

Prima Rebuttal Exhibit 1 – Rebuttal to Avant Rebuttal Exhibits G-10, G-12, G-13, G-16

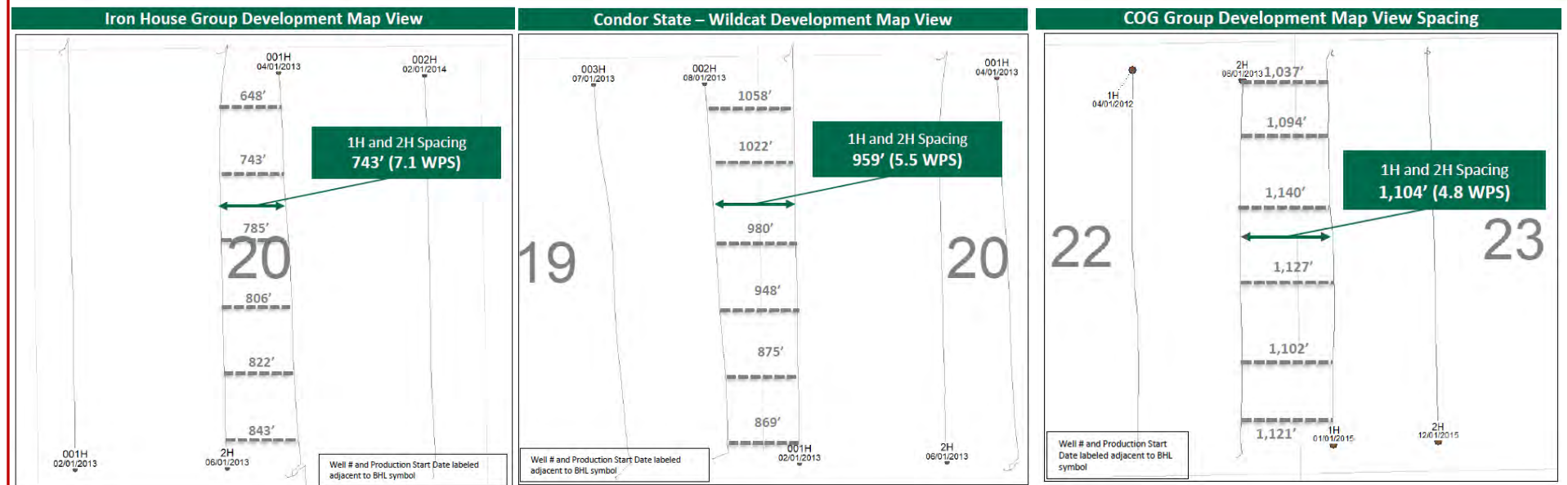
From Avant’s Exhibit G-10, G-12, G-13, G-16

Summary

4 WPS (or more) spacing is utilized in a vast majority of developments

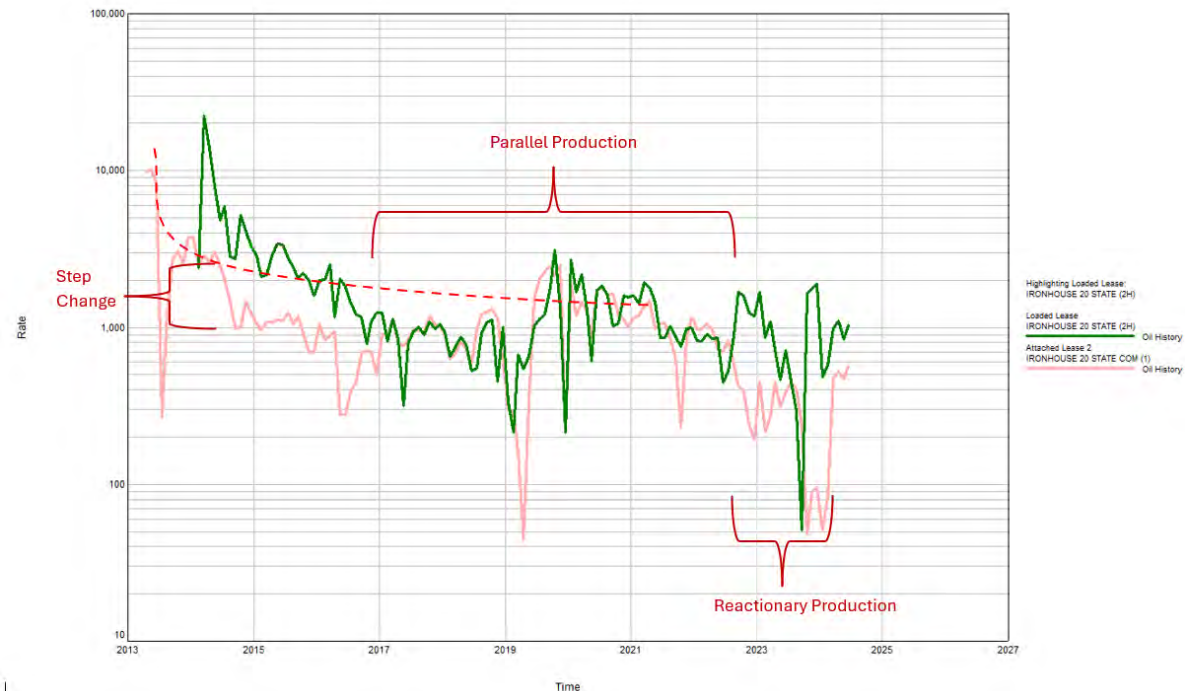
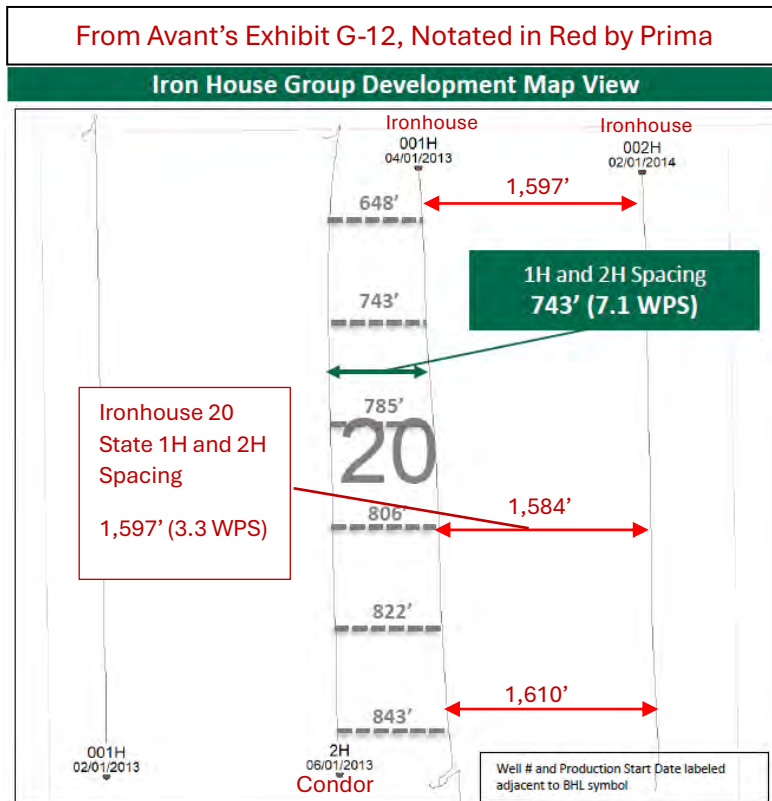
Operators who use 4 WPS range from small private enterprises to the largest public E&P’s

