



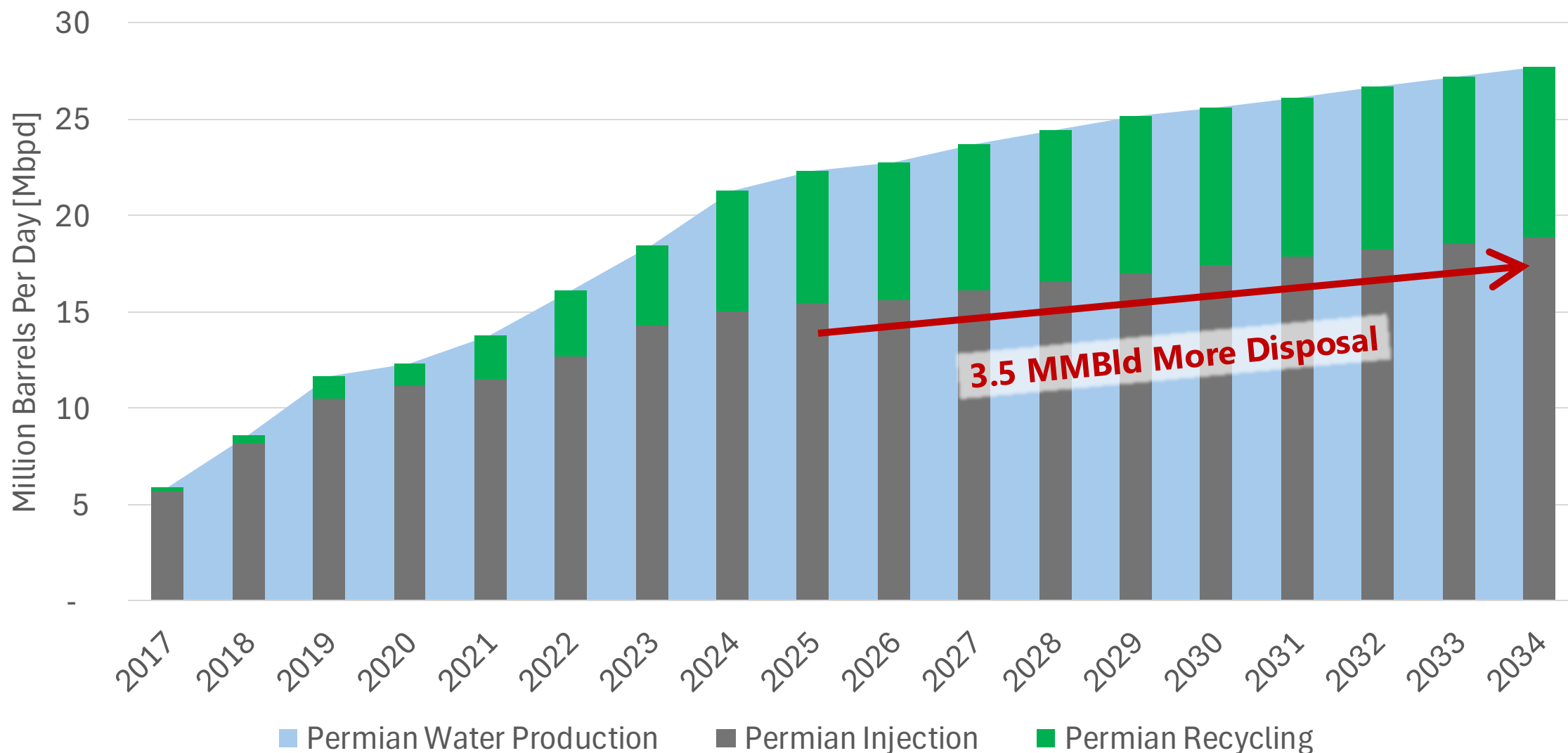
Why Managing Injection Capacity Matters

Permian Basin Water In Energy Conference
Panel Introduction
Mar. 2025



Why Are We Talking So Much About Injection Capacity?

