



Franklin Mountain Energy

Enercom Conference
August 2024



Who Is Franklin Mountain?



Franklin Mountain Background

Energy Entrepreneurs, Energy Investors

- **Founders of Western Refining** – Paul Foster, Jeff Stevens and Scott Weaver
- Purchased refinery in 2000 and **took WNR public in 2006**
- **Merged WNR** and affiliates **into Tesoro (Andeavor)** in 2016 for **\$5.8 B**
- **Andeavor** sold to **Marathon** Petroleum in 2018 for **\$23.3 B**
- **Audrey Robertson met WNR team** – invested in her Energy PE Fund
- Franklin Mountain Energy formed in September 2018
- In addition to Franklin Mountain Energy, investor group has significant investments across multiple industries with a focus on the Southwest

Where It All Started

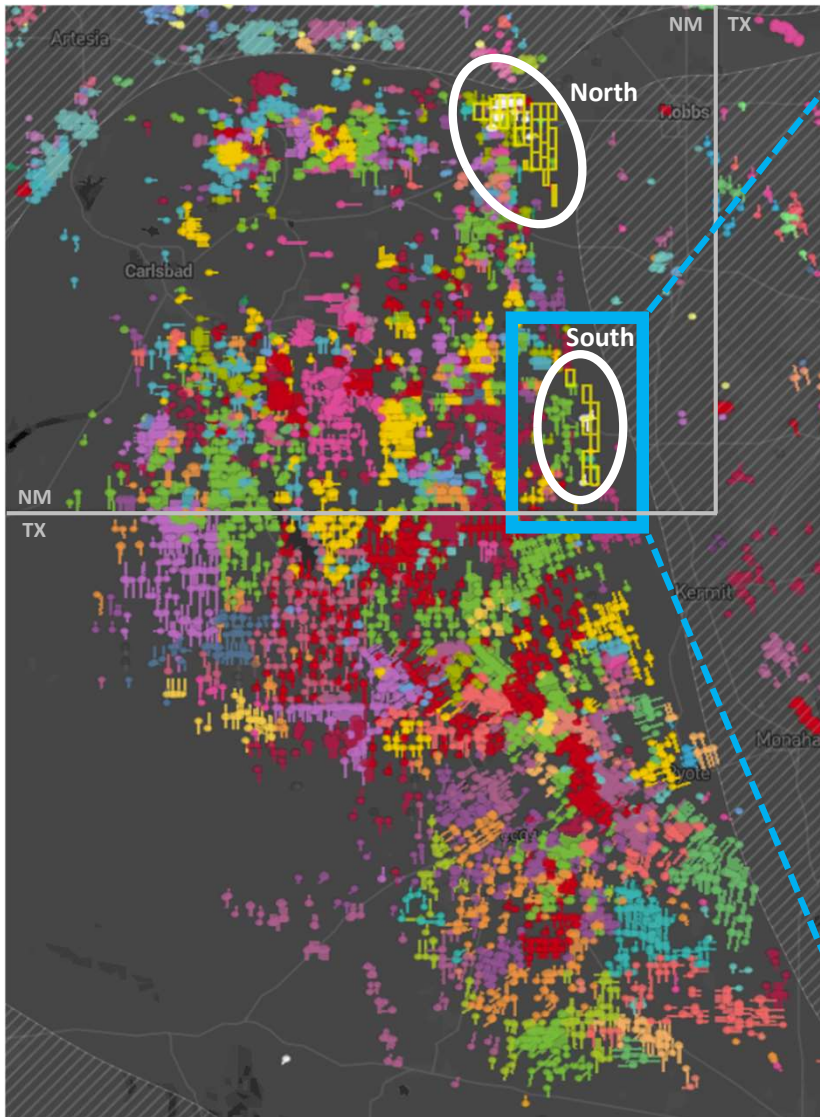


Diversified Holdings



Positioned to Win as Delaware Basin Expands East

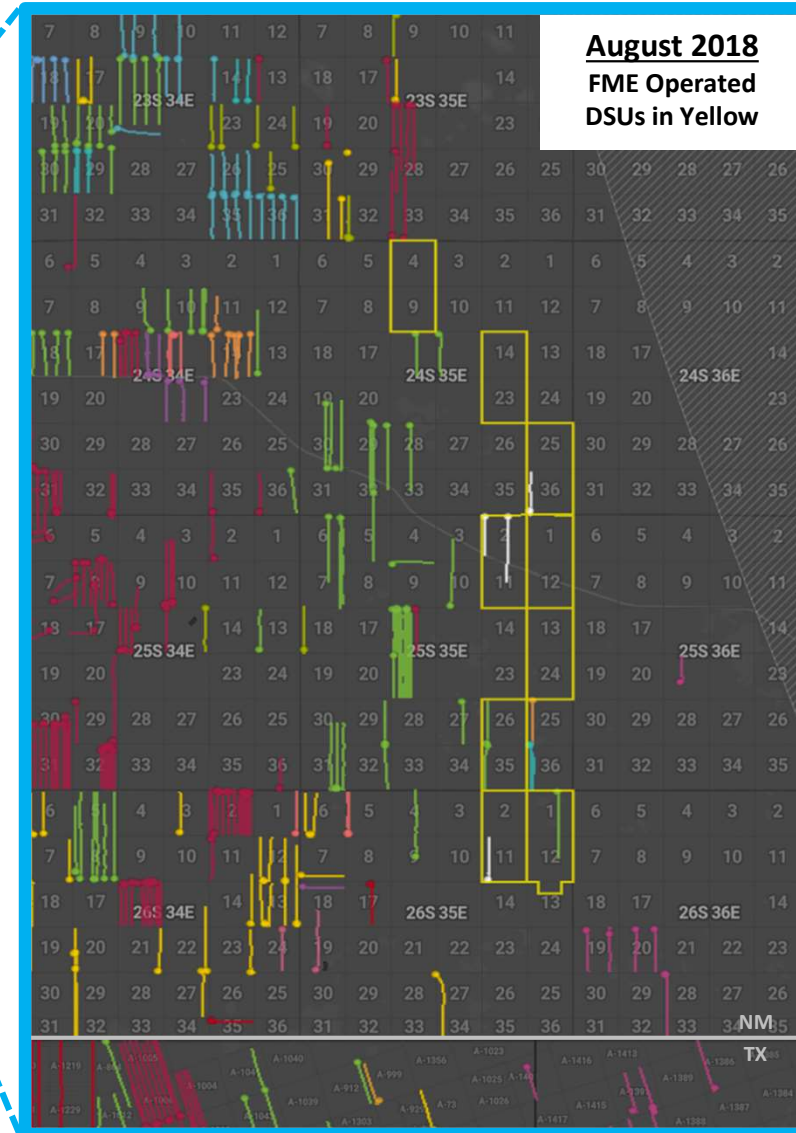
Delaware Basin HZ Wells – August 2018



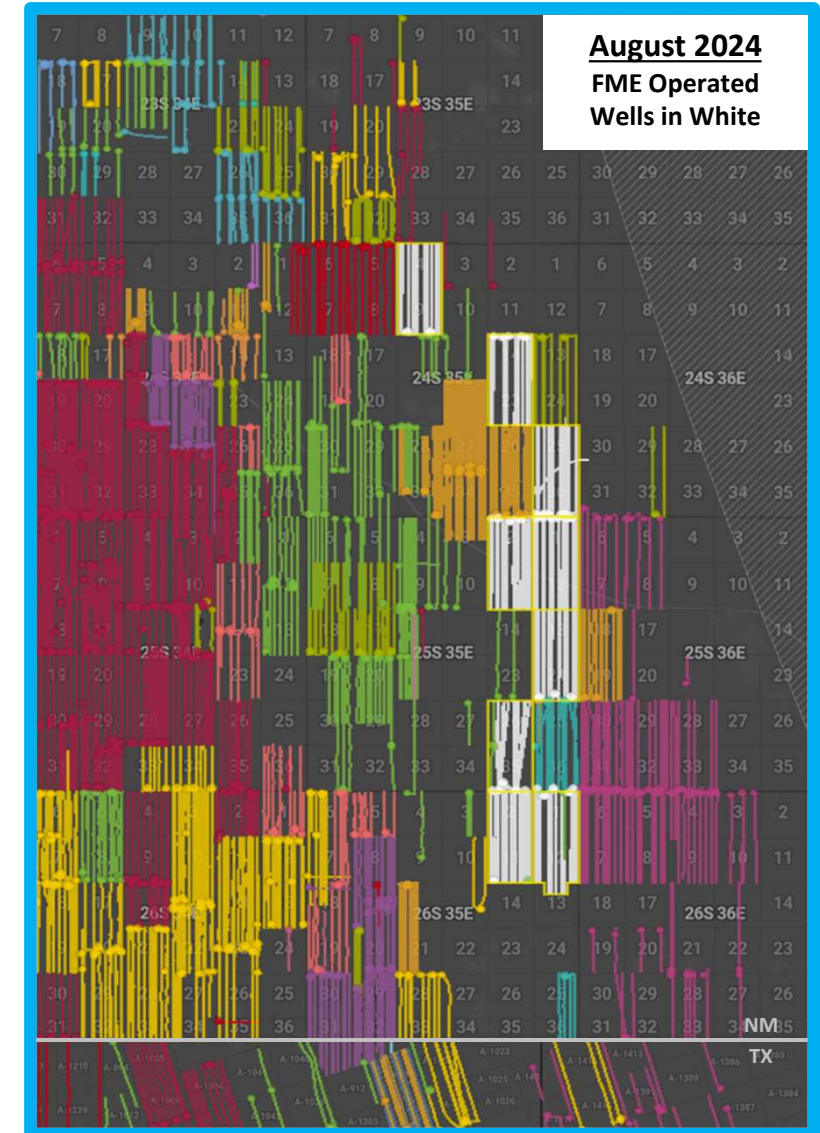
Mapped area of 140 by 100 miles.

