



# **South Texas Project Summary Baron Energy Inc.**

**September 1, 2017**

## **Information Update**

# Forward-Looking Statements



FORWARD-LOOKING STATEMENTS: Certain statements contained in this document constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act and Section 27A of the Securities Exchange Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, that address activities, events or developments that Baron Energy Inc. and its subsidiaries expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

# South Texas Project 3-5 Year Plan



## South Texas Project

- 1) Build a portfolio of producing oil and gas properties with substantial upside
- 2) Target 300 BOPD production by YE 2019
- 3) Monetize the portfolio in 2019
- 4) Various options available for EXIT 2019

# Executive Summary



- Baron Energy Inc. (“Baron” or the “Company”) (OTCPK: BROE), a publically traded, independent energy company based in San Marcos, Texas, acquiring and operating producing oil and gas properties in South Texas
- Seasoned, multi-disciplined management team with decades of industry experience
- Company uses a targeted management methodology and project driven business model
- Baron operates production in South Texas only; does not participate in exploration activities
- Baron is building a portfolio of producing properties (“South Texas Project”) with substantial upside and plans an exit in 2019 that could significantly increase Baron’s per share value
- This summary outlines the South Texas Project Plan, growth strategy, and exit timing
- Additional information on Baron Energy Inc. and its South Texas Project can be found on the Company’s website at [www.baronenergy.com](http://www.baronenergy.com)

# Management Team



## **Ronnie L. Steinocher | Chairman, President and CEO**

- 37 years of oil and gas experience; 18 years with a major oil company; 10 years as an owner/operator; CEO Baron Energy since February 2010
- Extensive experience in drilling, engineering, production operations, business development, new ventures, and general management
- BS in Civil Engineering, The University of Texas at Austin
- Licensed professional engineer in Texas; member of Society of Petroleum Engineers

## **Lisa P. Hamilton | Executive Vice President, CFO and Director**

- 36 years of oil and gas experience; 20 years with a major oil company; 10 years as an owner/operator; CFO Baron Energy since February 2010
- Extensive experience in finance, land, contracts, regulatory, joint ventures, production operations, business development, new ventures, and general management
- BS in Business and Commerce with Highest Honors, University of Houston-Downtown

