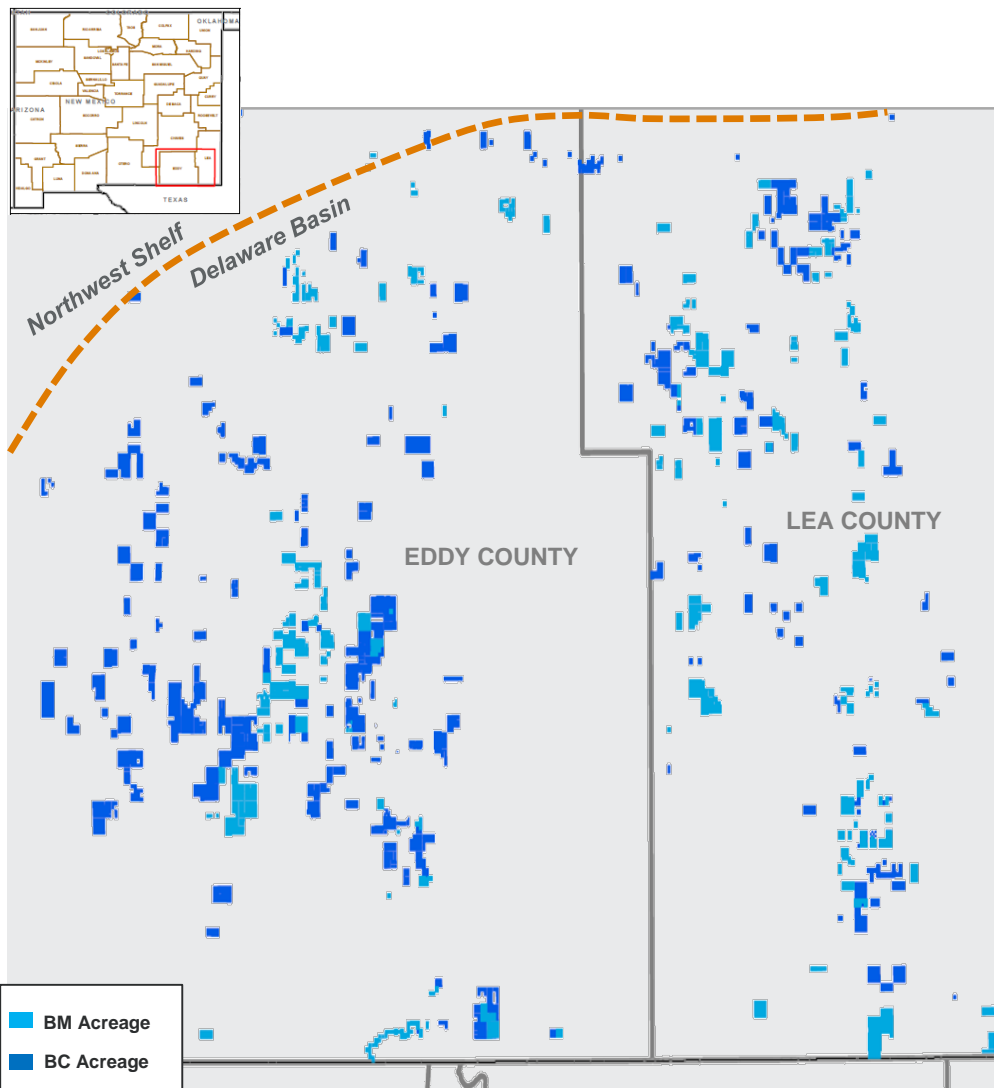
## A&D Since 2016



- Continues portfolio shift to lower cost, higher margin U.S. resource plays
- **\$700MM** Northern Delaware basin acquisition of Black Mountain
  - ~21,000 net surface acres
  - ~230 MMBOE risked resource with **440** gross company operated locations
  - ~550 MMBOE total resource potential with **950** gross company operated locations
- Natural overlay and synergy with basin entry position

# Consolidating & Strengthening Northern Delaware Position

Total gross operated locations grow to 2,650



Permian acreage\*



**Pro-Forma**

~91,000

N. Delaware acreage\*



71,500

Risked Resource (MMBOE)



~580

Risked Gross Co-Op locations



1,070

Total Resource (MMBOE)