Operators have not downspaced from 4 to 3 WPS over time- recent developments and permitting suggest operators moving to > 4 WPS



- Though these examples include wells Prima did not present or are incomplete, they are useful to push back on Exhibit G-10’s claims
- In the Summary to Exhibit G-10, Avant argues:
 - 4 WPS is historically normal, and thus Avant’s proposal is normal
 - Greater than 4 WPS is, however, also normal and becoming more normal
- Avant’s conclusion with these examples is that denser than 4 WPS shows interference, and that is not what Avant is advocating for
- This is a direct contradiction to their summary arguments in Exhibit G-10
- None of these arguments by Avant recognize the foundational issue of overdevelopment. Instead, they focus on historical norms
- Just because someone else is throwing money away, doesn’t mean you should too

Prima Rebuttal Exhibit 2 – Rebuttal to Avant Rebuttal Exhibit G-12

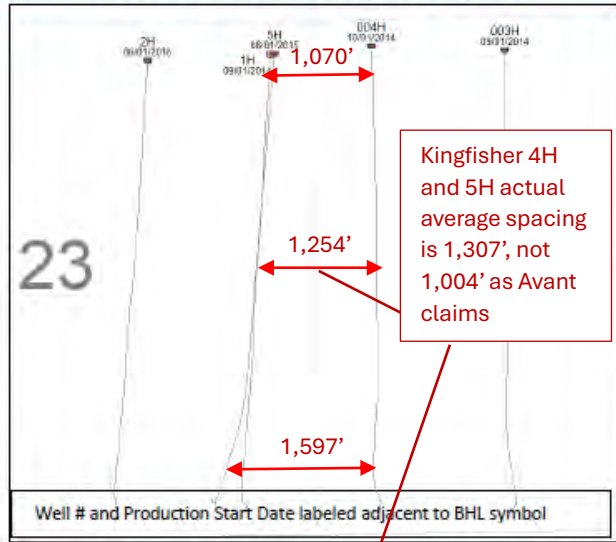


- Avant's Exhibit G-12 erroneously compares the Condor State 2H and the Ironhouse 20 State 1H well
- Those wells are denser than Avant's proposals. However, the comparison Prima is making is between the Ironhouse 20 State 1H and the Ironhouse 20 State 2H wells, which are actually ~ **1,597' spacing between wells, or 3.3 wells per section, WIDER spacing than Avant's proposals**
- Overlaying the Ironhouse 20 State wells, we again see that the impact at this density – in this case 3.3 wells per section – has early and significant interference and reduction in reserves per well

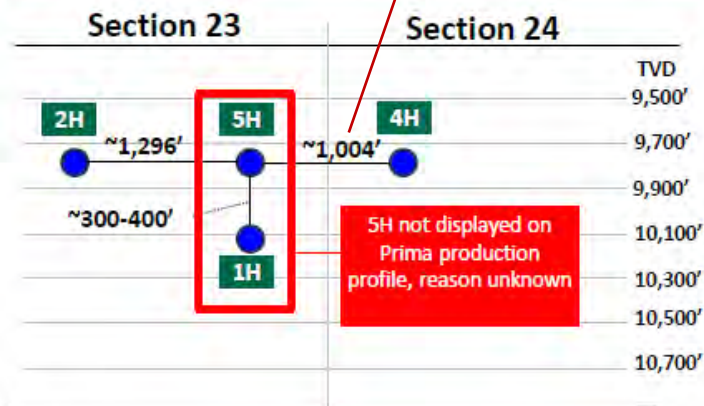
Prima Rebuttal Exhibit 3 – Rebuttal to Avant Rebuttal Exhibit G-14

From Avant’s Exhibit G-14, Notated in Red by Prima

Actual Well Locations (IHS)



Actual Well Placement



1H is directly stacked with the 5H and therefore not representative of Avant’s proposed development

- Avant’s Exhibit G-14 confirms the typo edits that Prima relayed during testimony with their exhibit in regard to well number labels
- In addition, Prima selected the Kingfisher 1H in error, meaning to select the Kingfisher 5H to compare 2BS wells across the board
- That error has been corrected on the next page of Prima’s Rebuttal Exhibit 3
- Avant erroneously claims that the spacing between the Kingfisher 5H and the Ironhouse 24 State 4H is 1,004’
- In fact, the average spacing is approximately 1,307’
- It is general practice to give directional drillers an east-west window to drill in
- Prima’s typical window is 100’, 50’ to either side of the planned wellbore
- Between the 2H and 5H (approximately 1,296’) and the 5H and 4H, the well spacing is very much within standard directional windows for horizontal wells for a 4 WPS spacing of roughly 1,320’ between wells
- Thus, comparing these laterals as like-development to Avant’s proposal is quite valid

