

**Defiant Energy Exploration & Production, Inc.**, (the “Company”) based in Houston, Texas, will be a vertically-integrated growth stage energy company with two key divisions:

- ◆ **Exploration and production** (*Defiant Energy Fund, LLC*); and
- ◆ **Oil field services** (*Double H Services, LLC*)

The Company specializes in acquiring underdeveloped oil and gas properties and optimizing the acquired assets to provide superior long-term returns to property owners and project stakeholders.



**Defiant Energy Exploration & Production, Inc.**

*A Vertically-Integrated Energy Company*

**Defiant Energy Exploration & Production, Inc.**

23410 Grand Reserve Dr #501  
Katy, TX 77494  
(832) 409-3687  
[www.defiantenergy.net](http://www.defiantenergy.net)

**Company Contact:**

Roger R. Vargas, II  
Chairman  
(469) 888-1723  
[rrv2@defiantinternationalinc.com](mailto:rrv2@defiantinternationalinc.com)

**Legal Counsel:**

Banister & Miller, PLLC  
Matthew Banister  
(832) 443-5571  
[matt@banistermilller.com](mailto:matt@banistermilller.com)

**1031-Exchange From Real Estate Into Oil & Gas**

A **Net Profits Interest (“NPI”)** in an oil and gas leasehold and wells **qualifies for IRC § 1031 tax-deferral treatment** as a **“like-kind”** replacement property for a real estate transaction, as long as it is held by the Exchanger for investment purposes or for productive use in a trade or business.

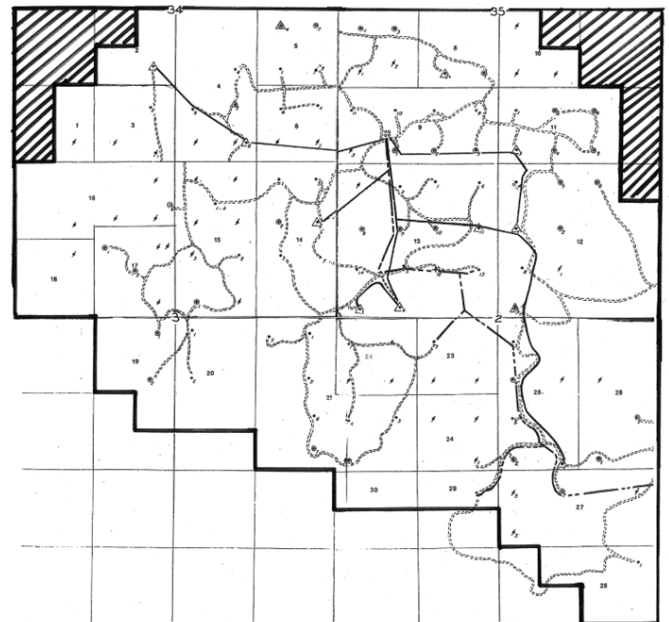
The Company is primarily focused on developing existing properties in Oklahoma through **low-cost reworks and recompletions** and **drilling new wells** on high-return, **proved undeveloped (“PUD”)** locations, with work completed in-house by the Company’s oil field services division, Double H Services, LLC.

**Regional Focus and Oil Field Service Expertise**

- **Well-defined geographic focus** – Oklahoma’s SCOOP and STACK plays and adjacent counties and Texas.
- **Strong management and technical team** with operational knowledge of the area.
- **In-house oil field services**, Double H Services, LLC, Enid, Oklahoma



COTTONWOOD REDFORK SAND UNIT  
WATER INJECTION SYSTEM  
GAS SUPPLY SYSTEM



LEGEND	
•	Producing
⊙	Temp. Abandoned
—	Proposed Well Line
△	Injection
—	Gas Line
②	Tract No.

**Business Model**

- Focused on Oklahoma and Texas
- Expertise in Oil Field Services
- Operating History in the region
- Shallow, conventional wells
- Profitable Producing at \$30 oil
- Long Life Reserve Assets
- De-risked Upside, Focus on PUDs

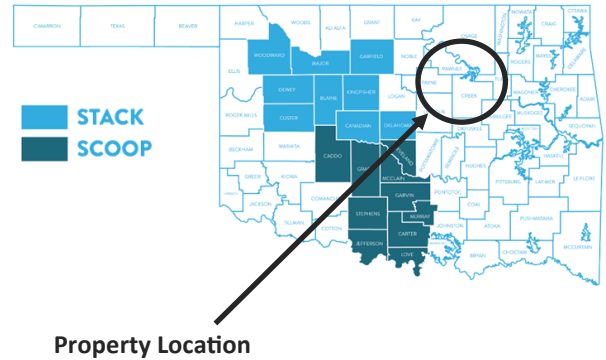


- Undervalued, Underdeveloped Oil-weighted properties
- Multi-year Production & Reserve Growth Potential
- Bankruptcy Asset Sales
- Good Properties w/ Distressed Operators
- Grassroots / Boots on the Ground

