Operated Working Interest Assets and Midstream Assets in the Potato Hills Field of the Greater Arkoma Basin

April 2018
Eagle River Holdings, LLC has been exclusively retained by Vanguard Natural Resources, Inc. ("Seller") for the divestiture of operated working interest assets, associated development rights and midstream assets located in the Potato Hills Field of the Greater Arkoma Basin of Latimer and Pushmataha Counties, Oklahoma.

**Producing Assets with Stabilized Cash Flow**

- ~5,500 Mcf/d net production (100% Gas)
- ~$435,000/mn net cash flow (6-mo average) from upstream assets and operated gas gathering system
- Mature conventional production, driven by pressure depletion, provides low declining and predictable cash flow
- Legacy infrastructure provides long-term economic operation of field

**Operated Position in the Greater Arkoma Basin**

- 48 gross wellbores with average of 71.9% WI / 57.1% NRI
- ~9,530 net and ~13,740 gross acres majority operated leasehold (100% HBP)
- Potato Hills field produces dry gas from the late Mississippian – early Pennsylvanian deep water Jackfork sands
  - Asset primarily produces from the Ratcliff with cumulative production of over 10 Bcf each in multiple wells

**Engineered Reserves**

- ~27.2 Bcf PDP net Reserves
- ~1.6 Bcf Behind Pipe net Reserves from 8 wells with identified recompletion potential with IRRs in excess of ~60%
- 3 recompletions performed in December 2017 in the Cedar Creek and Ratcliff formations and comingled with current zone yield encouraging recompletion economics

**Operated Gas Gathering System**

- Operated Potato Hills Gas Gathering System for sale and bids to be considered separate from upstream assets
  - Vanguard and Continuum jointly own 100% of gathering system and each is selling its interest in the system
  - ~$81,000/mn net cash flow from ~10,500 Mcf/d gross current through put at a gathering fee of $0.35/Mcf
  - ~43 miles of existing steel pipeline gathering entire Potato Hills field
Operated Working Interest and Midstream Assets for Sale in the Greater Arkoma Basin

**Potato Hills Leasehold**
- ~9,530 net and ~13,740 gross acres
- 48 gross wellbores (92% operated)
- 8 wellbores identified with behind pipe recompletion potential
- Multiple prospective Formations
  - Ratcliff
  - Cedar Creek
  - Jackfork Sands
  - Green

**Seller Leasehold**

**Gas Gathering System:**
- 100% operated interest being jointly sold
- ~10,500 gross Mcf/d current through put
- ~$81,000 net monthly cash flow
- Steel pipe (API 5LX X-42 grade)
Reserves and Cash Flow Summary

<table>
<thead>
<tr>
<th>NET RESERVES SUMMARY</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross No. Wells</td>
<td>Net No. Wells</td>
</tr>
<tr>
<td>Proved Reserves</td>
<td></td>
</tr>
<tr>
<td>Proved Developed Producing</td>
<td>42</td>
</tr>
<tr>
<td>Proved Developed Shut-In</td>
<td>6</td>
</tr>
<tr>
<td>Proved Behind Pipe</td>
<td>8</td>
</tr>
<tr>
<td>Total 1P Reserves</td>
<td>48</td>
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</tbody>
</table>

PRICING ASSUMPTIONS

<table>
<thead>
<tr>
<th>4/2/2018 Strip</th>
<th></th>
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<tbody>
<tr>
<td>Year</td>
<td>Gas ($/Mcf)</td>
</tr>
<tr>
<td>2018</td>
<td>$2.80</td>
</tr>
<tr>
<td>2019</td>
<td>$2.79</td>
</tr>
<tr>
<td>2020</td>
<td>$2.78</td>
</tr>
<tr>
<td>2021</td>
<td>$2.83</td>
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<tr>
<td>2022</td>
<td>$2.88</td>
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<tr>
<td>2023</td>
<td>$2.93</td>
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<tr>
<td>2024+</td>
<td>$3.00</td>
</tr>
</tbody>
</table>

Differentials

| Gas ($/Mcf) |
|-$0.31 |

MATURE PRODUCTION WITH LOW DECLINE PROFILE

NET MONTHLY CASH FLOW PROFILE

Gas Gathering System

$81,200

PDP Assets

$353,300

(1) Total well counts exclude Behind Pipe reserves since they are existing wellbores

Confidential – Not For Distribution
Sales Process Overview & Contact Information

**Sales Process Overview**

### Process Timeline

- **Effective Date:** April 1, 2018
- **VDR Access:** April 16 – May 16, 2018
- **Bids Due:** May 16, 2018 6:00PM CT
- **PSA Execution:** June 1, 2018
- **Closing:** End of June 2018

### Eagle River A&D Team

**Austin McKee**  
Managing Director  
Austin@EagleRiverHoldingsLLC.com  
303-832-5128

**Brian Green**  
Managing Director  
Brian@EagleRiverHoldingsLLC.com  
832-680-0110

**Darrell Finneman**  
Managing Director  
Darrell@EagleRiverHoldingsLLC.com  
720-726-6091

**James Barnes**  
Director  
James@EagleRiverHoldingsLLC.com  
832-680-0112

**Kari Bleyle**  
Manager  
Kari@EagleRiverHoldingsLLC.com  
303-770-6096

**Alex Sale**  
Director of Engineering  
Alex@EagleRiverHoldingsLLC.com  
720-726-6094

**Kit Reasoner**  
Reservoir Engineering Analyst  
Kathryn@EagleRiverHoldingsLLC.com  
720-726-6092

**Denver Office**  
5460 S Quebec St Ste 335  
Greenwood Village, CO 80111

**Houston Office**  
25700 I-45 North, Suite 400  
The Woodlands, TX 77386

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  Austin@EagleRiverHoldingsLLC.com  
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