Maps sourced from Enverus.

August 2024 – The Stack Works and the Basin “Boundary” Keeps Pushing East



Mapped area of 25 by 17 miles.



Mapped area of 25 by 17 miles.

The Right Capital... Invest Like You'll Own it Forever



Building Blocks

Creativity

- Original formation paired an asset acquisition with a Federal Lease sale in 2018

Patience

- Waited to start operated drilling program
- Continue to acquire what “fits” our business

Conviction

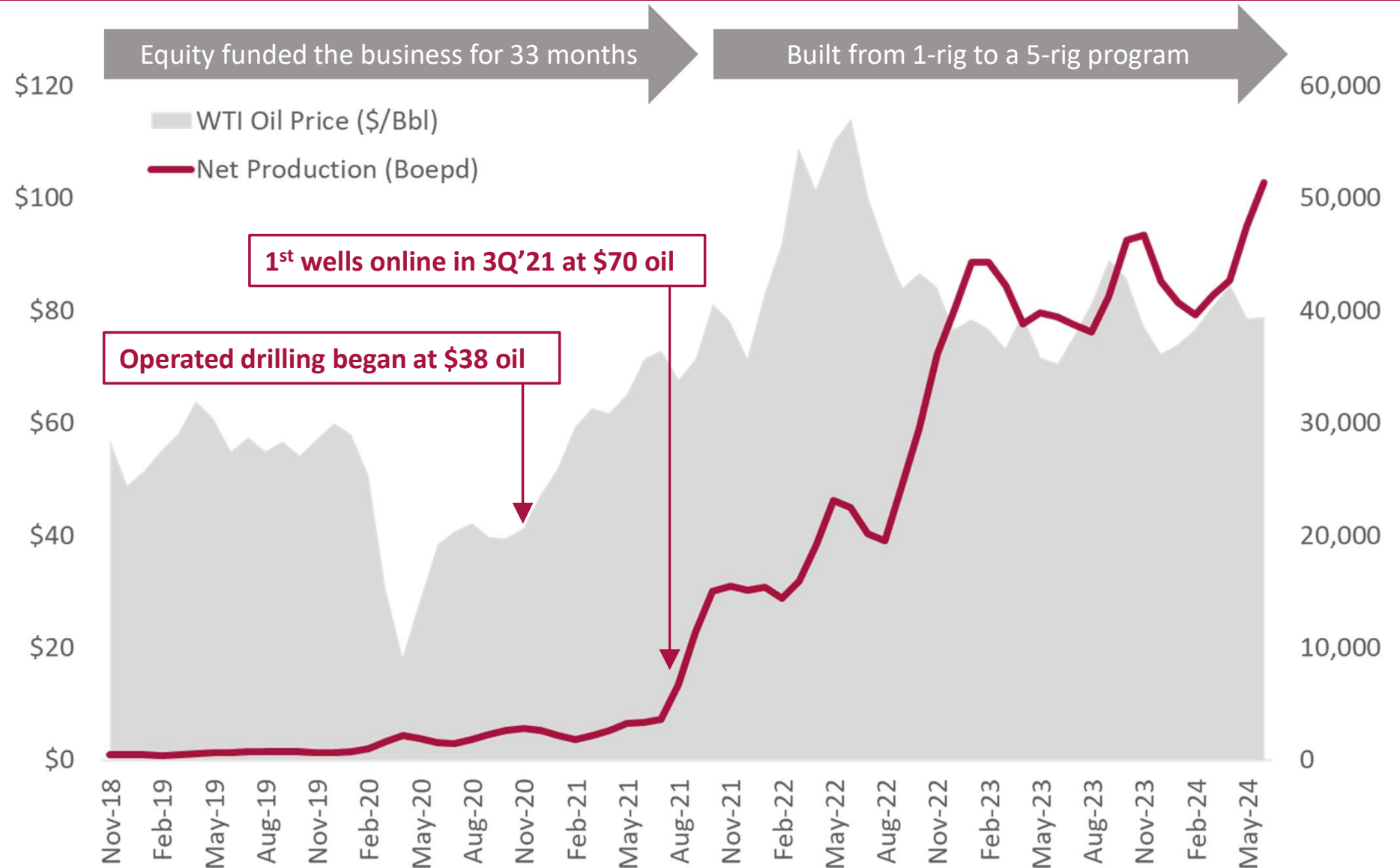
- Picked up a rig at \$38 oil
- Self funded through completion of first pad
- Built gas and water midstream to ensure flow and maximize economics