## Cottonwood Redfork Sand Unit (“CRFSU”)

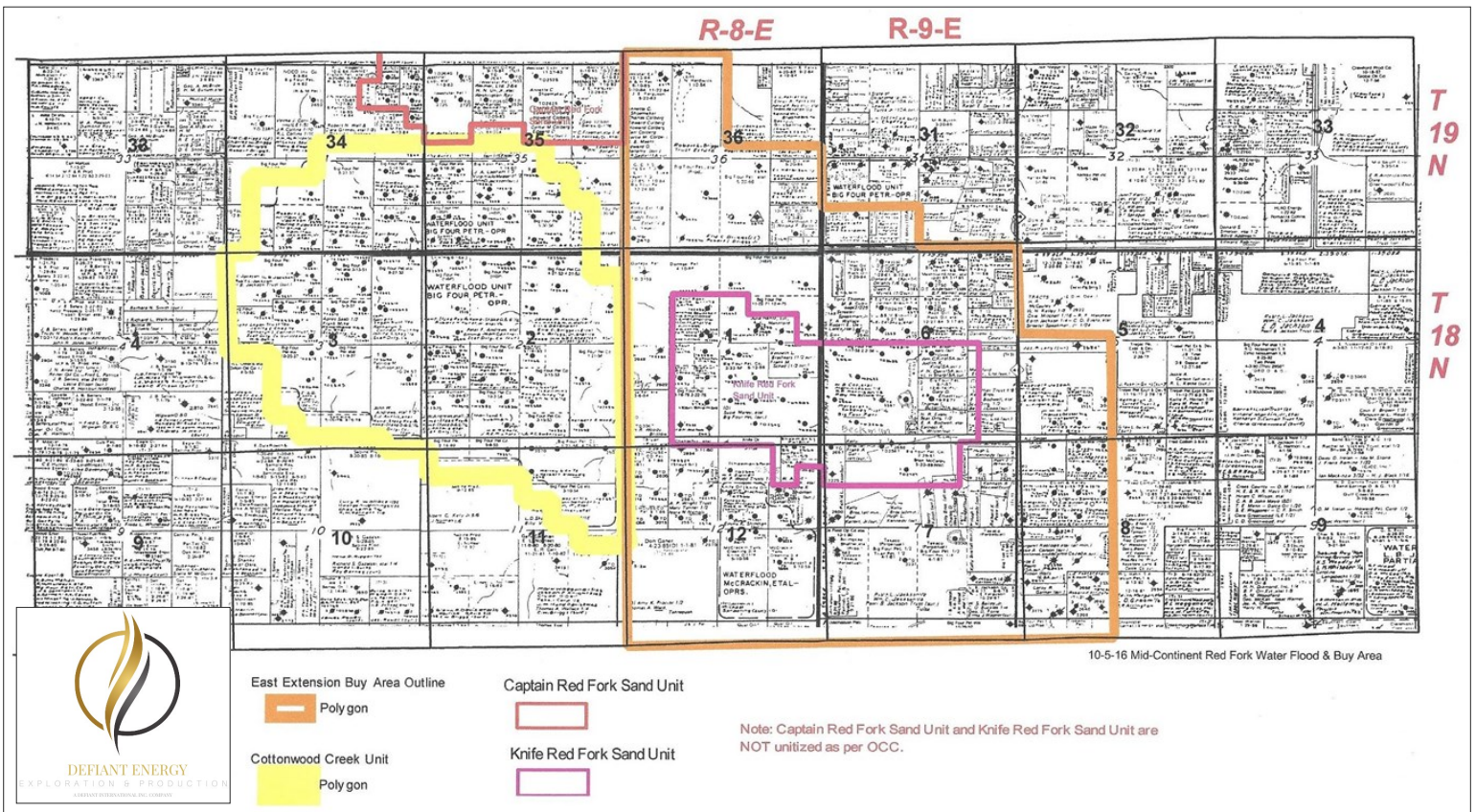
The Company’s 1,810-acre lease (with 81 wells) has been unitized into the Cottonwood Redfork Sand Unit (“CRFSU”). The Company plans to implement a modern water flood program for the CRFSU with the goal to **increase production over 300 barrels of oil per day**.

Recent engineering analysis indicates that the CRFSU contains an additional 2.3 million barrels of recoverable oil. Modern waterflood programs recently implemented in the area have proven successful and by acquiring the neighboring leases and wells, the Company will be able to increase total reserves and maximize production from the CRFSU.



### Cottonwood Redfork Sand Unit (“CRFSU”) Lease - 1,810 acres + 3,600 adjacent acres (to be acquired)

- 1,810-acre lease *has not been aggressively developed* and as a result it has significant upside potential.
- Creek County produced 1 million barrels in 2011, and is one of the largest oil producing counties in Oklahoma.
- Much of the Creekwood Asset was drilled in the 1930’s and 1950’s before the 30 individual leases that comprise the property were unitized into the current Cottonwood Red Fork Sand Unit (“CRFSU”) water flood Unit in 1967.
- After 1967 several wells were converted into injectors and the field experienced a sustained increase in production through 1994, when water injection ceased.