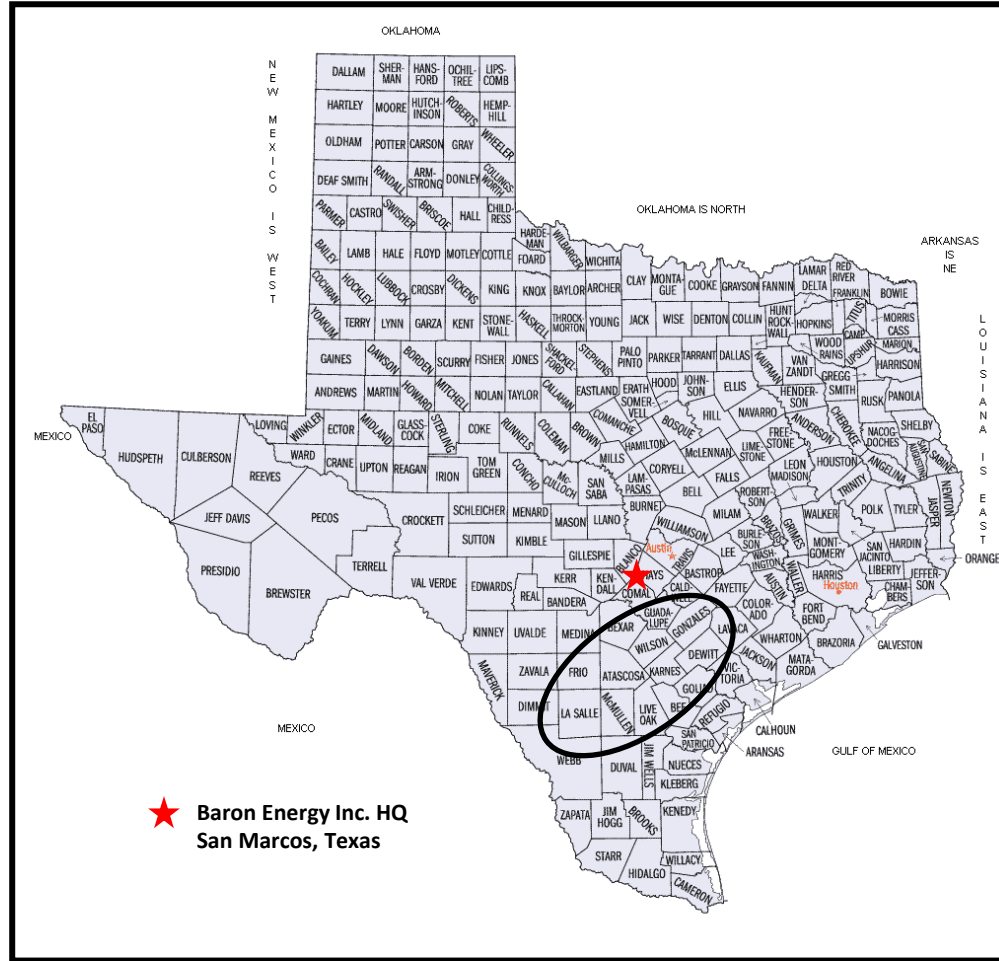


# South Texas Project Highlights

- Baron Energy manages the Project and operates all properties
- Seasoned, multi-disciplined management team; decades of industry experience
- Well progressed plan; ready for production ramp up
- Simple strategy; flexible business model
- Realistic acquisition targets; production only – no exploration activities
- Reasonable growth targets; high potential focus area of operations
- Significant value creation expected for EXIT 2019
- Current 3-4 year future drilling inventory
- EXIT 2019 Target of less than 15 wells and 200-400 BOPD production

***EXIT 2019 STRATEGY***

# South Texas Area of Interest





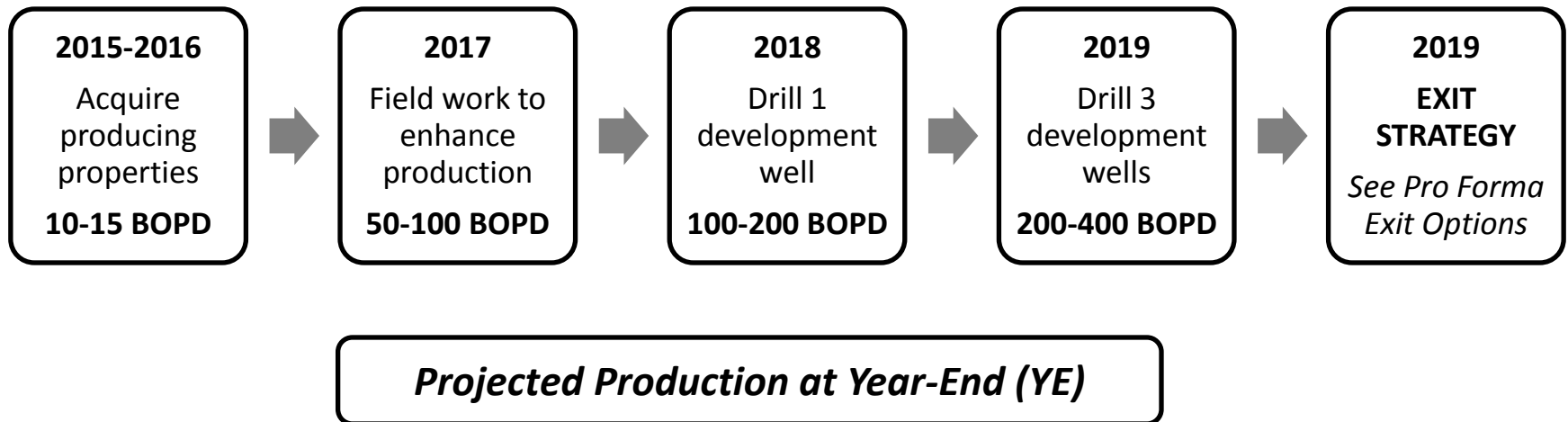
# Area of Operations

- South Texas
- 17 Counties
- 12,000 producing leases
- 122,500 wells drilled
- Stacked pay scenarios throughout focus area
- 1.6 million barrels of oil equivalent production per day (BOEPD)

