

KELLY SUTTON

STX ASSET MANAGER
SM Energy Company

Kelly Sutton, South Texas Asset Manager at SM Energy's South Texas office, brings over 25 years of experience to her role. With a background in reservoir engineering, she specializes in asset management, reserves management, and business development, particularly in the Eagle Ford and Austin Chalk regions. Kelly holds a B.S. in Chemical Engineering from the University of Alabama. Throughout her career, she has made significant contributions to SM Energy, including serving as Senior Reservoir Engineer, Manager of Reserves, and Business Development Manager. In these roles, she has played a key part in driving the company's South Texas operations and strategic development initiatives.

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DISCLAIMER

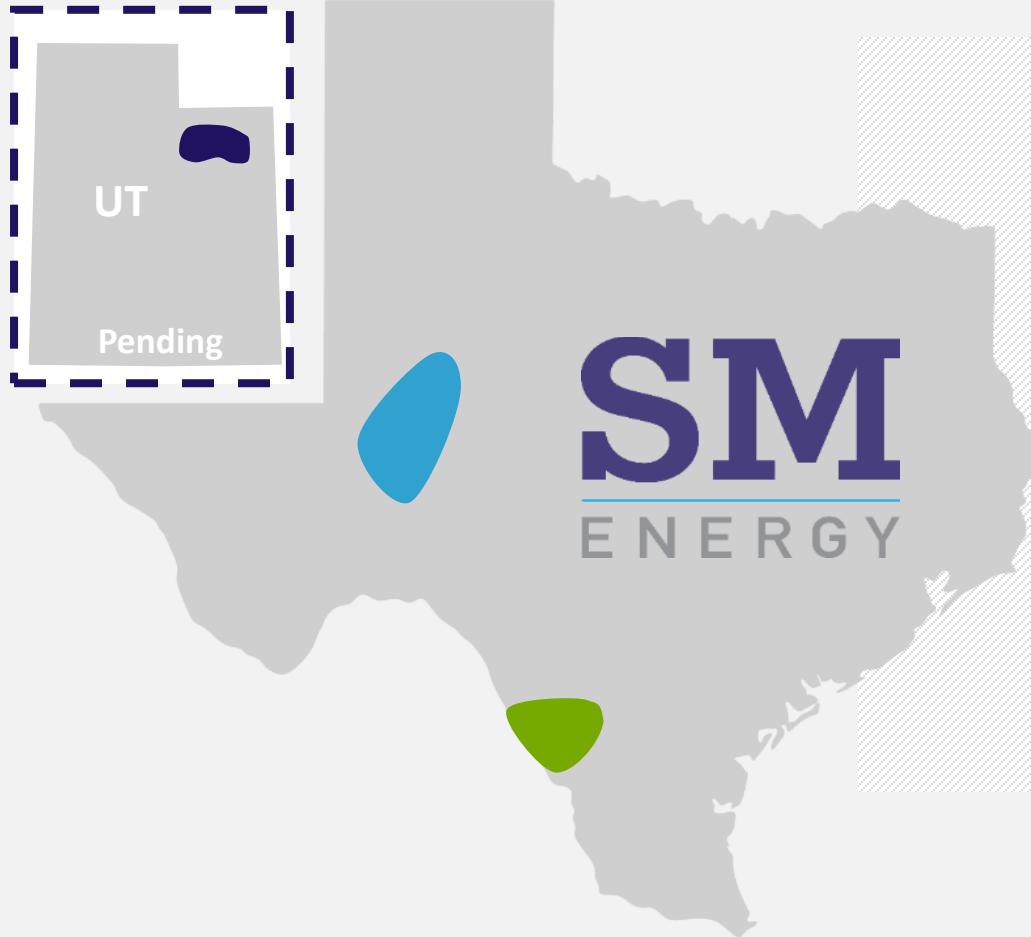
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SM Energy: Diagnostics, Data, & Results Driven Workflows in Support of Reserves & Optimized Development Planning in Austin Chalk

SM Energy Is...

A Premier Operator of Top-Tier Assets



A Premier Operator

Capital Efficiency

Owner of Top-tier Assets

High-Quality Inventory with Long Runway

A Leader

Sustainability and Stewardship

Note: On June 27, 2024, SM Energy executed and delivered a purchase and sale agreement to acquire an 80% undivided interest in the oil and gas assets of XCL Resources, LLC, and affiliated entities (the "XCL Acquisition"). On August 5, 2024, SM Energy exercised its option under the purchase and sale agreement to acquire 80% of certain additional assets adjacent to the XCL Resources, LLC asset acquisition for approximately \$70.0 million (the "Altamont Acquisition" and, together with the XCL Acquisition, the "Uinta Basin Acquisitions"). The Uinta Basin Acquisitions have a May 1, 2024 effective date and are expected to close on October 1, 2024. There can be no assurance that these transactions will close on time or at all. All amounts noted are net to SM Energy's 80% interest.

2024 Strategic Objectives

Well Positioned for Another Great Year

“SM Energy is a premier operator of top tier assets delivering sustainable return of capital. We are empowered by our strong balance sheet and world class technical team, and we are poised to repeat this success.”

SM|ENERGY

SM
ENERGY

- 1 Focus on operational execution to deliver low breakeven, high return wells, while employing new technologies and maintaining ESG leadership.
- 2 Return capital to stockholders through share repurchases and fixed dividends and transfer value to stockholders through reduced debt.
- 3 Maintain and expand portfolio quality and depth, applying advanced analytics and technical innovation.

Operational Excellence

SM Energy | A Leader in Stewardship

Key Areas of Focus

- Safety protocols & procedures
- ESG initiatives
- Operational performance metrics
- Technological advancements