Flexibility

- No “fund life” issues
- Can go fast or slow

Always Do the Right Thing

Net Production (Boepd) and WTI Oil Price



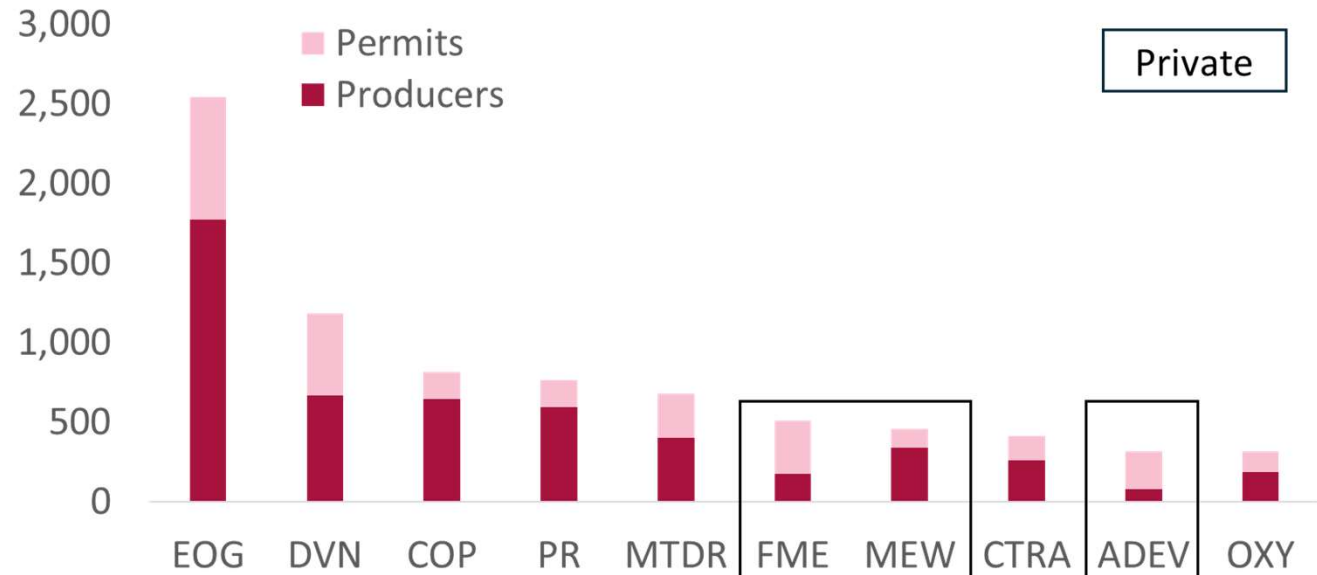
Franklin Mountain Energy Overview



Summary

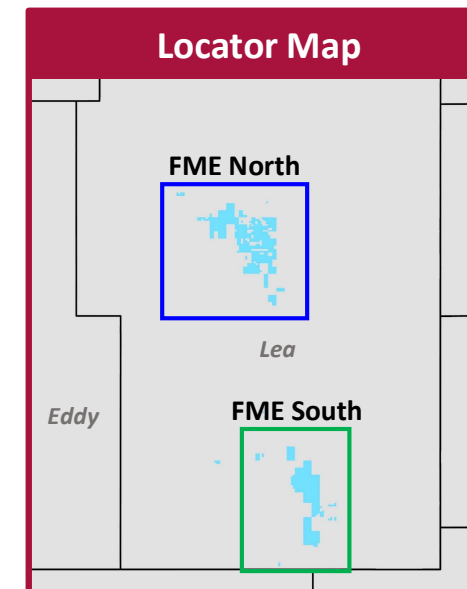
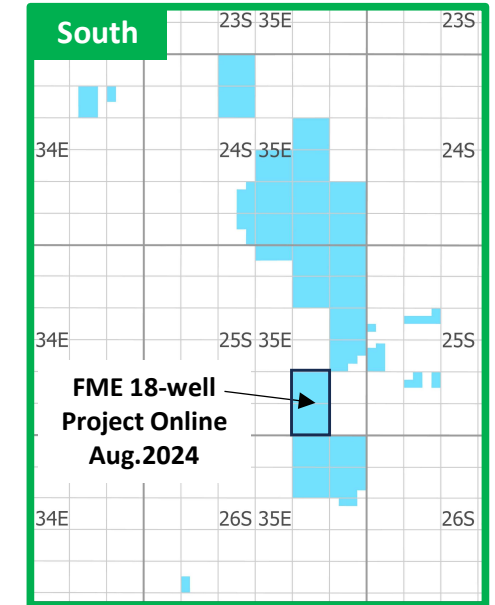
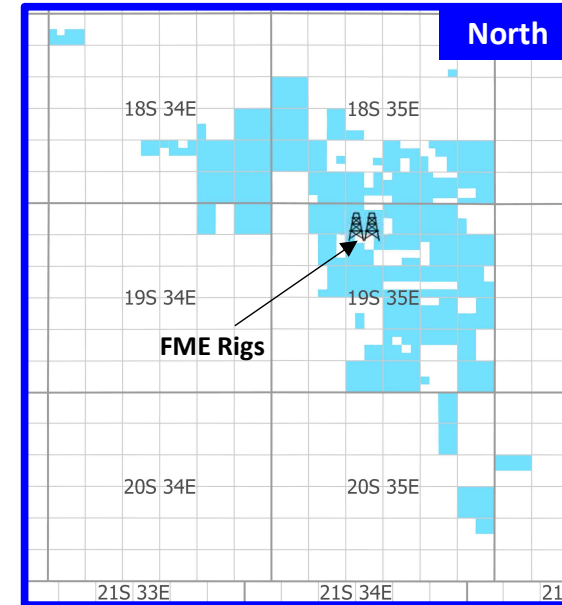
- **Headquartered in Denver** with 34 full-time employees
- Significant field presence outside Hobbs and Jal, New Mexico
- **32,000 net acres** in Lea County in two contiguous blocks
 - **98% operated** – average lateral length over 2-miles
- **50,000 net Boepd** from 170 operated wells – 72% oil / 85% liquids
- **Deep inventory** of locations across **Bone Spring and Wolfcamp** formations
- **Own gas and water gathering assets** to ensure takeaway – 100 miles of pipelines