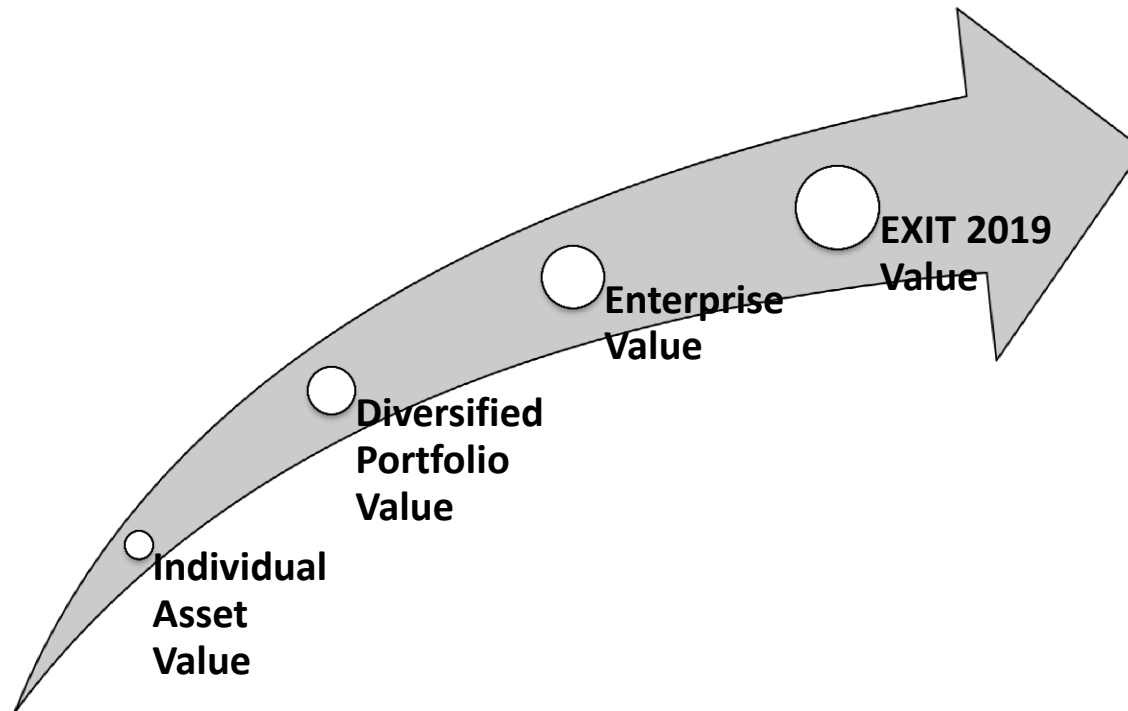
***Baron is focused on 2 counties within its Area of Operations***



# South Texas Project Status Progressed and Projected



# A Diversified Portfolio Is More Valuable Than Individual Assets





# Success Factors

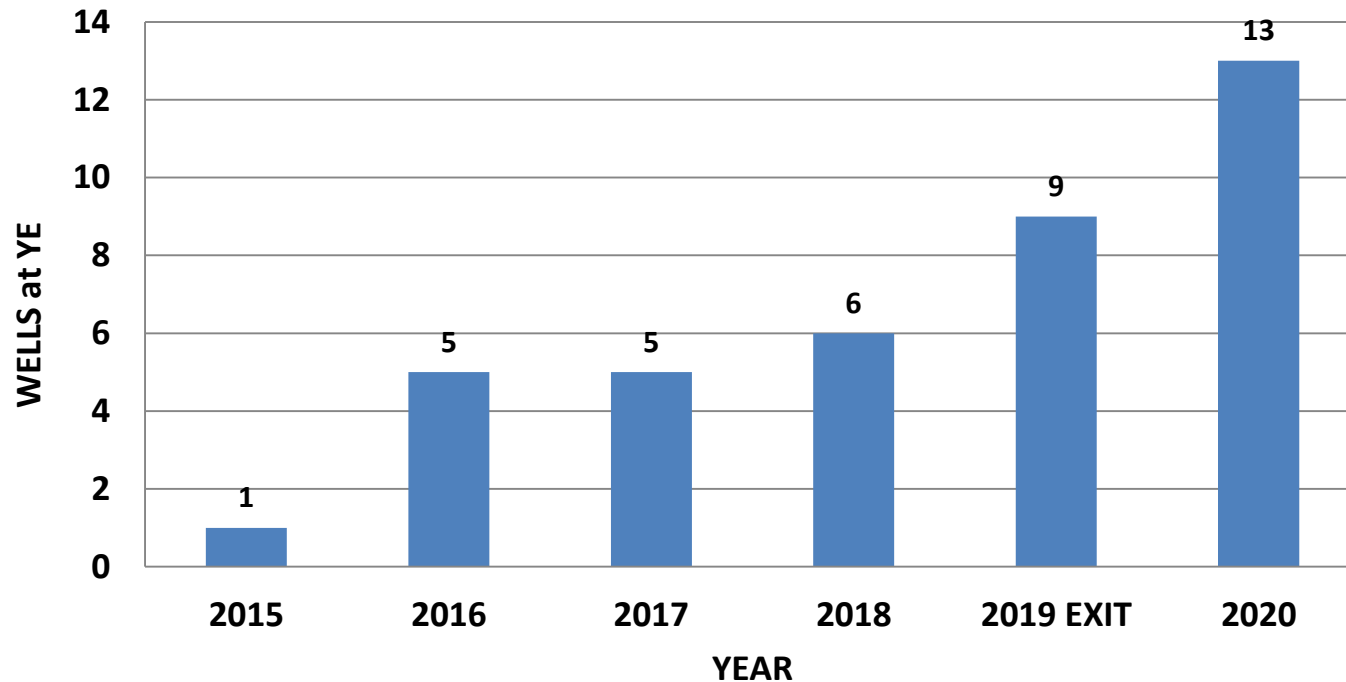
- 1) ID properties that fit the targeted acquisition profile
- 2) Organize partnership and funding for the acquisition and close deal
- 3) Complete near-term production enhancement program
- 4) Inventory upside for each property
- 5) Repeat process to stay-on-pace with Exit Plan
- 6) Drill new wells to increase production and hit YE targets