CDP Score
Climate Change 2023



Leadership Level

CDP Score
Supplier Engagement 2023

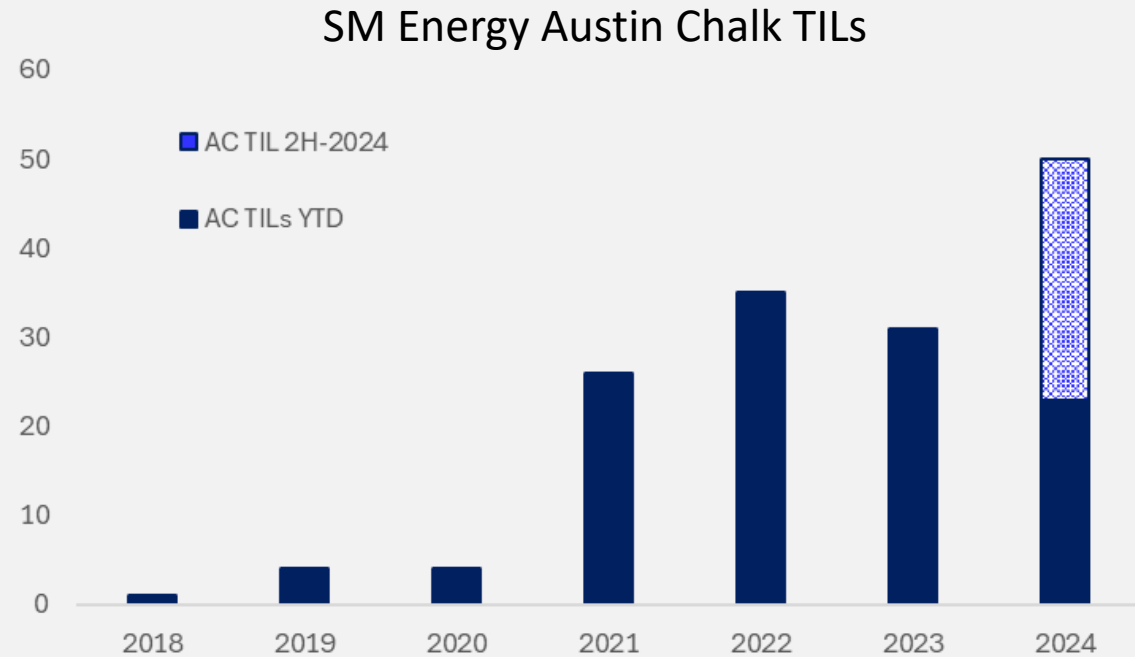
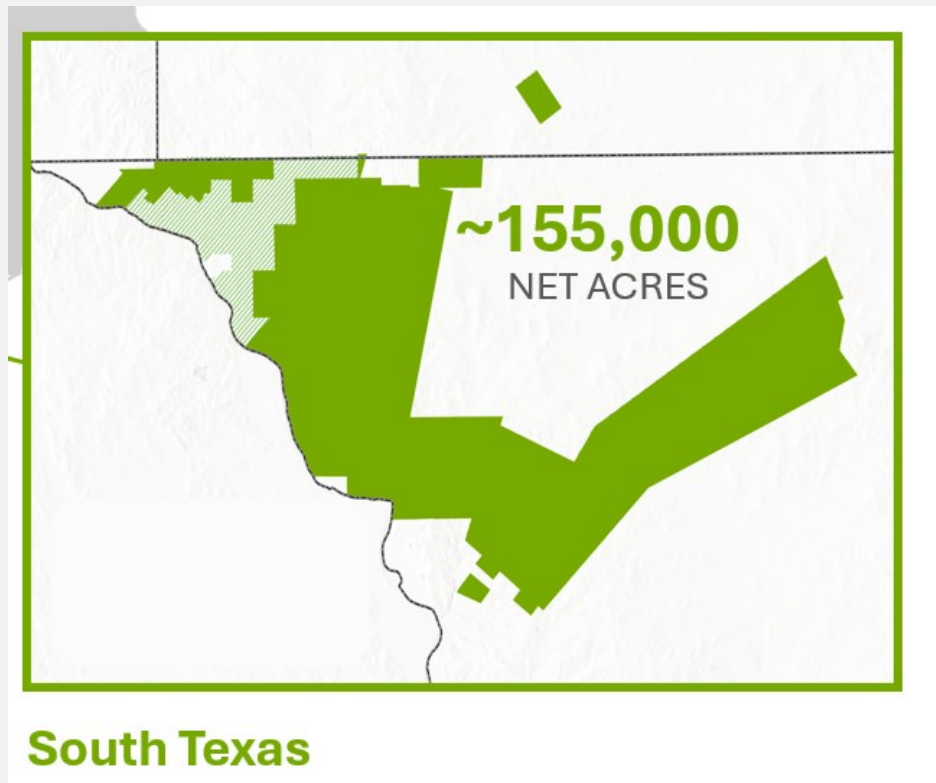


Leadership Level



SM Energy South Texas Asset

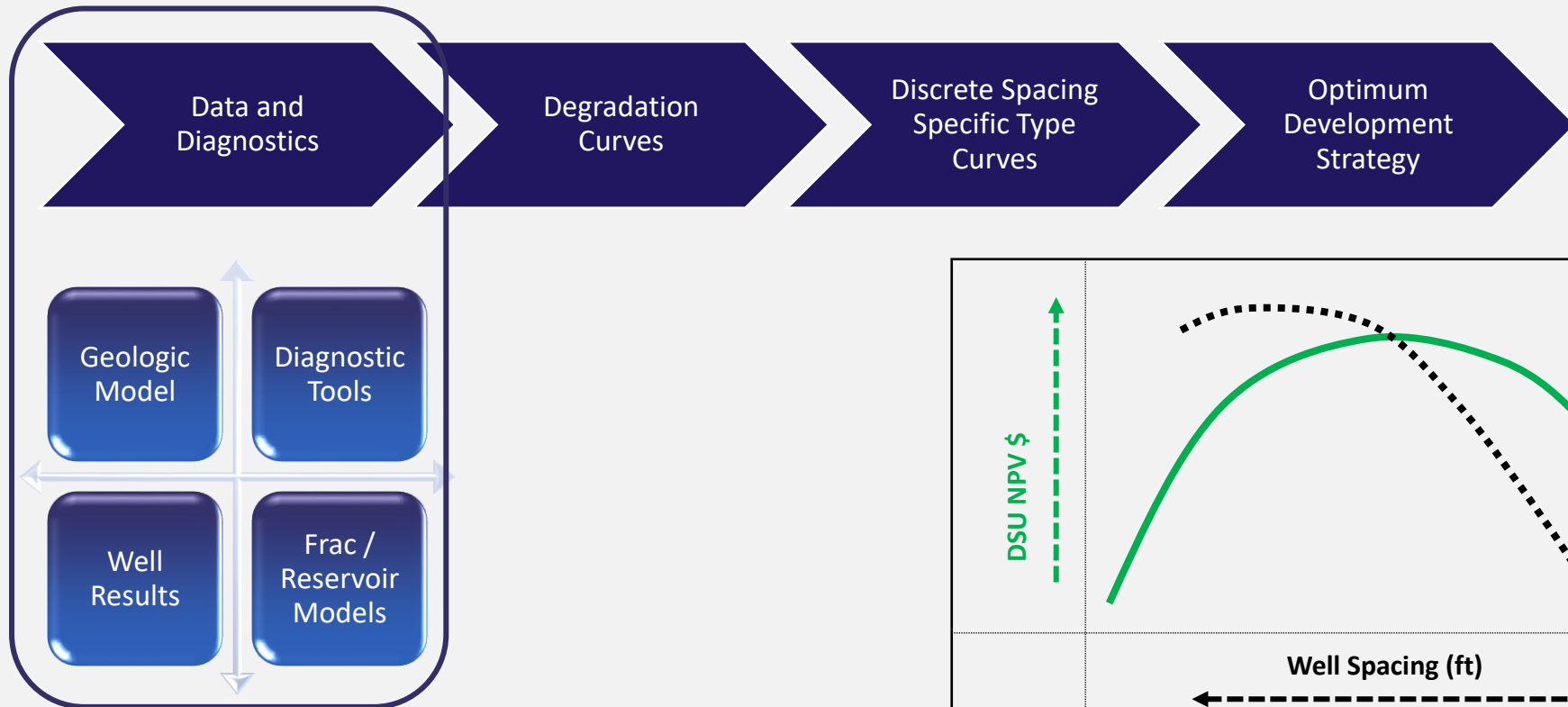
~155K Net Acres & 124 Producing Middle and Lower Austin Chalk wells since the start of development in 2018