Lea County HZ Producers and Permits¹



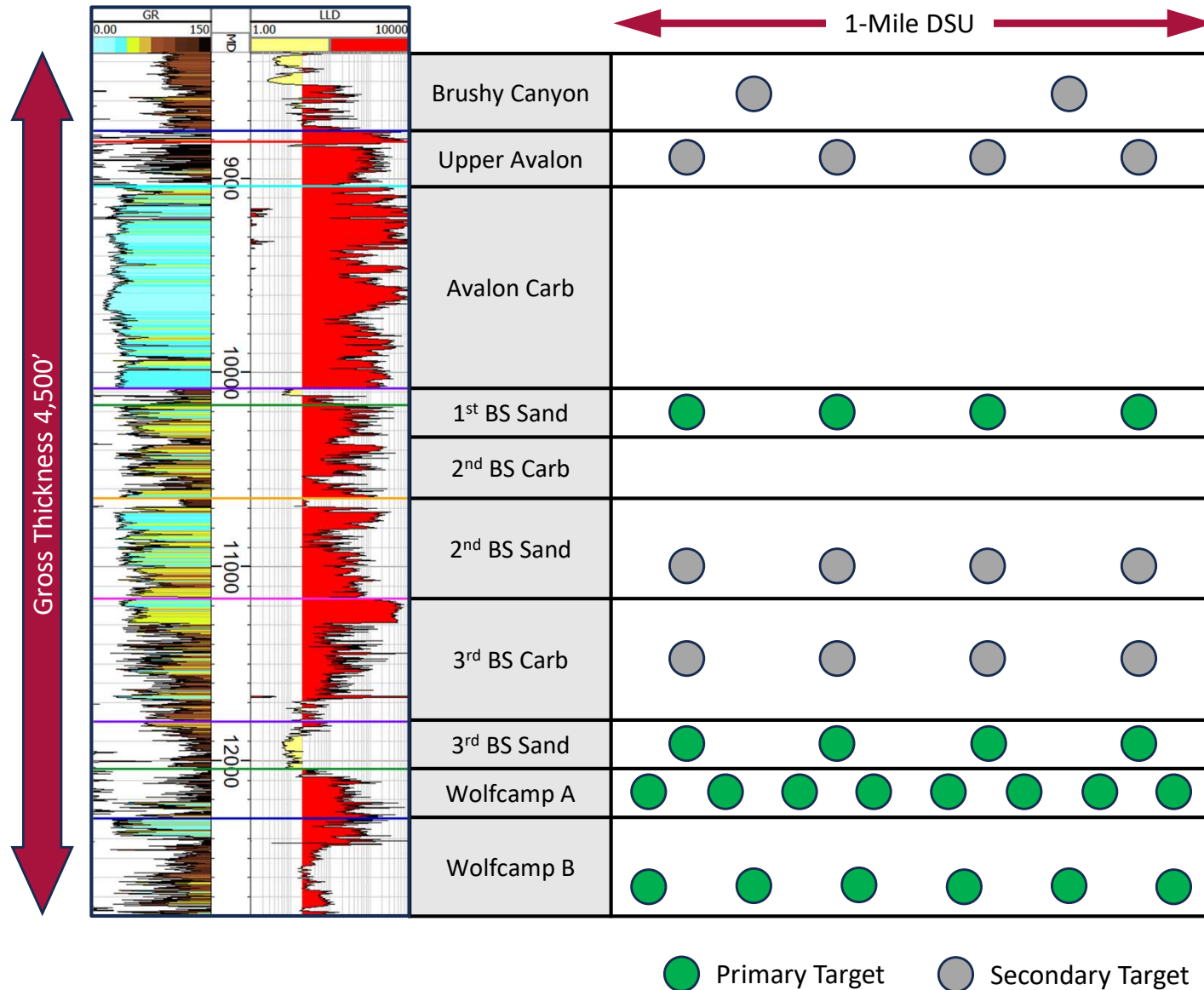
(1) Per NMOCD as of 8/6/24.