***Baron's Management Team has closed more than 130 buy/sell transactions in Texas since 2002, operated oil and gas properties in 24 Texas counties and, at peak, operated more than 150 wells and 500 BOEPD.***

# Number of Producing and Projected Wells at Year-End



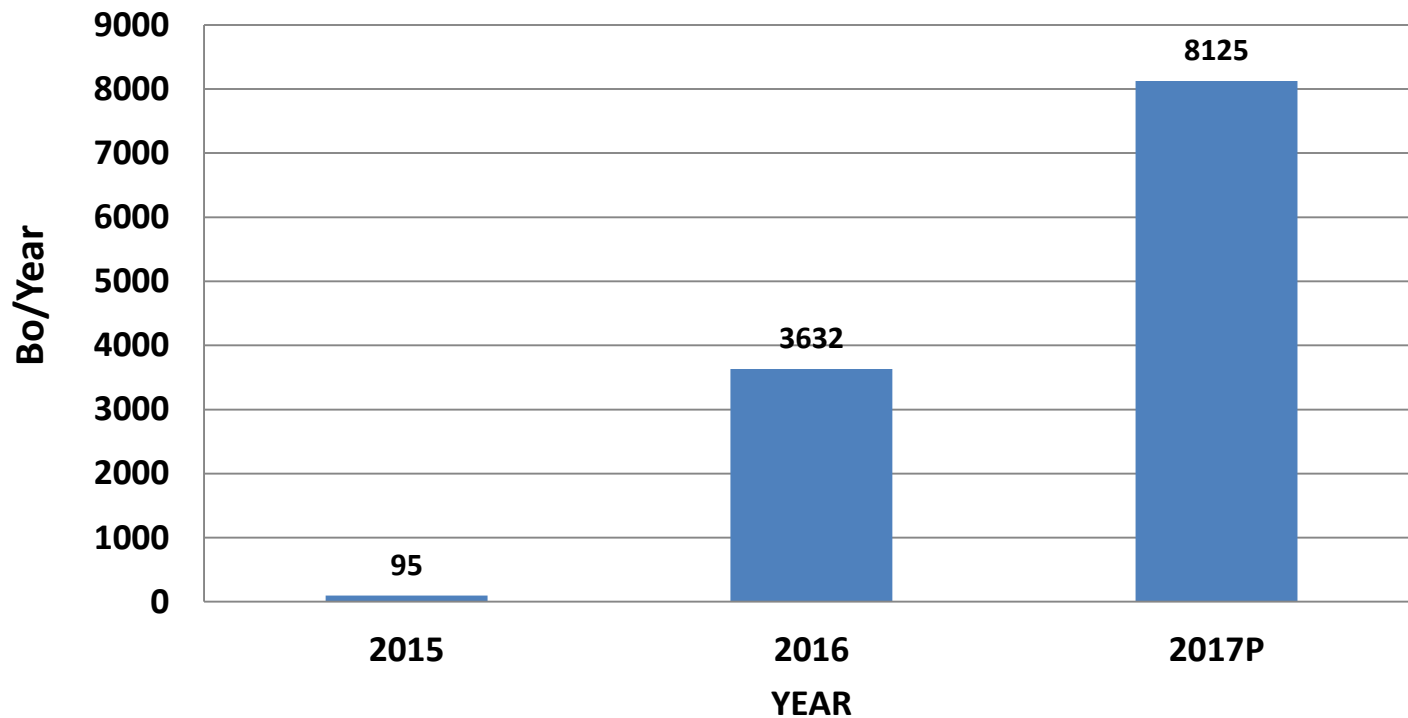
**Actual and Projected Producing Wells at YE**  
*(Does Not Include Future Acquisitions)*