SM Energy South Texas Asset

Leveraging Data to Build Confidence in Models

Learning solely through the drill bit is expensive and therefore an integrated approach utilizing a body of evidence pulling from various different sources of data bolsters confidence in models quickly and drives maximum asset value

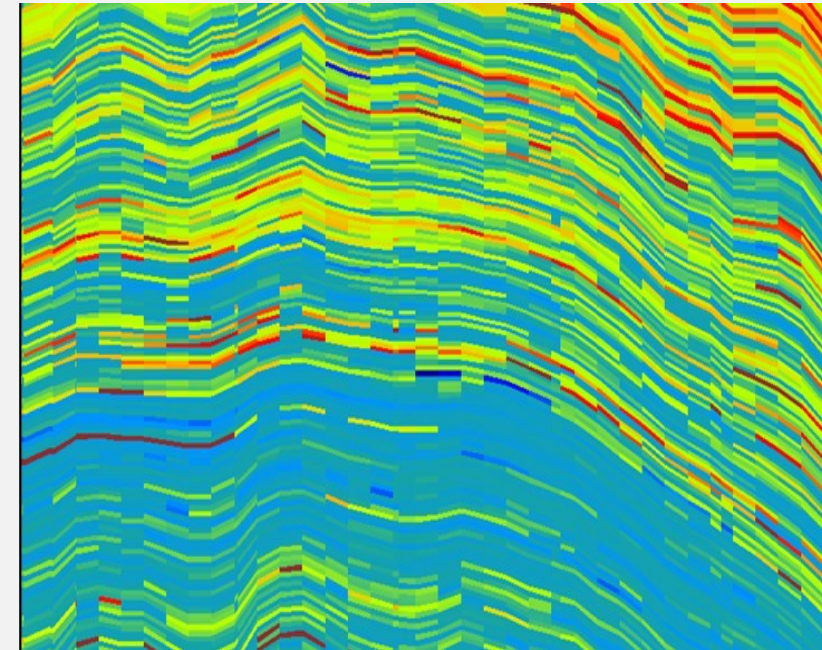
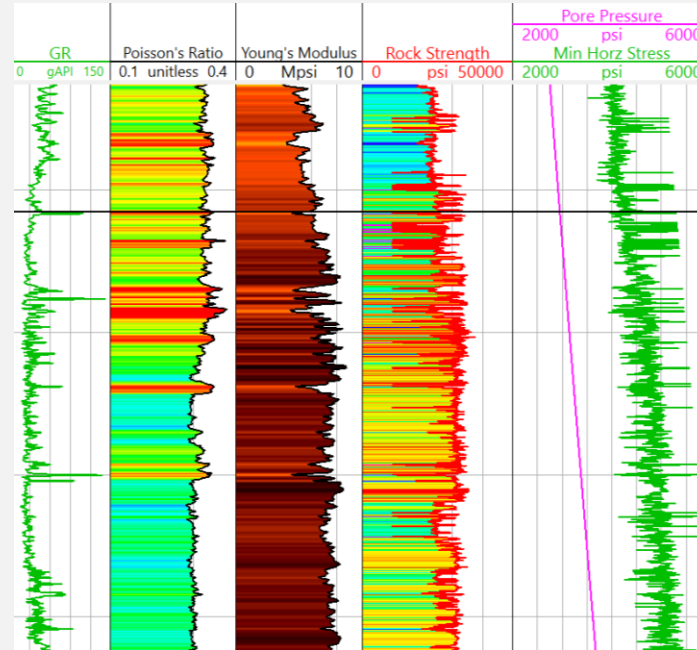
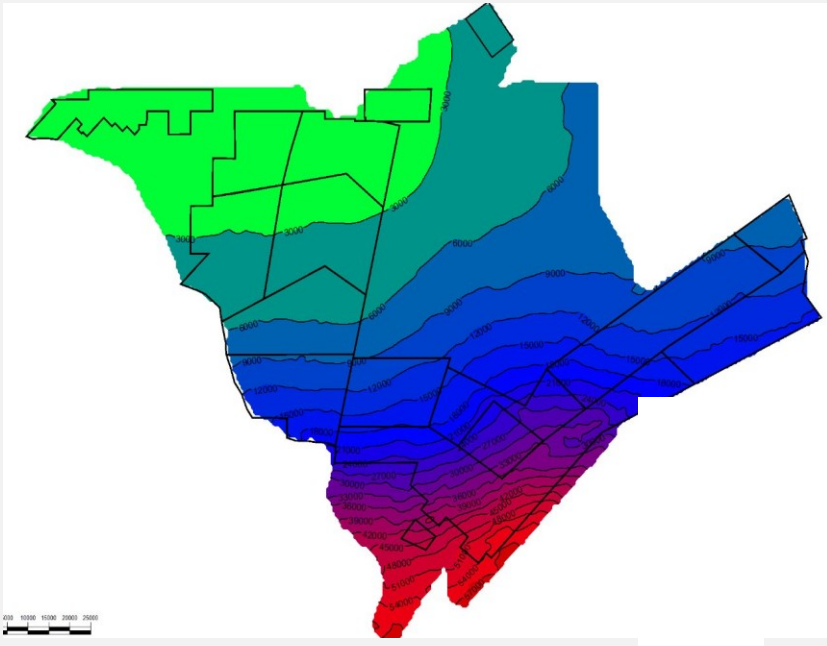


SM Energy South Texas Asset

Robust Geologic Models

Robust dataset with multiple log, core, and seismically derived parameters distributed into 3-dimensional space inform our understanding of in place volumes, facies, geomechanical compartments, and production drivers on the asset.