~1,450

Total Gross Co-Op locations



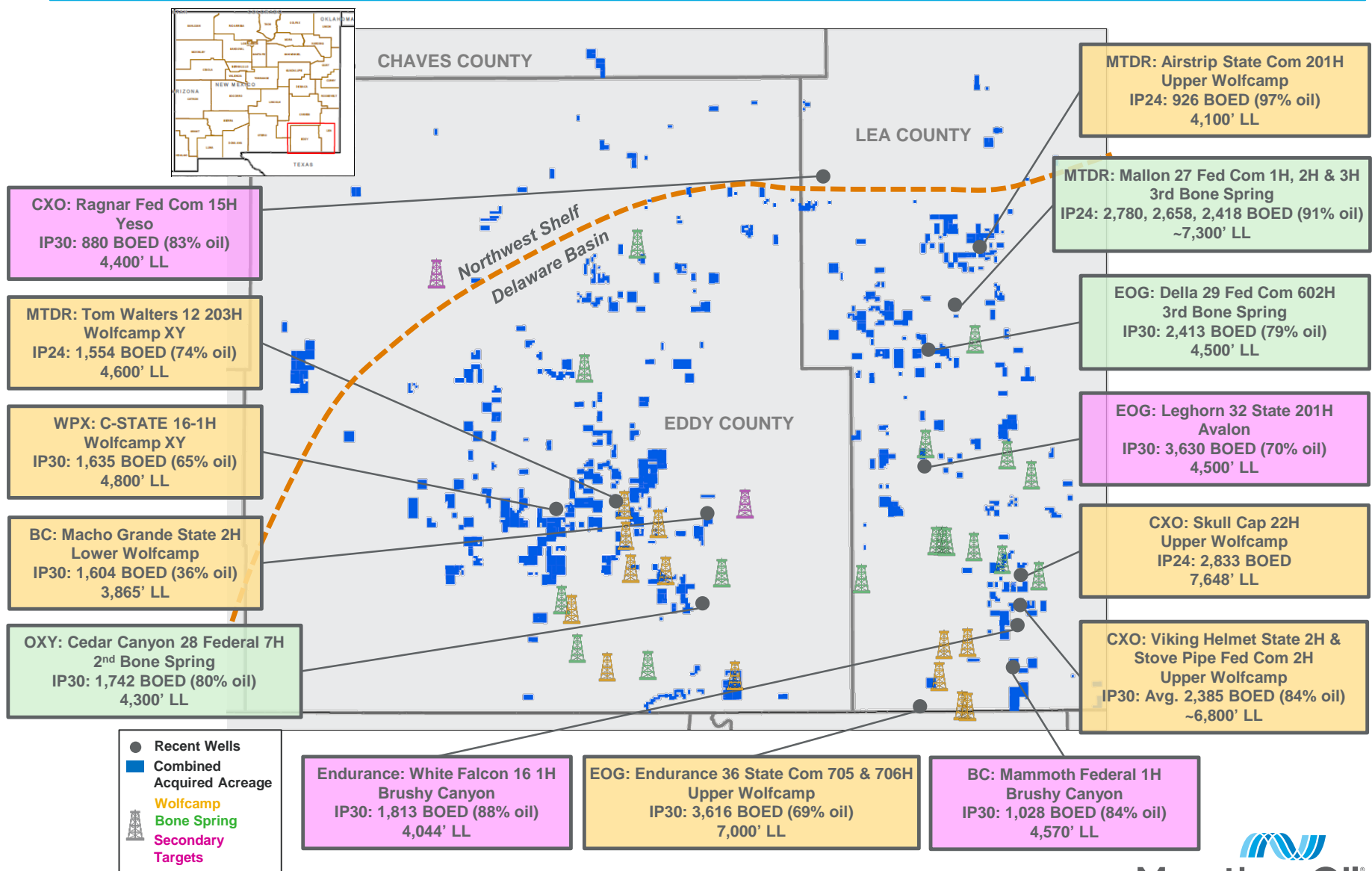
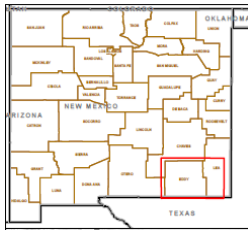
2,650

BC Operating

Black Mountain

# Northern Delaware Basin Recent Well Results

*Eddy and Lea counties attracting rigs and capital*



# Expanding Northern Delaware Quality and Scale

*Combined ~91,000 acres in Permian basin at \$18,400 / acre*

## Quality

- Competes at top of MRO's organic portfolio
- Outstanding recent offset well performance
- Primary oil targets in world-class Wolfcamp and Bone Spring

## Scale

- 71,500 net surface acres in the Northern Delaware basin
- ~580 MMBOE risked resource
- 1,070 risked gross company operated locations

## Value

- \$1.8B for both transactions
- \$23,400 / N. Delaware acre, adjusting for ~5 MBOED current production
- Risked resource acquired at ~\$2.90 / BOE
- Base case assumes up to 6 target benches

## Upside

- Up to 10 target benches within ~5,000' of stacked pay
- ~1,450 MMBOE total resource potential and ~2,650 total gross company operated locations from downspacing and secondary targets
- Further upside opportunities from 18,500 net acres in Northwest Shelf