# Annual Production and Projected



## Actual and Projected Annual Production - Base Case

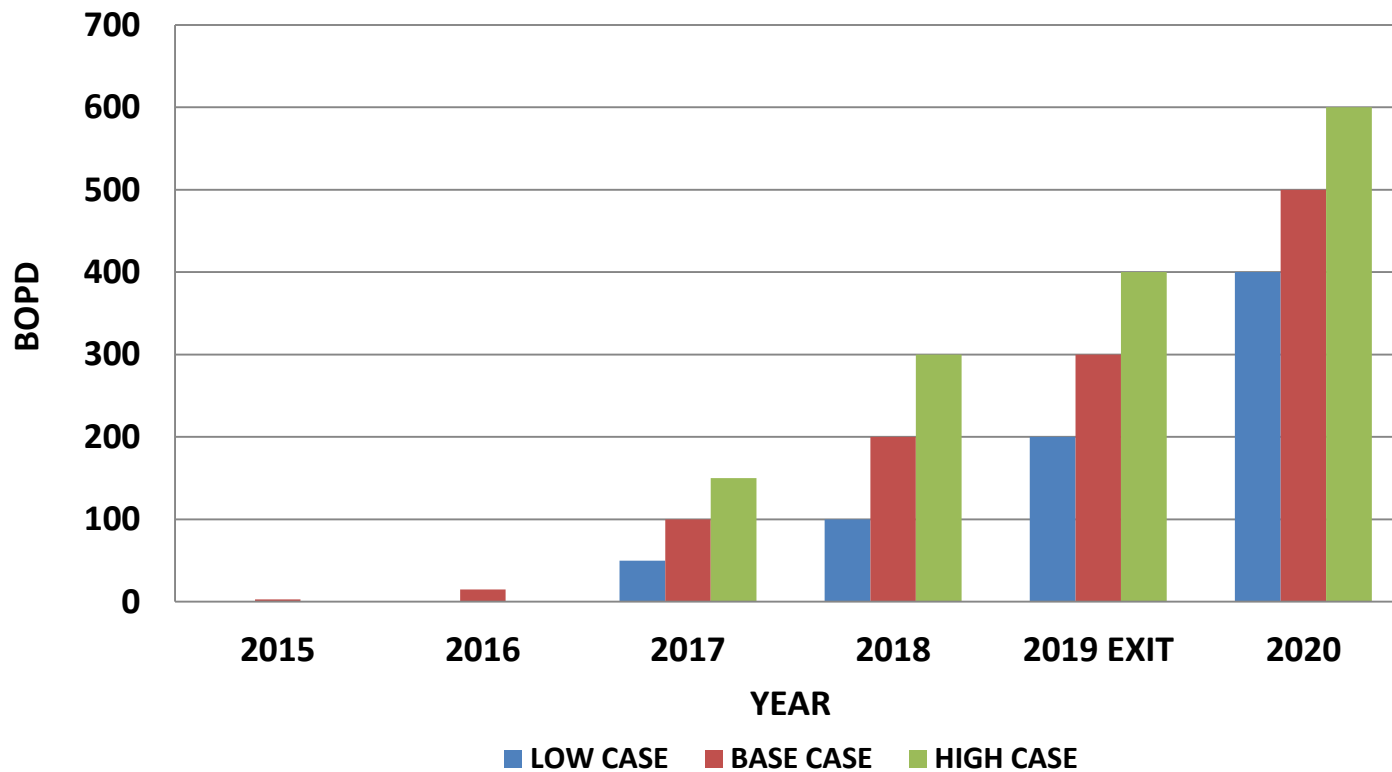