Geologic Model

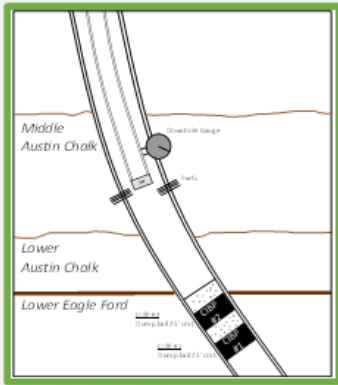


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Corroborating Diagnostic Tools

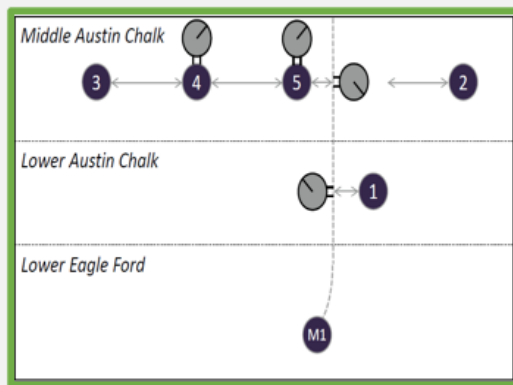
Outside of production results, the best quality and most informative data to inform on stimulated rock volume (SRV) and drained rock volume (DRV) is pressure data.

Using Legacy EGFD Wells as Pressure Monitors



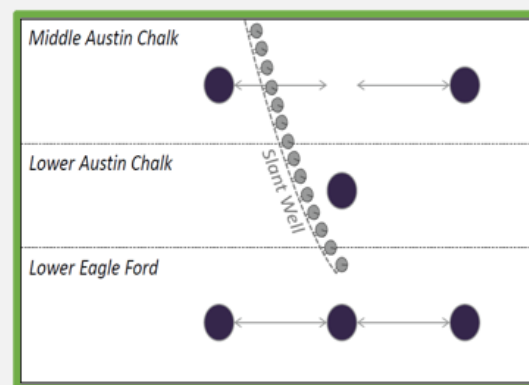
Critical drainage data at varying distances in both horizontal and vertical planes

Using Surface and Bottom Hole Gauges on New Producers



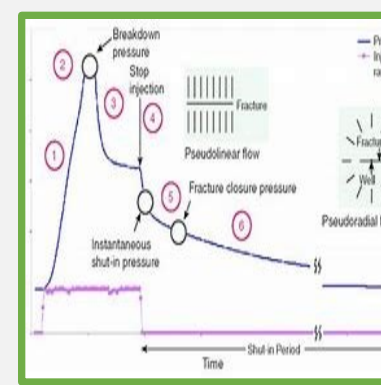
Staggered production starts on new producers to measure Magnitude of Pressure Interference

Slant Well Permanent Gauges & Fiber



Slant well drilled through staggered new producers and over legacy Eagle Ford wells to measure 3-dimensional fracture geometries during frac and post production drawdown