Leasehold Maps



Applying Our Playbook in a Target Rich Environment

Franklin Mountain Energy Gunbarrel – Southern Lea County, New Mexico



Subsurface Playbook

- 2-mile laterals with minimal parent-child concerns
- Single pass co-development of 3BSS/WCA
- Layered in 1BSS and WCB development in 2022
- Successful well tests added 2BSS and Avalon inventory
- Invest in 3D seismic and science early to realize benefits

Surface Playbook

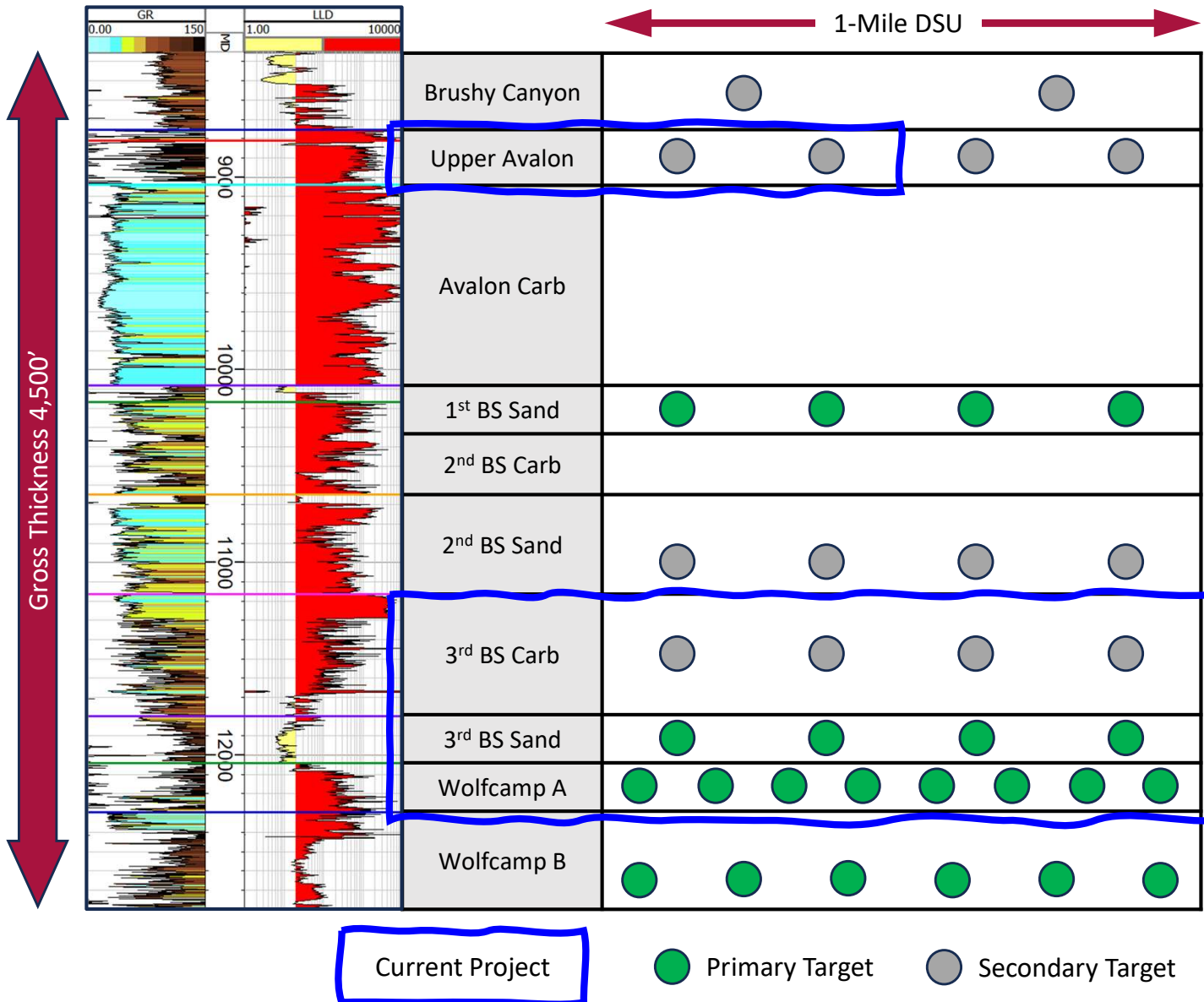
- Repetition continues to drive increased D&C efficiencies
- Leverage multi-well pads and centralized facilities
- Utilization of high-pressure gas lift reduces lifting cost
- Ensure flow assurance and power needs are met
- Invest in infrastructure with focus on full-cycle returns

Our team is focused on winning together by “doing the right things”.