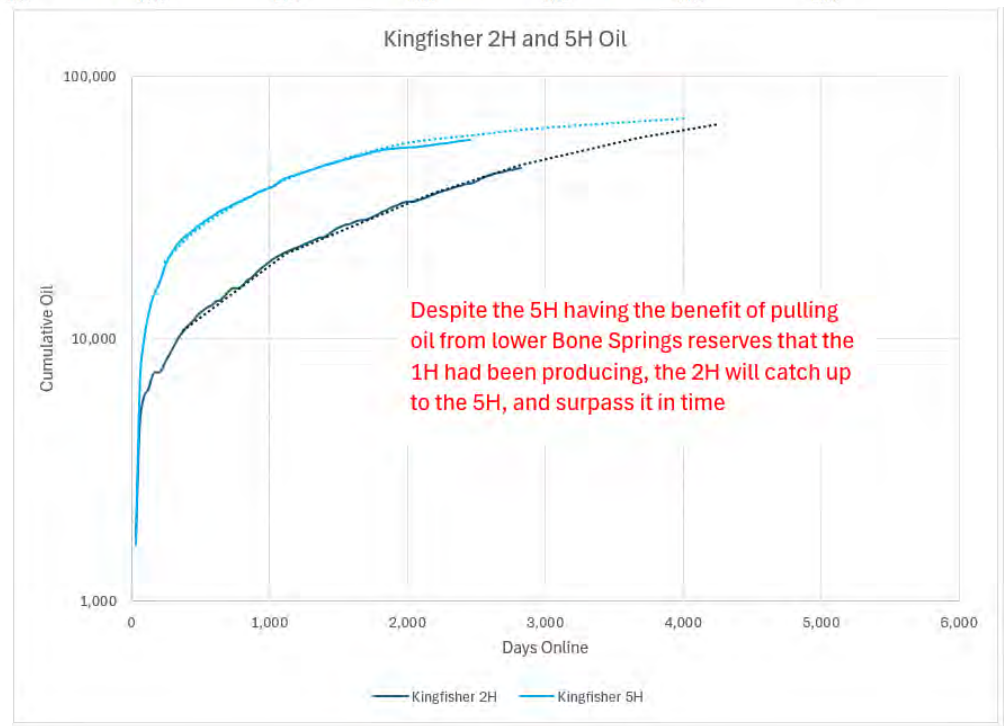
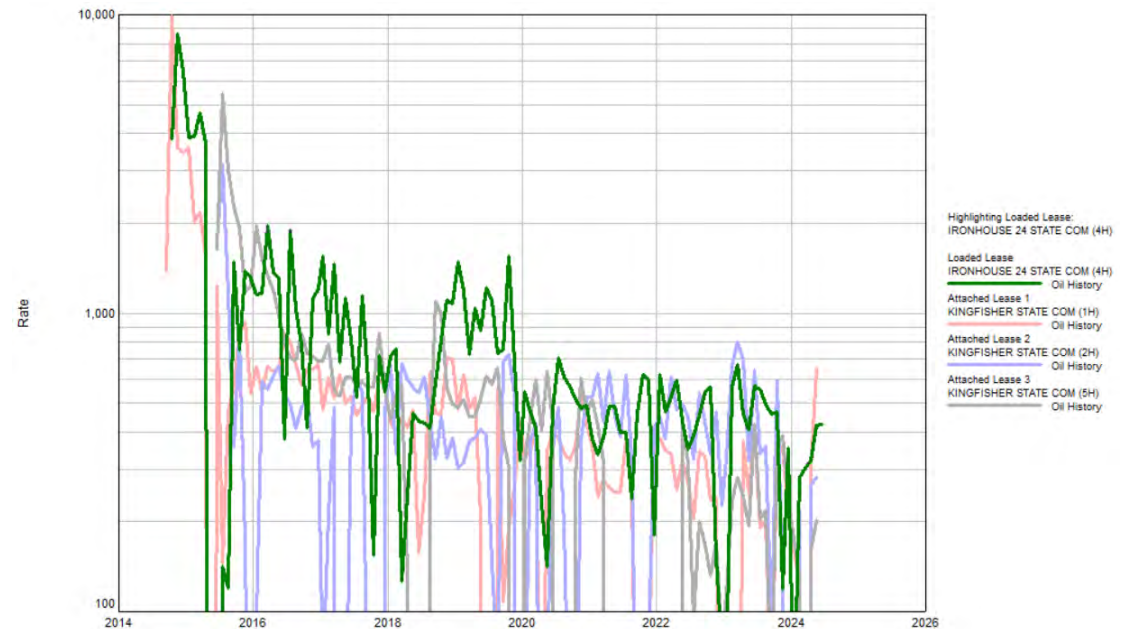
Prima Rebuttal Exhibit 3 Continued – Rebuttal to Avant Rebuttal Exhibit G-14

From Avant's Exhibit G-14

1H is directly stacked with the 5H and therefor not representative of Avant's proposed development