DFIT



Multiple Dfits across position to validate pore pressure model

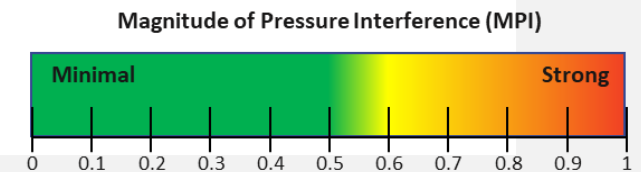
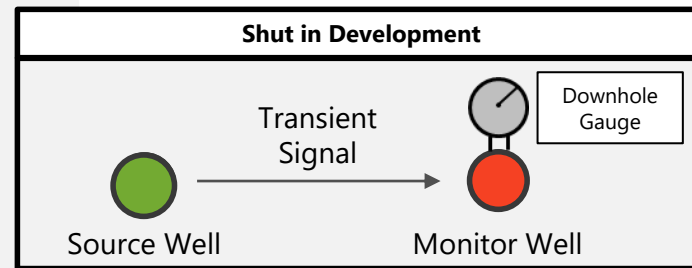
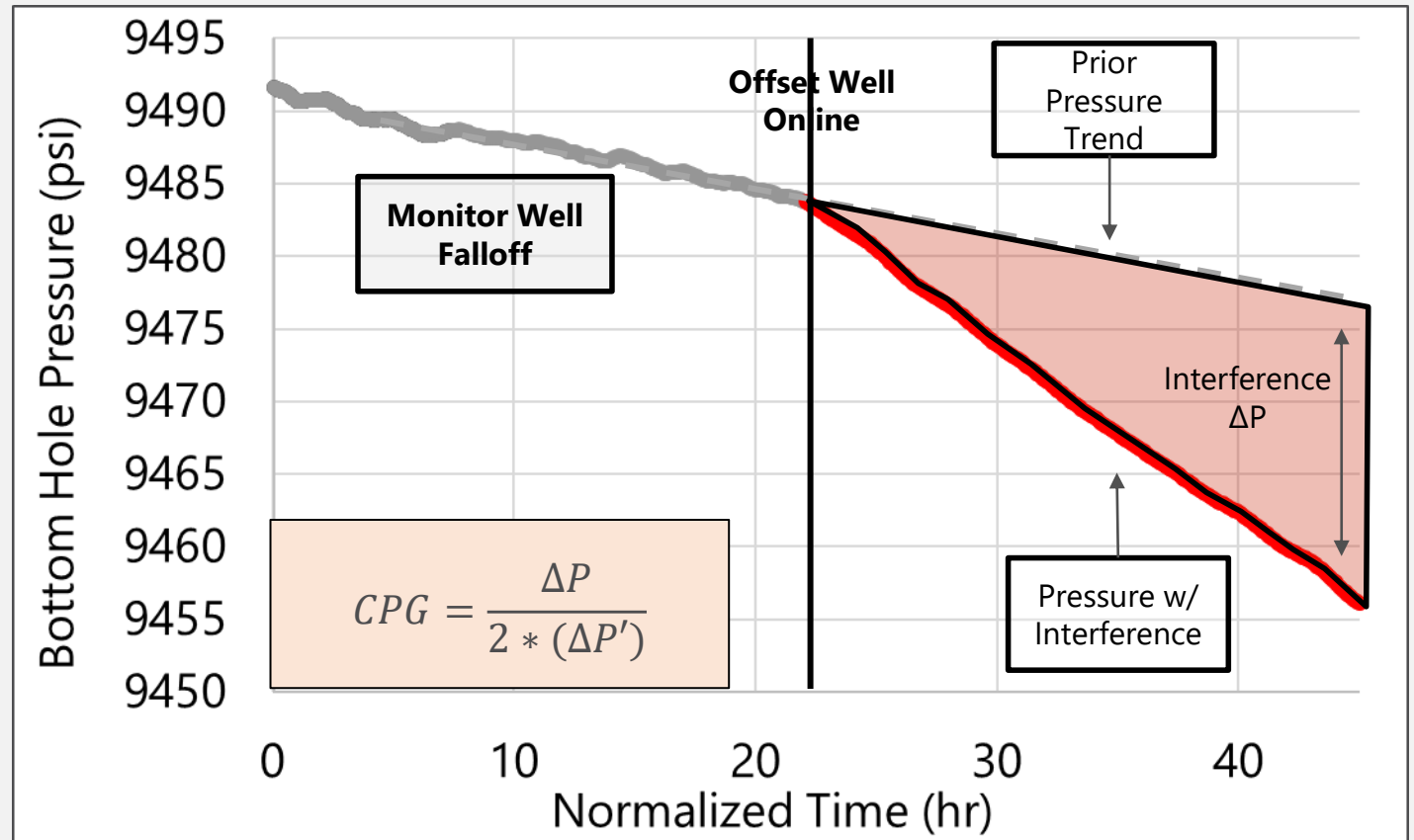
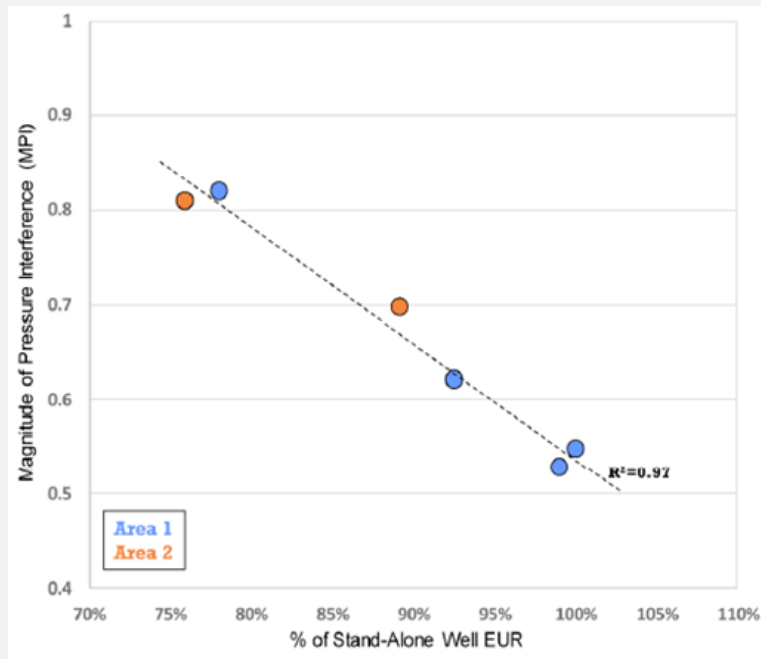


Magnitude of Pressure Interference

Testing Objectives

Why MPI?

- Fracture half length
- In zone interference
- Communication between Middle and Lower Austin Chalk
- Relate MPI to EUR Degradation

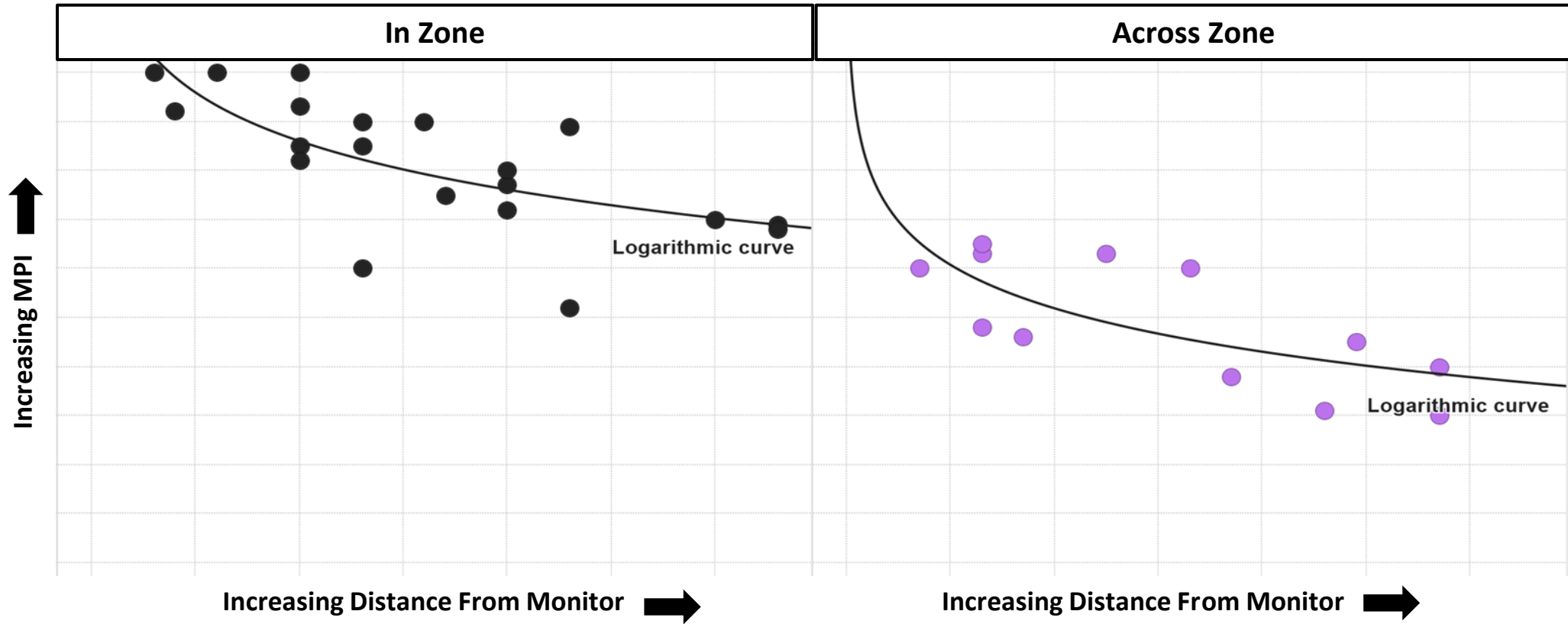


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Corroborating Diagnostic Tools