Successful Execution of Recent 18-Well Project

Franklin Mountain Energy Gunbarrel – Southern Lea County, New Mexico

Project Brought Online August 2024



- **18-wells:** WCA, 3BSS, 3BS Carbonate, Upper Avalon
 - **3BS Carbonate** – leverage nearby successful results
 - **Avalon** – apply lessons learned to semi-bound test
- 2 well pads and 1 central tank battery
- **Solid execution** on 75 miles drilled, 34 miles completed
 - Set several **drilling records** – 3BSS 10 days spud to TD
 - Increased use of **recycled water** and **dual-fuel** for frac

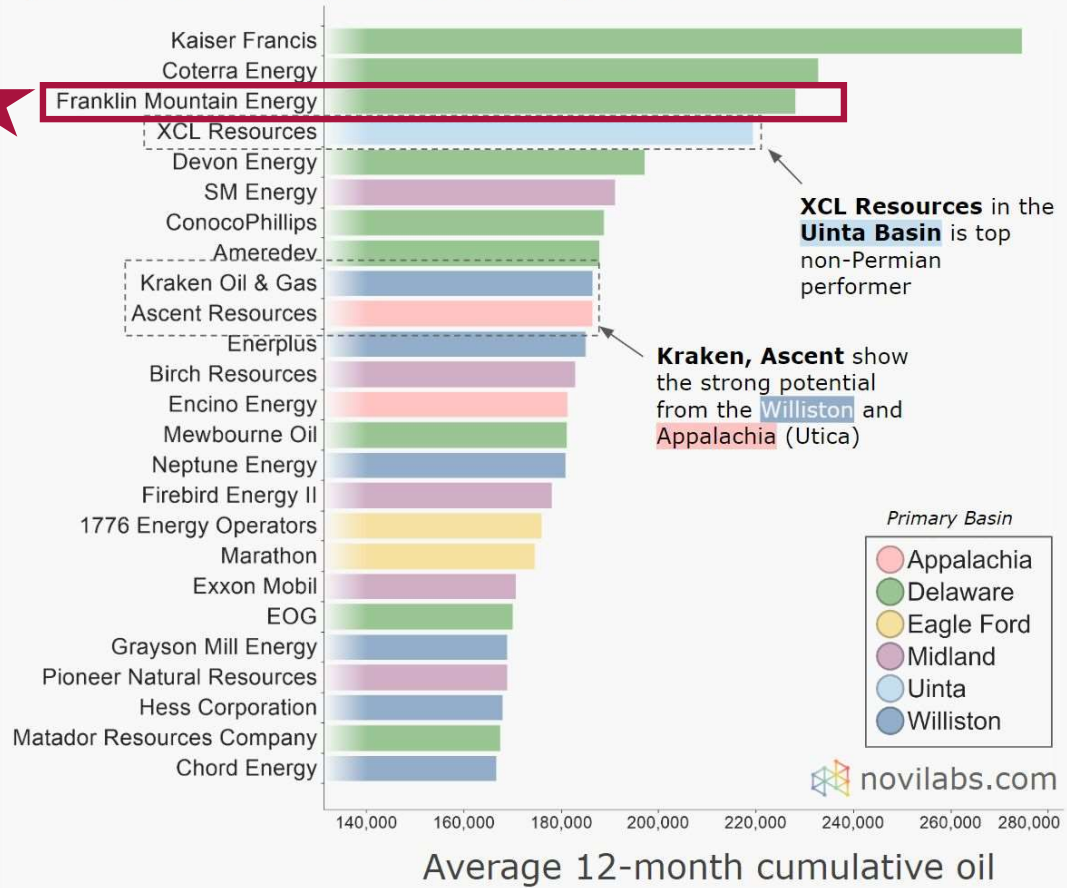


How does Franklin Mountain Energy Measure Up?