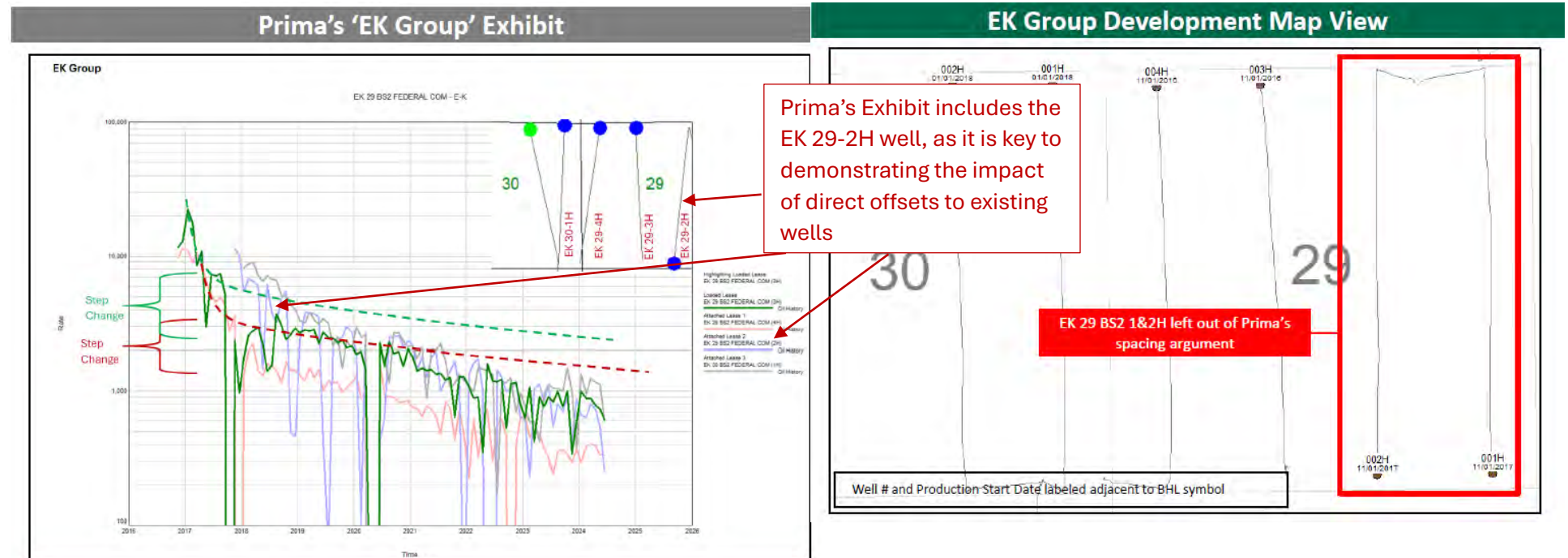
When looking at the correct wells production, the Kingfisher 5H (interior well excluded in Prima analysis) is outperforming the edge well in the package indicating adequate well spacing

- Correcting the overlay with the inclusion of the Kingfisher 5H shows:
 - Different benches communicate
 - Wine rack unlikely to prevent communication
 - 1,320' spacing immediately interferes
- The Kingfisher 5H had such a large impact on the Kingfisher 1H, that it is clear it pulled much of the lower bench's reserves, improving its performance at the expense of the 1H
- Still, the Kingfisher 2H projects to catch and surpass the Kingfisher 5H, despite Avant's claims



Prima Rebuttal Exhibit 4 – Rebuttal to Avant Rebuttal Exhibit G-15

From Avant's Exhibit G-15, Notated in Red by Prima

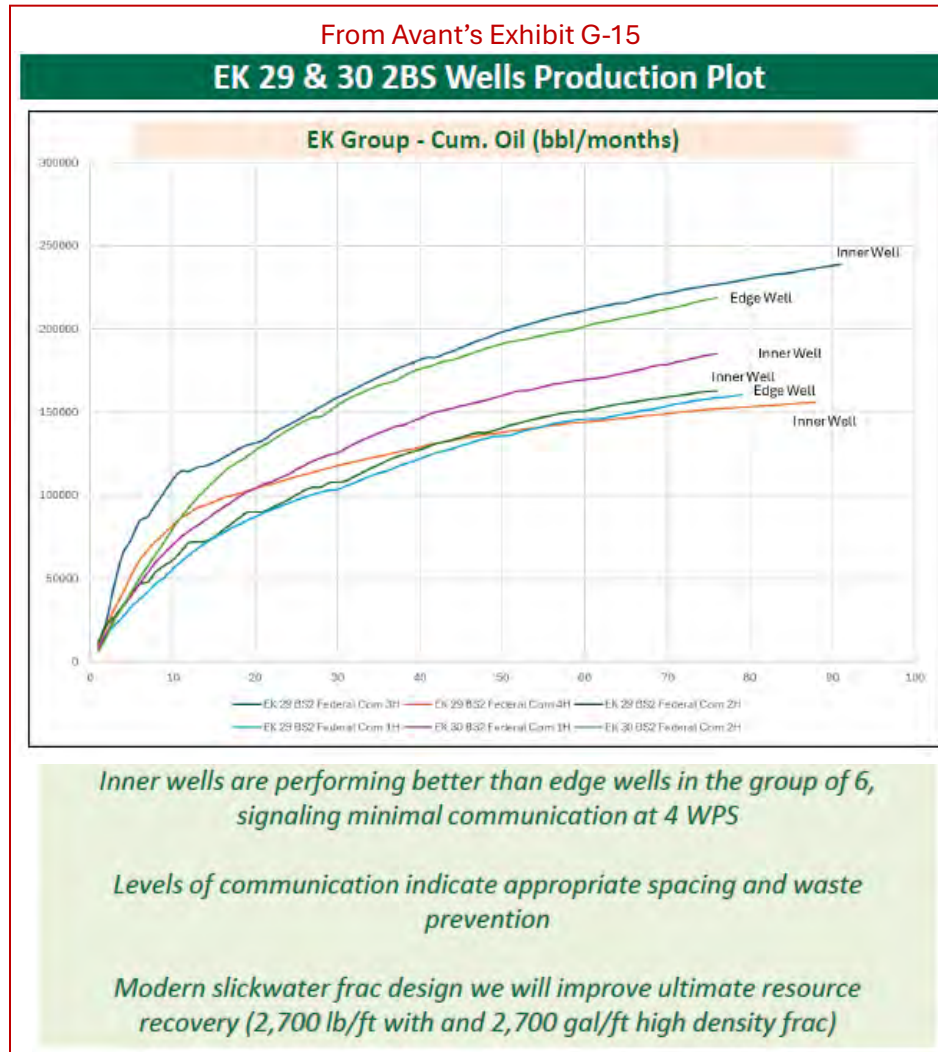


Summary

Two eastern wells (EK 29 2BS FC 1&2H) not included in spacing argument by Prima

- Avant claims multiple times that Prima did not include the EK 29-2H well
- This is erroneous
- The Ek 29-2H well is key in showing the impact of new wells impact on existing wells within their drainage area
- As is clearly demonstrated, the EK 29-2H well had a significant impact on the EK 29-3H well, and will accumulate much lower reserves due to:
 - Being drilled into a significantly drained area with a year of depletion
 - Being bound then on both sides for its entire lifespan