Data Density from both actual drilled development scenarios paired with measurement from legacy pressure observation wells greatly bolsters confidence in relationships

Diagnostic Tools



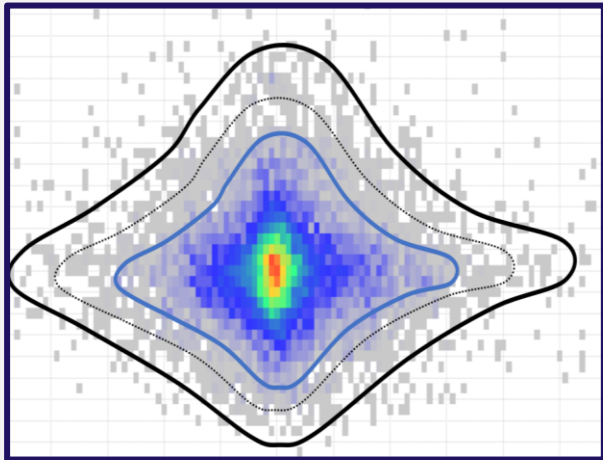
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Corroborating Diagnostic Tools

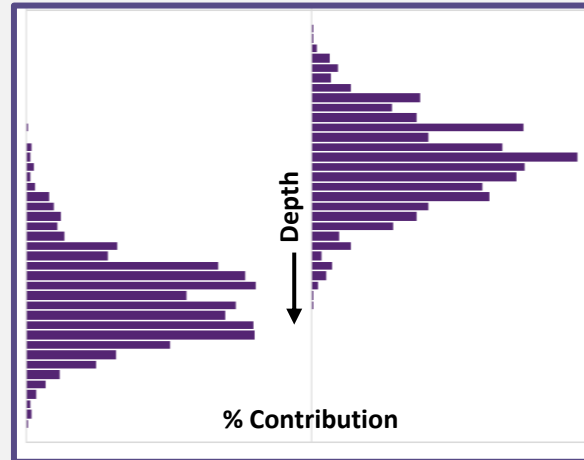
Diagnostic
Tools

Additional diagnostics toolsets further lend confidence to SRV & DRV understanding

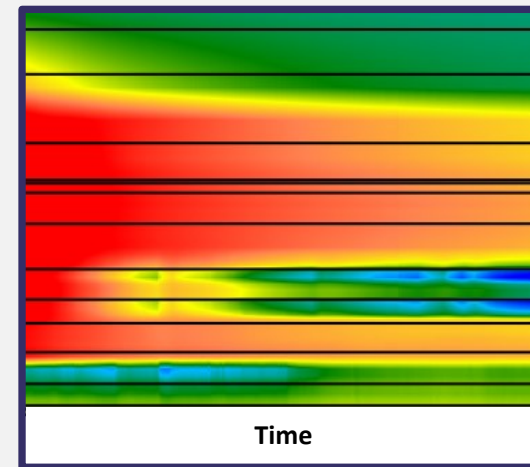
Frac /
Reservoir
Models



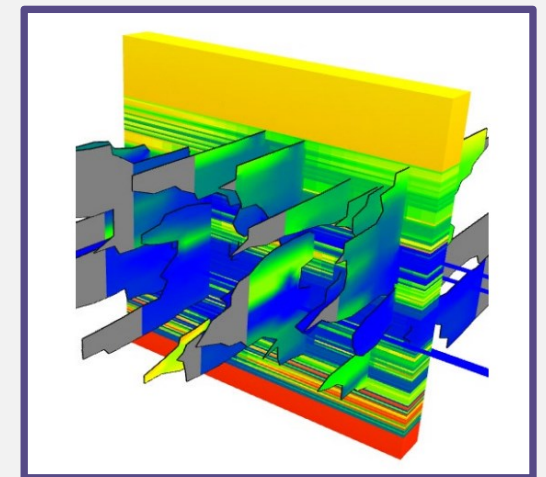
*Micro-seismic
cloud indicative of
initial SRV*