*Includes recompletion in 4Q 2017*

# Production and Projected at Year-End



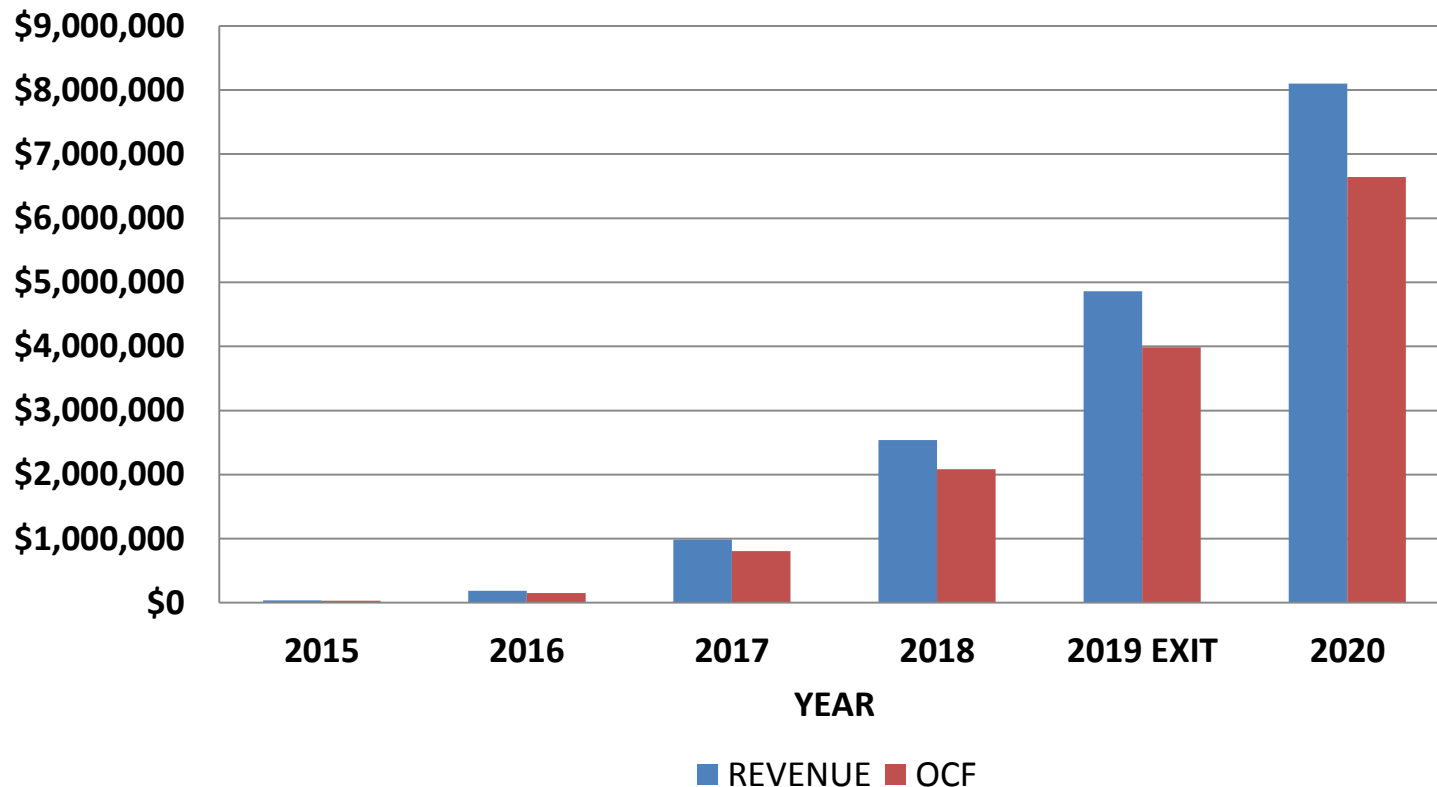
## Production and Projected