Prima Rebuttal Exhibit 4 Continued – Rebuttal to Avant Rebuttal Exhibit G-15

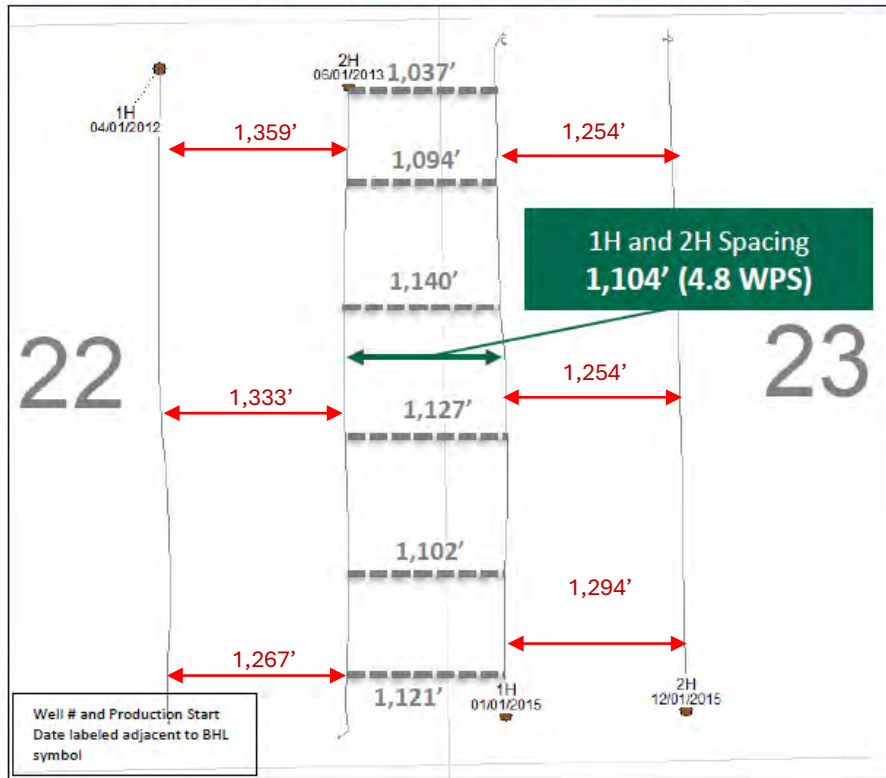


- The EK wells are unique, in that the inner wells were actually the original wells
- A full year of reduced interference allowed them to drain significant reserves prior to the offsets being drilled
- The EK 29-3H accumulated 114 MBO in its first year, prior to the offset EK 29-2H impacting it
- That amounts to just under half the oil it has made in its 8 year life(238 MBO total)!
- The fact that it has taken 7 years to double the production from year 1 for the EK 29-3H is NOT a vindication for this well spacing. Quite the opposite
- No evidence of “appropriate spacing and waste prevention” is given
- No metrics for determining “appropriate spacing and waste prevention” are given
- Well spacing density consistently shows significant communication, regardless of the completion technique and intensity

Prima Rebuttal Exhibit 5 – Rebuttal to Avant Rebuttal Exhibit G-16

From Avant’s Exhibit G-16, Notated in Red by Prima

COG Group Development Map View Spacing

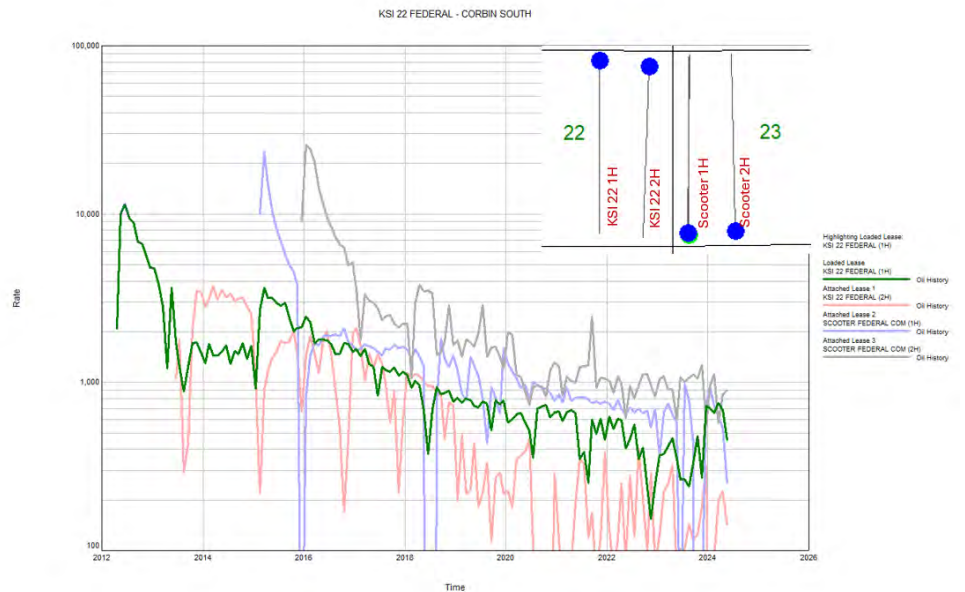


Summary

Wells presented by Prima NOT representative of 1,320' / 4 WPS spacing

2012-2015 vintage wells with gel frac data not comparable to modern design planned by Avant at Royal Oak

Initial well KSI 1H looks to have been frac hit but then recovered on an expected decline for the vintage of frac used and recently seen an uptick in oil most likely due to updated artificial lift install