*Geochemical
Fingerprinting defines
vertical drainage
profiles*



*Fiber optics data
demonstrates zonal
isolation*



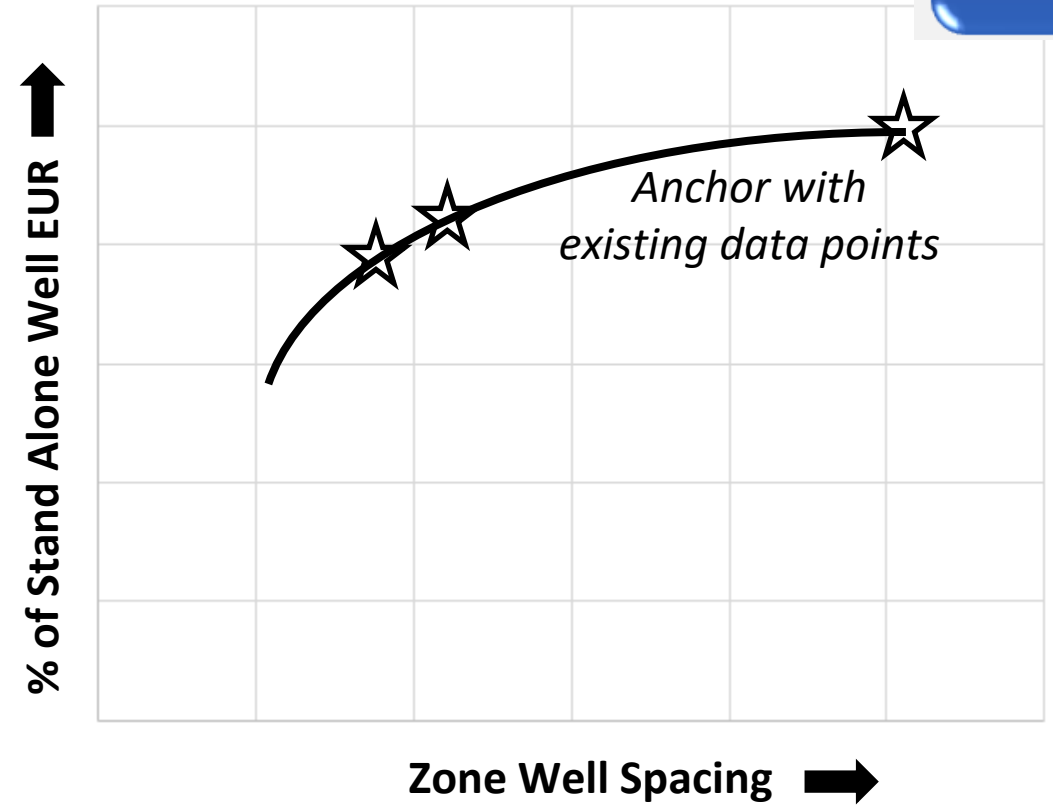
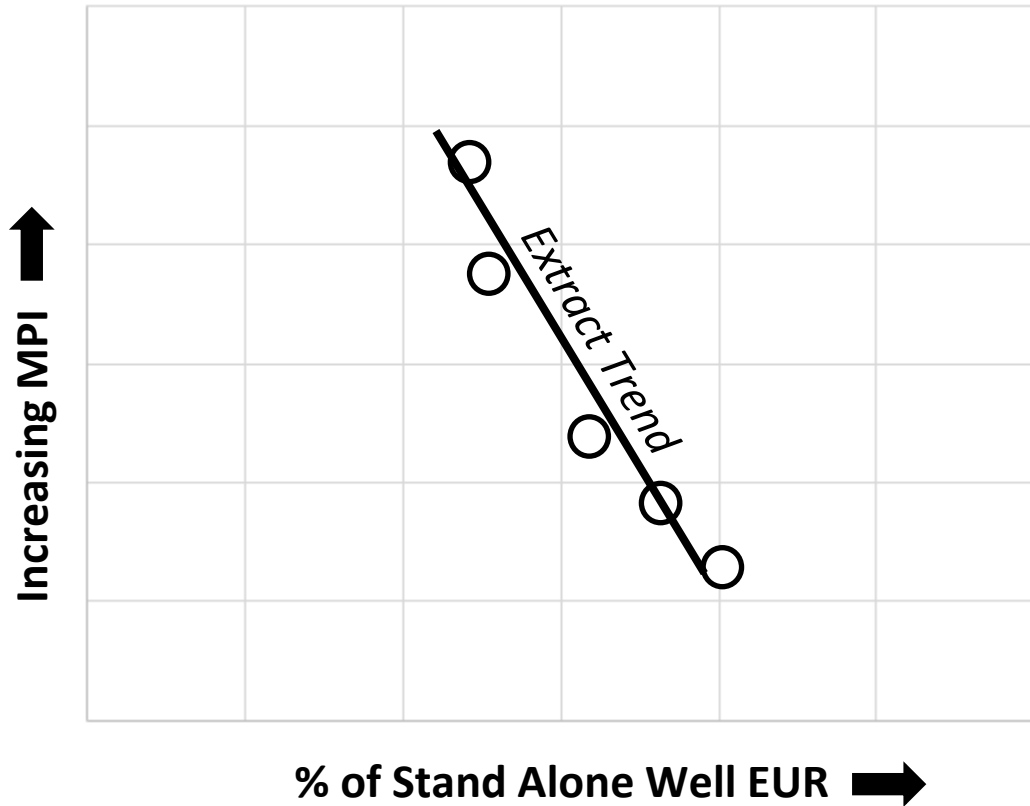
*All data used to
calibrate fracture and
simulation models
which are then used
sensitize on
alternative spacing &
stagger configurations*

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Development of Degradation Curves

Ability to tie MPI data to actual well results and relate EURs to percentage of standalone well EURs to create degradation curves both for single zone and co-development scenarios

Well Results



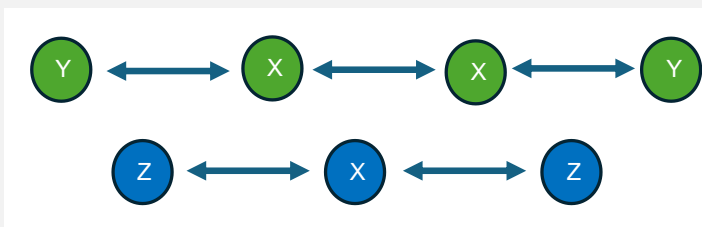
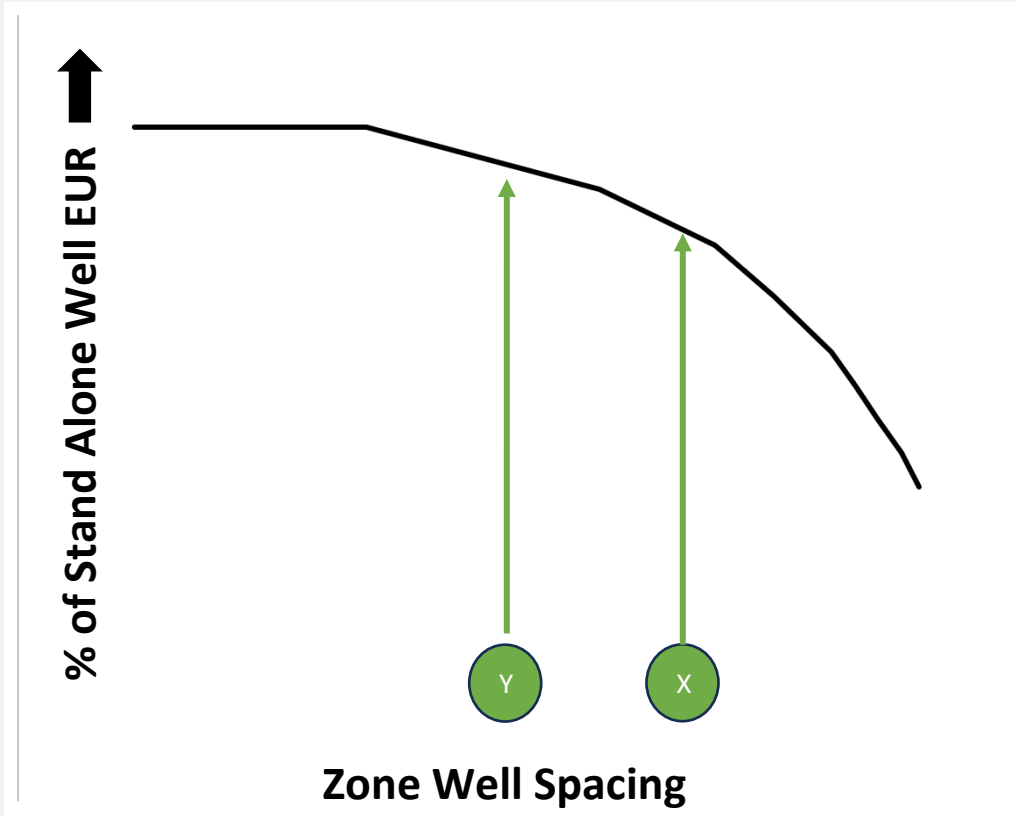
Values are for illustrative purposes only & not representative of actual wells