at Year-End



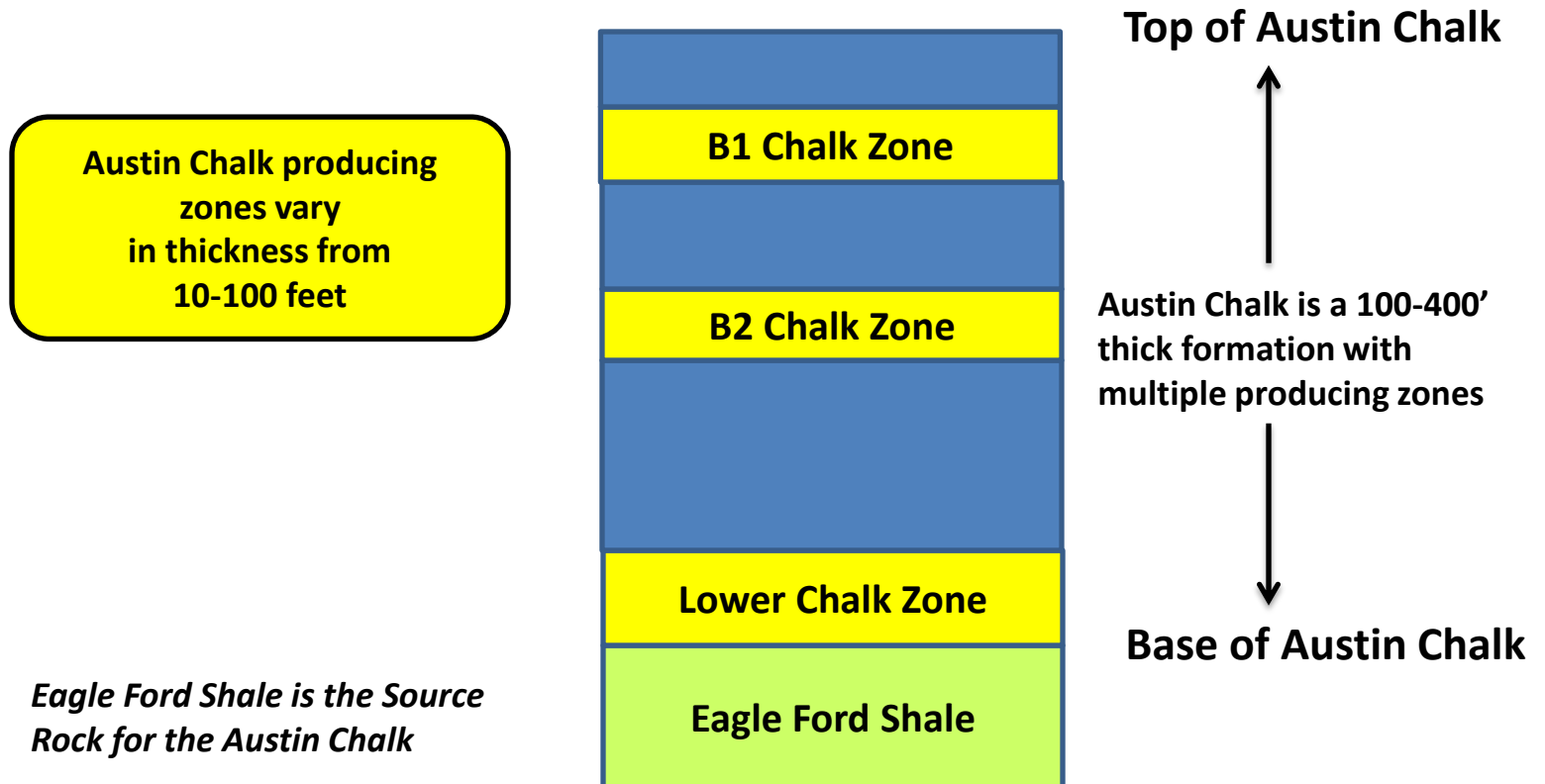
# Annualized Revenue and Operating Cash Flow at Year-End – Base Case Pro Forma