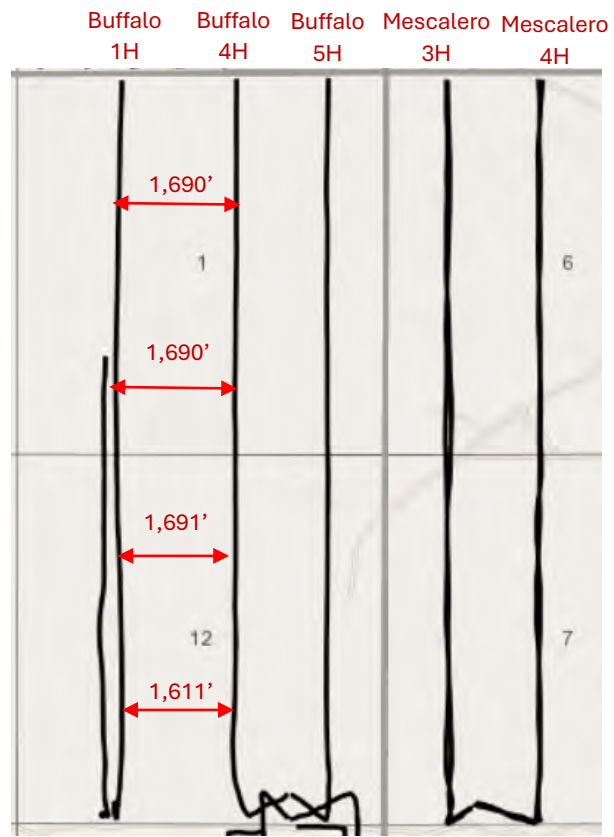
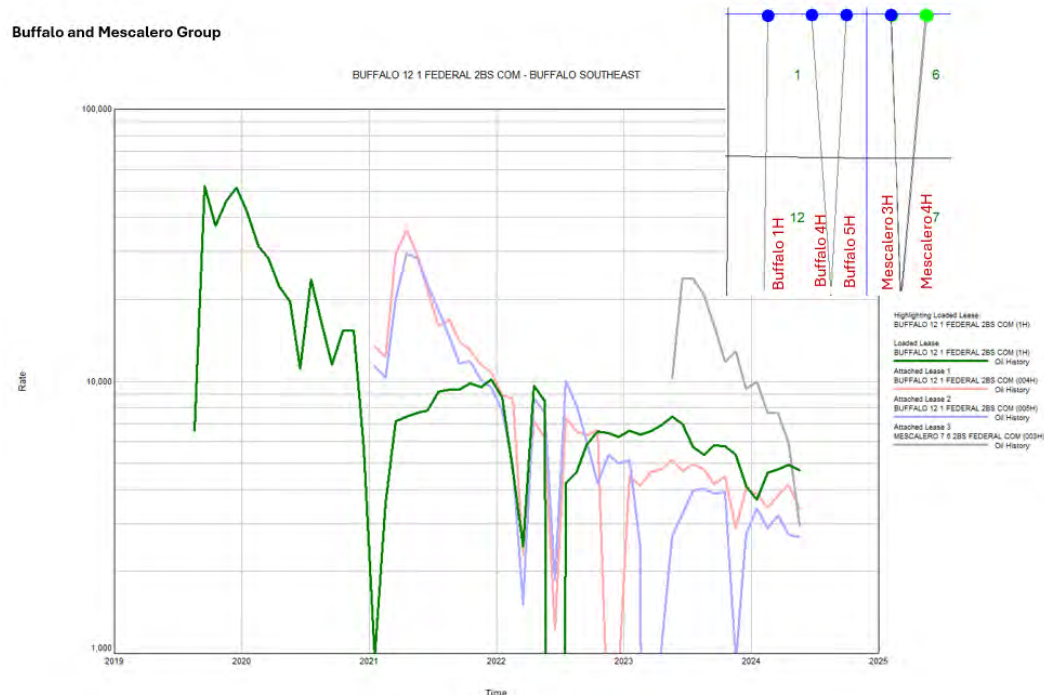


- Avant claims Prima is not representing 4 WPS
- The average spacing for the KSI 1H and 2H wells is ~1,320', which is exactly 4 WPS
- The average spacing of the Scooter 1H and 2H wells is ~1,267', which is very near the wellbore window for 1,320' spacing
- With that, each of the 4 wells has an ~ 4 WPS offset on one side
- Avant claims the KSI 1H took a frac hit then recovered... that’s a nearly 2 year “frac hit” that ignores the obvious interference and reactions to the KSI 2H
- The recent uptick was short-lived and it’s back on decline

Prima Rebuttal Exhibit 6 – Rebuttal to Avant Rebuttal Exhibit G-17

From Avant's Exhibit G-17

Interference among offset wells is indicative of sufficient well density & completion size. Conversely, a lack of interference among wells indicates excessively wide spacing and therefore a waste of resources



- The Buffalo 1H is approximately 1,671 ft offset to the Buffalo 4H, well beyond Avant's proposed 1,320'
- Despite this, interference was immediate
- Avant just argued in exhibit after exhibit that interference closer than 1,320' is irrelevant to their plans
- Avant just argued in exhibit after exhibit that interference at their 1,320' plans has numerous excuses
- Now, after all that, Avant says that density doesn't matter, because interference is a good thing?
- If "interference among offset wells is indicative of sufficient well density & completion size", then why not propose 20 wells per bench? Surely 264' spacing with 20 wells would result in "interference among offset wells", which would be "indicative of sufficient well density & completion size"
- In reality, development that prevents waste minimizes interference, achieving it only towards the very end of the life of the wells, when the boundary of drainage areas slightly overlap