## CRFSU Future Potential

The CRFSU is underdeveloped and a **substantial amount of the recoverable oil** remains to be produced for several reasons:

- Recent engineering analysis indicates that the CRFSU contains an additional **2.3 million barrels of recoverable oil**.
- There is **no indication of any dry holes** among the 94 most recent wells drilled on the property.
- **Only a few injection wells** have been put into operation and an **Arbuckle supply well** capable of providing sufficient quantities of formation water to support a robust water flood program was **never drilled**.
- According to lease and drilling records for the CRFSU, **many of the old wells were never fracked**.

# Projected Annual Cash Flows from Net Profits Interest in the Properties

## Net Profits Interest

The Company is offering a Net Profits Interest (“NPI”) in the Cottonwood Redfork Sand Unit (“CRFSU”) Project, which consists of an 1,810-acre lease with 81 total wells located in Creek County, Oklahoma — currently producing ~10 barrels of oil per day (“BOPD”) with significant **upside development potential capable of producing > 300 BOPD**.

- **25% Net Profits Interest** (“NPI”) in the CRFSU project offered for **\$8.5 million**.
- **Minimum investment = \$100,000** for 0.29411765% Net Profits Interest in the CRFSU Project.
- Memo of NPI Agreement will be **recorded with the Clerk of Creek County Courthouse**.
- NPI owners are eligible for the **15% oil and gas Depletion Allowance** (making first 15% of annual revenues tax-free) and can deduct Intangible Drilling Costs (“IDCs”) estimated at ~\$1.5 million against either active or passive income, according to the tax code.
- In **2024**, the Company realized an average oil price of **\$70.56** per barrel produced.

## “Net Profits” Definition

“Net Profits” is defined as total gross revenues reduced by any taxes, royalties, overriding royalties, marketing, capital expenditures, and field lease operating expenses attributable to the oil and gas leases and wells in the Cottonwood Redfork Sand Unit (“CRFSU”).

NPI payments are expected to commence on production of oil and gas from the properties starting on or before one hundred twenty (120) days following Closing and shall be due and payable thirty (30) days after the Company’s receipt of payment for such production.

## Recent Media Headlines

“JPMorgan says **oil could rise to nearly \$100 a barrel** on Russia’s ‘surprising’ actions ahead of U.S. Election” — CNBC, March 27, 2024.

“**Oil Futures end higher** on signs of strong U.S. Gasoline demand” — MarketWatch, April 3, 2024.

“**U.S. Oil and gas production has surged**, driven by energy security concerns and sanctions on Russian energy.” - Oiprice.com, April 12, 2024

On April 15, 2024, WTI Crude closed at **\$85.95/barrel**.

EIA Short-Term Energy Outlook in April 2024 has Brent crude oil price of **\$87/barrel forecasted in 2025**.

**Table 1** — Depicts a representative example of potential annual cash-on-cash returns from \$100,000 investment at various oil price forecasts.

Potential Annual Returns Per \$100,000			
Oil Price/bbl	2024	2025	2026
\$50.00	\$1,372	\$14,199	\$13,273
\$60.00	\$3,000	\$17,274	\$16,169
\$70.00	\$4,628	\$20,350	\$19,065
\$80.00	\$6,526	\$23,426	\$21,961
\$90.00	\$7,884	\$27,414	\$27,385
\$100.00	\$9,512	\$29,577	\$27,753

Potential Annual ROI %			
Oil Price/bbl	2024	2025	2026
\$50.00	1.4%	14.2%	13.3%
\$60.00	3.0%	17.3%	16.2%
\$70.00	4.6%	20.4%	19.1%
\$80.00	6.5%	23.4%	22.0%
\$90.00	7.9%	27.4%	27.4%
\$100.00	9.5%	29.6%	27.8%

## Financial Model Assumptions:

- **Oil price** remains **constant for 3-years** for each price forecast scenario (no price escalation assumed);
- **2024 CAPEX budget of \$2.145MM** for rework program (first 5-6 months post-funding);
- Results expected to **increase daily production by 5.5 barrels of oil per day** per well reworked
- **- 0.5% monthly decline curve**, starting Jan 2025

## Company Management

**Roger R. Vargas, II - Chairman** — 20+ years oil & gas industry experience in exploration and development, business development/fundraising and management of oil field operations.

**Bruno P. Allaire, MBA - Acting CEO** — Seasoned business operator with 28+ years experience in numerous disciplines across various industries, with last 10+ years in oil & gas industry. 8-yrs of public company management experience.

**Matthew Banister - General Counsel** — Member of Texas State Bar. J.D. from South Texas College of Law. Practice areas in business law, criminal law, real estate law and workers compensation.