Annualized Revenue & OCF at YE – Base Case Pro Forma



# Austin Chalk Formation - South Texas Multiple Producing Zones

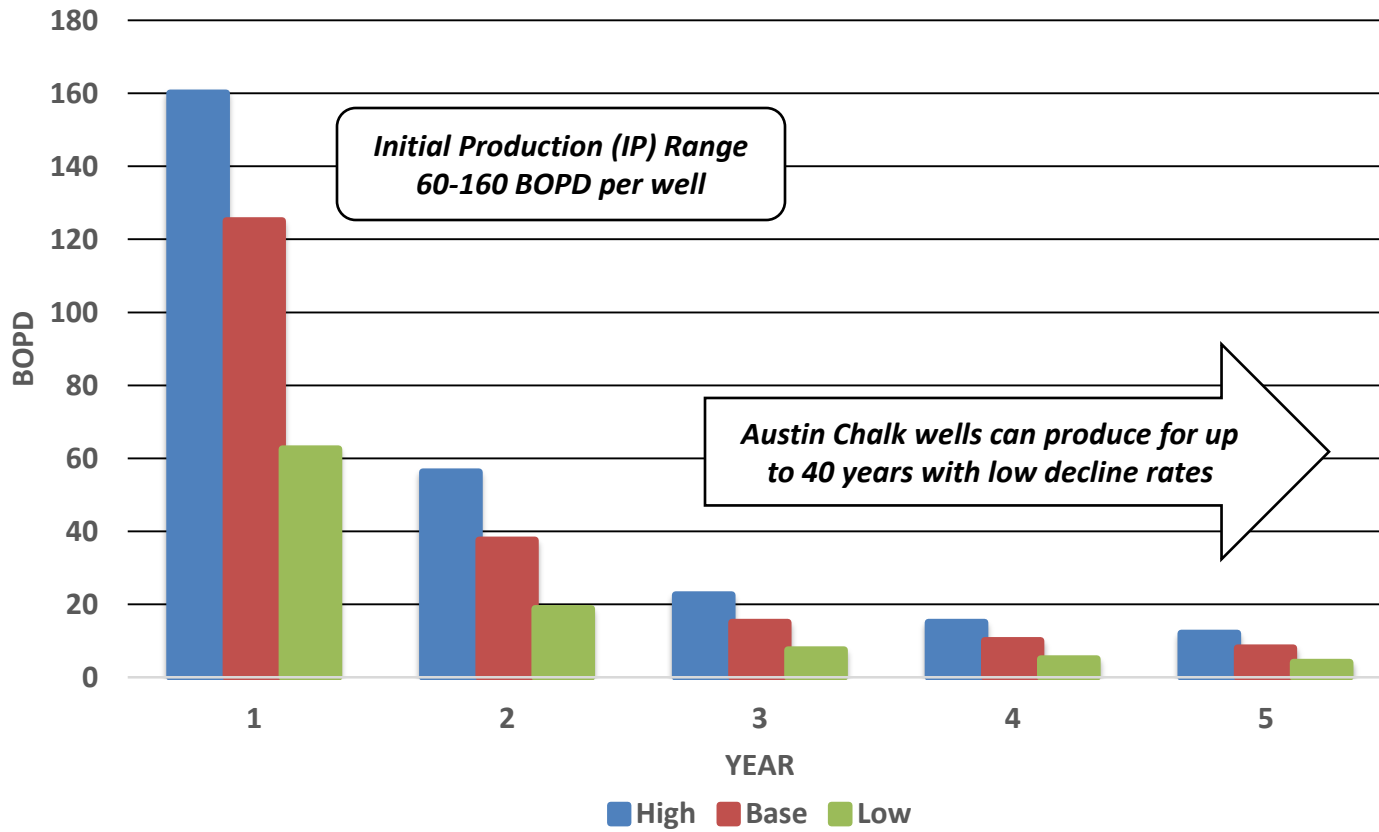




# Austin Chalk Vertical Well Production Profiles



## Austin Chalk Production Profiles – Vertical Well



# Pump Jack on Austin Chalk Well South Texas



- Rural terrain
- Existing infrastructure
- Local services
- Favorable weather throughout year



# Crude Oil Transport Well-to-Market South Texas



- Oil moved from well to storage tank then to sales via truck
- Local oil sales
- Oil moved from leasehold to local commercial storage prior to pipeline transfer to market



# Legacy Austin Chalk Wells South Texas



- **Some Austin Chalk wells have been on production for more than 40 years**
- **Wells are still producing and could produce for many more years**
- **Some leases have significant upside potential via recompletions and future drilling locations**





# South Texas Project Summary

- **High Growth Business Model with Exit Strategy**
  - Production only; no exploration activities
  - Acquire production with upside; drill development wells
  - Acquired first well in December 2015
  - Baron Energy operates all properties
- **Present and Future Value**
  - Ready for production ramp up via recompletion and drilling new wells
  - Escalating production; reasonable year-end production targets
  - Building future drilling inventory to increase portfolio value
- **EXIT 2019**
  - 200-400 BOPD YE Target range; 300 BOPD Base Case for EXIT 2019
  - 3-year future drilling inventory at EXIT
  - Monetize South Texas Project in 2019
  - Multiple EXIT options available

# Contact Information



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