Prima Rebuttal Exhibit 6 Continued – Rebuttal to Avant Rebuttal Exhibit G-17

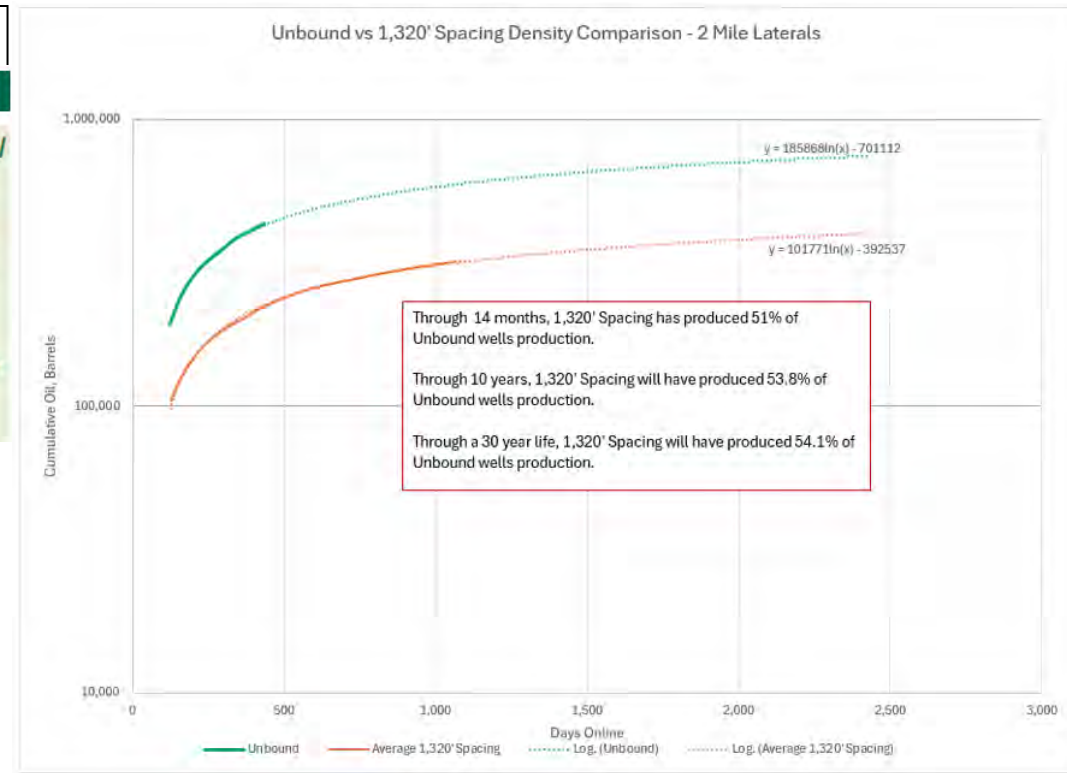
From Avant's Exhibit G-17

Summary

Despite Mescalero 2BS wells underperforming the original Buffalo 1H well on a cumulative oil basis, they are highly economic

Mescalero 2BS Type Curve rate of return exceeds 200% at strip pricing (8/14/24)⁽¹⁾

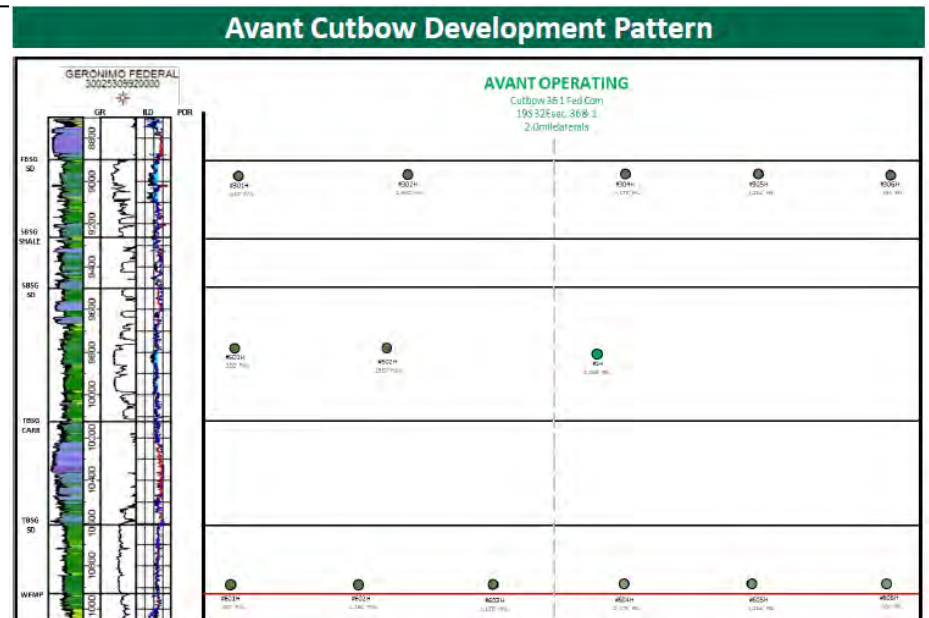
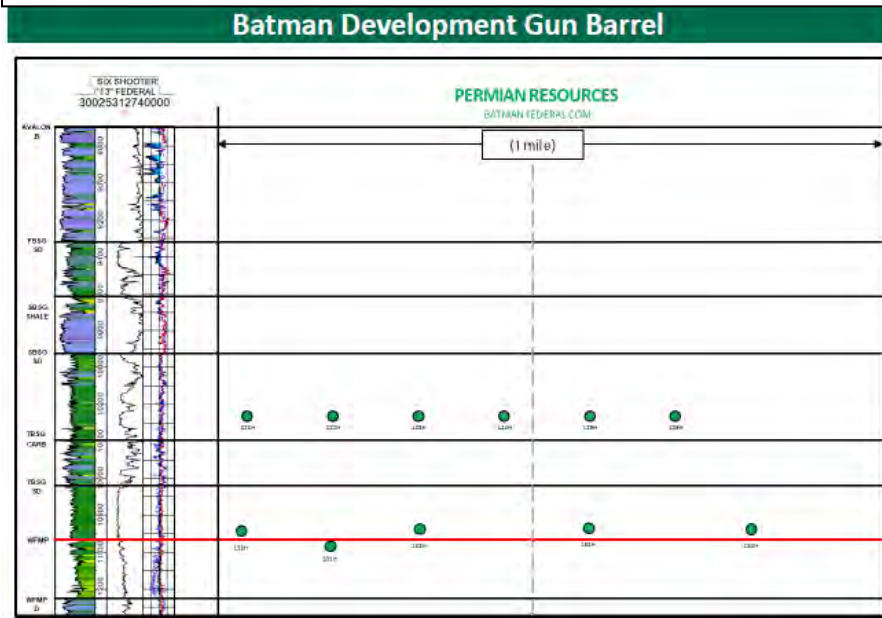
Additionally, 1BS and 2BS Mescalero wells are directly stacked which can impact well results