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Degradation Model Validated back to Unbounded

Degradation Curves

Backward validation step scales all wells back to unbounded based on model results



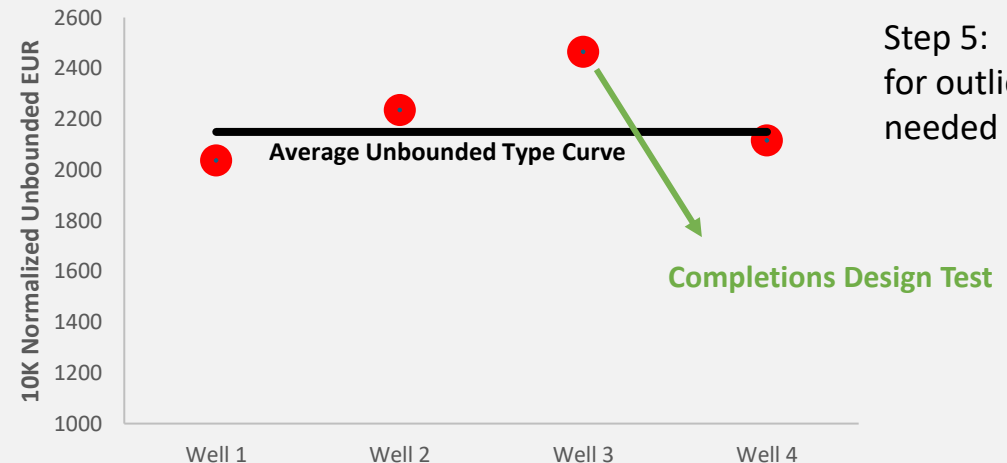
Values are for illustrative purposes only & not representative of actual wells

- Step 1: Evaluate well EUR & normalize for lateral length back to 10,000'
- Step 2: Evaluate average well spacing and boundedness
- Step 3: Scale up well EUR to unbounded EUR based on model

| Well | 2 Stream EUR | Lateral Length | Lateral Length Multiplier | Spacing Multiplier | Normalized Unbounded EUR |
|--------|--------------|----------------|---------------------------|--------------------|--------------------------|
| Well 1 | 2200 | 12000 | 83% | 90% | 2037 |
| Well 2 | 1900 | 10000 | 100% | 85% | 2235 |
| Well 3 | 2200 | 10500 | 95% | 85% | 2465 |
| Well 4 | 2200 | 13000 | 77% | 80% | 2115 |

Average 10K normalized Unbounded EUR 2,213

Average 10K normalized Unbounded EUR without completions test 2,129
 Step 4: Evaluate scaled EUR to unbounded assumptions for Type Curve area



Step 5: Identify drivers for outliers and adjust as needed

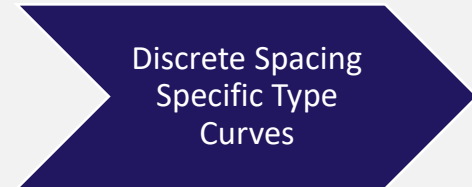
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Spacing Specific Type Curves & Optimized Development Planning

Robust Type Curves specific to an area and spacing bins drive confidence in development planning

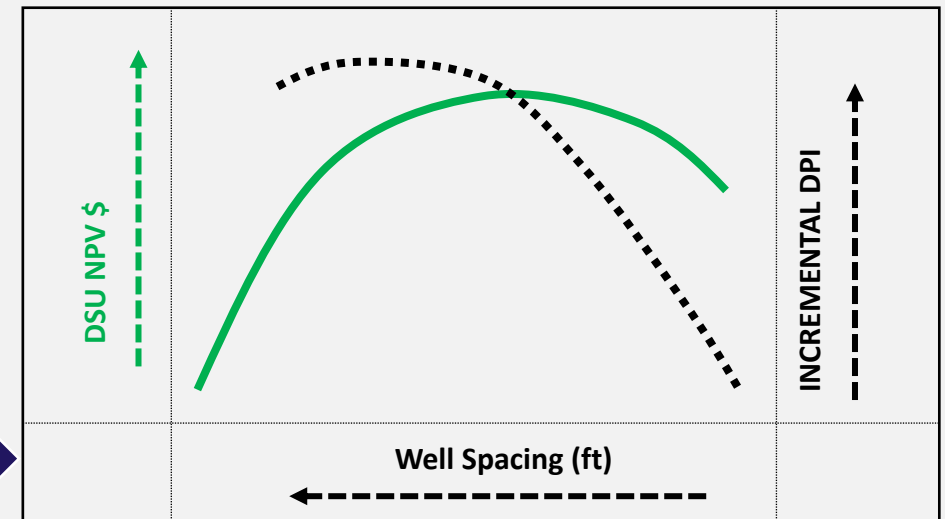
- Degradation Curves are applied to the unbounded well EURs based on each spacing scenario being contemplated
- Economics are evaluated for each scenario at the multi well DSU level
- Optimum development decisions are based on the option that meets internal return hurdles

| Wells/ DSU | Degradation | EUR/Well | EUR/DSU |
|------------|-------------|----------|---------|
| 6 | 0.9 | 18 | 108 |
| 7 | 0.85 | 17 | 119 |
| 8 | 0.8 | 16 | 128 |
| 9 | 0.73 | 15 | 131 |
| 10 | 0.67 | 13 | 134 |



$$\text{Incremental DPI} = \frac{\text{Change in NPV}}{\text{Change in Investment}} + 1$$

This approach ensures that development decisions are made in a manner that is capially efficient



SM Energy South Texas Asset

Reserves and Resource Booked Consistently Across Company

- ✓ Relatively low science expenditure compared to knowledge gain and cost avoidance of making poor decisions
- ✓ Ability to easily identify data gaps and reevaluation of model when needed
- ✓ Cross team collaboration critical for success
- ✓ Consistent development strategy process across all assets in company presented and vetted in bi-annual reserves reviews with management allows for easy comparability
- ✓ Quarterly 2+ year rolling lookbacks to evaluate variances to model which involve both production forecasts and a review of all costs and commodity price drivers.