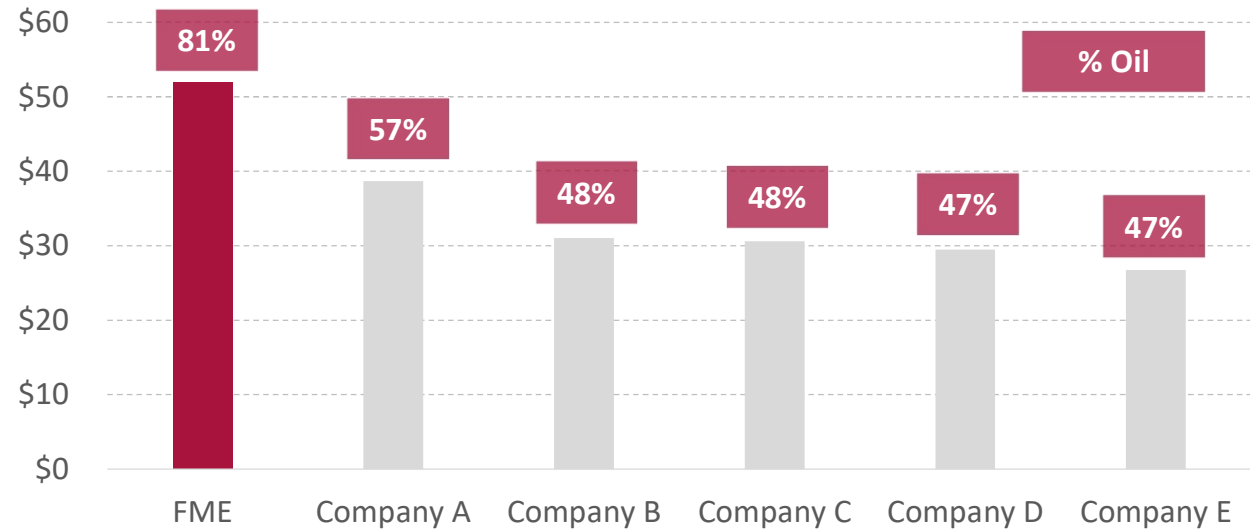
Performance¹

Who's drilling the best wells?

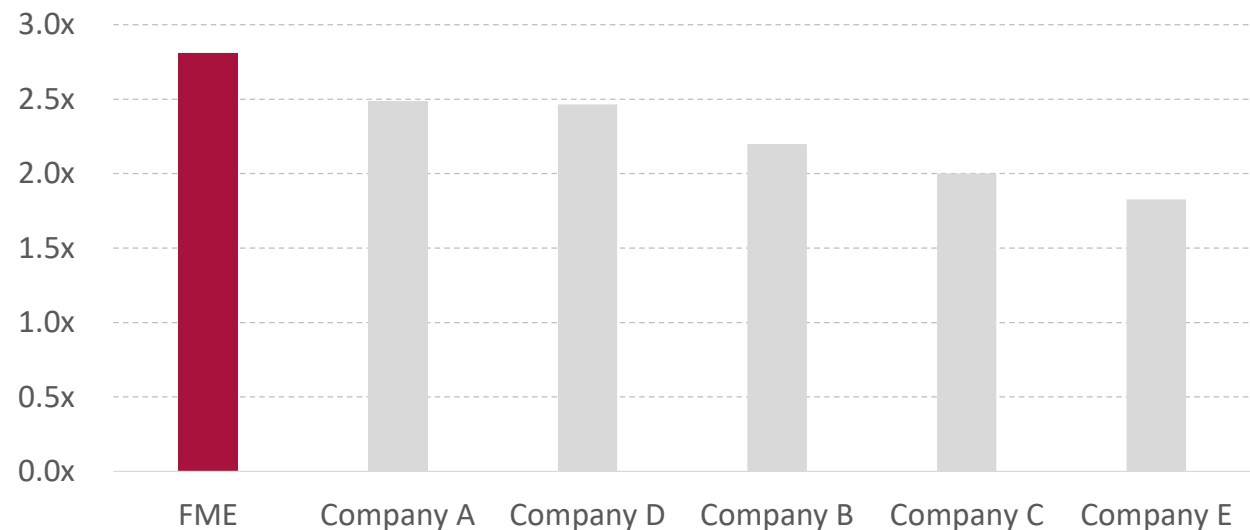
The top 25 Lower 48 operators ranked by 2019+ well performance shows a few surprises.



1Q24 EBITDA Margin²



1Q24 Recycle Ratio³



Source: Company filings. Peer group is DVN, MTDR, CIVI, VTLE and PR.

- (1) Data and chart from Novi Labs, LLC and can be found at Novilabs.com.
- (2) Unhedged revenue less opex, GP&T, taxes and G&A.
- (3) Cash Margin (\$/Boe) divided by DD&A (\$/Boe).

Operating in the Best Basin in the U.S.

Built a Successful Business

- **32,000 net acres** – 98% operated
- High margin **50,000 net Boepd** – 72% oil / 85% liquids
- Generates **free cash flow** with **low reinvestment needs**
- **Deep, oil-weighted inventory** in the premier U.S. basin
- **Shared consciousness** across a **high-performing team**

Top 10 Private Permian Producers by Gross Oil Production¹



(1) YE 2023 based on public production data.

(2) Market caps as of 8/6/24. Universe includes companies with operated assets and market caps greater than \$200mm.

Current E&P Landscape²

- **Permian** continues to dominate U.S. energy landscape with **66% of oil rig activity**
- Public E&P landscape has changed creating the “haves and have-nots”
 - 46 public E&Ps but **65% of those have market caps under \$10 billion**
 - Permian exposure? Only **14% of small caps** while **83% of large caps**
- Companies continue to try and get bigger while meeting investor expectation to “live within cash flow” – bigger is better theme with goal to increase market cap
 - Increased investor relevance and access to capital
 - Lower cost of capital with durability through commodity price cycles