- The Buffalo 1H, when unbound, recovers nearly 2x the amount of oil as the infill wells offsetting it
 - This despite being 1,671' away from the nearest infill well
- Through the first year, it is 2x the amount of the infills
- Thus, the ROR approaches 2x that of drilling at a 4 WPS density
- Thus, drilling excess wells diminishes the returns of both the unbound and the infill wells
- Further, it destroys the ROI, as the capital expenditure is greatly increased
- Stacked wells interfering with each other between zones again brings up the concern that 4 wells per bench will lead to even greater interference within each zone, as the wine-racked wells in other benches will frac into each other and contribute to interference and economic waste

Prima Rebuttal Exhibit 7 – Rebuttal to Avant Rebuttal Exhibits G-18 and G-19

From Avant's Exhibits G-18 and G-19

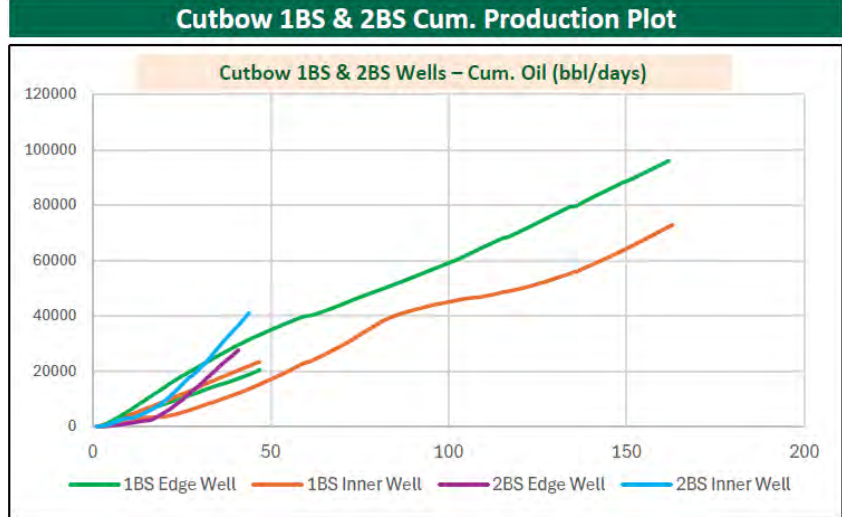


PR's Batman wells are much tighter than 4 WPS, with up to 8 WPS in the 2nd Bone Spring Sand

Wells are completed with modern slickwater frac designs, similar to completion plans at Royal Oak

Inner wells in these tight spacing patterns are keeping up early time with edge wells – expect declines on edge wells to be flatter over time as we are starting to see on the 3BS wells

All wells drilled in the tighter spacing patterns are highly economic to the company and ensure waste prevention



- Gone are the stacked bench impact arguments
- Discussion of inner vs outer wells is incomplete
 - Admit that longer timeframe indicates outer are better
 - Try to use less than 2 months of data to argue that inner wells are better
- With so many wells coming on at the same time, impact of density is muted in the short term that we have data

Prima Rebuttal Exhibit 8 – Rebuttal to Avant Rebuttal Exhibit G-20

From Avant's Exhibits G-20

Summary

Matador's Airstrip Unit was developed with 4 WPS spacing in 2017, 2018, and 2019. The average well had produced over 200 MBO per 10,000 feet of lateral, despite multiple parent-child well interference events.

Easternmost Airstrip well 134H is the worst performer in the group, but still has an excellent 1-year cumulative production volume of 166 MBO per 10,000 ft, despite being placed online 5 years after direct offset Merit 32DM, which had produced 176 MBO per 10,000 ft at that point. This further indicates that 4 WPS well spacing is not the limiting factor of performance.

Well	Length	BBL/Ft	#/Ft
Merit 32DM	4057	14	764
Airstrip 134H	4662	51	2573

- Above table compares completion technique between the Merit 32DM and the Airstrip 134H 3BS wells
- The Merit 32 DM, being completed in early 2013, is over 6 years older than the Airstrip 134H
- Completion techniques have evolved and help recover oil in the reservoir

- Prima has never contended that improvements in completion don't yield more recoverable oil from the reservoir
- Indeed, some of Prima's exhibits show improvements through time (i.e, COG well IP rates)
- It is irrelevant, however, to compare a 2013 vintage well to a 2019 vintage well and claim that has any bearing on interference
- Indeed, among the reasons that Prima chose the Buffalo and Mescalero wells to drive the point home, is that they are all modern wells of the same vintage in completion technique

Prima Rebuttal Exhibit 9 – Rebuttal to Avant Rebuttal Exhibits

Summary Points

- Prima has been consistent in our message. Severe interference and economic waste occurs with the drilling of four wells per bench per mile
- Avant has been inconsistent and self-contradicting with their exhibits and their arguments, appearing to argue against themselves in the hope that one of their arguments hits home
- Avant was apparently surprised that a challenge to a development plan would entail production and economic performance – the very foundation and purpose of exploration company’s existence
- Avant claimed that Prima is not credible, as justification to scramble to provide information to justify their foundational purpose – production and the economics of it
- Avant’s exhibits and cross examination have taken us on a convoluted, contradicting path:
 - These wells aren’t interfering, don’t believe your eyes
 - Ok they are interfering but only at denser spacing than what we propose
 - Ok they are interfering at our proposed densities and even greater spacing than that, but it doesn’t matter, because...
 - Interference is good, it leads to confirmation that you have a proper density and completion design
 - We still produce a lot of oil even with interference
 - The economics are still good, but we don’t need to compare them to alternative developments
- Prima requests that the working interest owners are protected from the significant economic waste that is inherent with this flawed and destructive development plan