Permian Basin Water Production, Injection and Recycling





Disposal Capacity Is Essential To Production Economics

- SWD Underperformance
- Prod Well Maintenance
- CAPEX and LOE Risk From Rising Water Takeaway Cost
- Increased Drilling Costs
- Jeopardized Drilling Schedules
- Do Reserves Become Uneconomic?

- Surface Flows
- Blowouts
- Earthquakes

Direct Financial Impact

Indirect Financial Impacts
Through Regulatory,
Social License Headwinds

Asset Risk + Environmental Risk

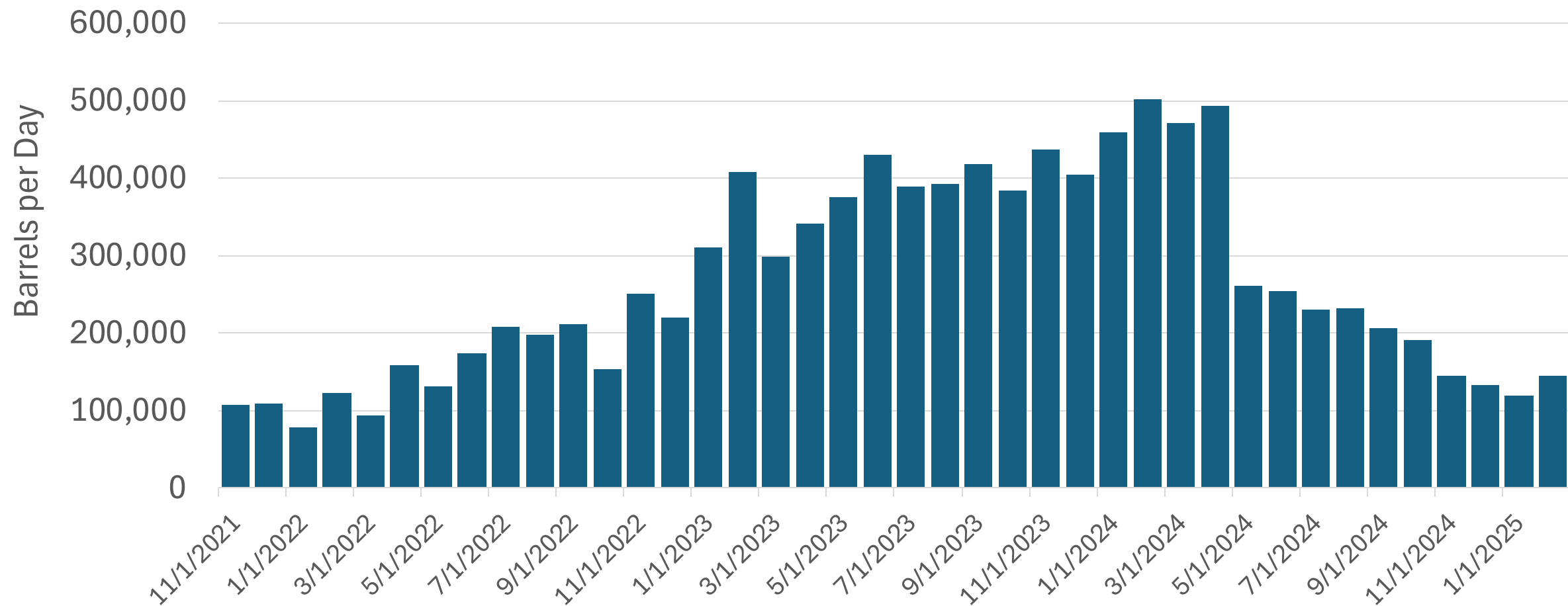
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**+/-Economic Return
& Long-Term Value**



Capacity Shortage Historically Absorbed By Market

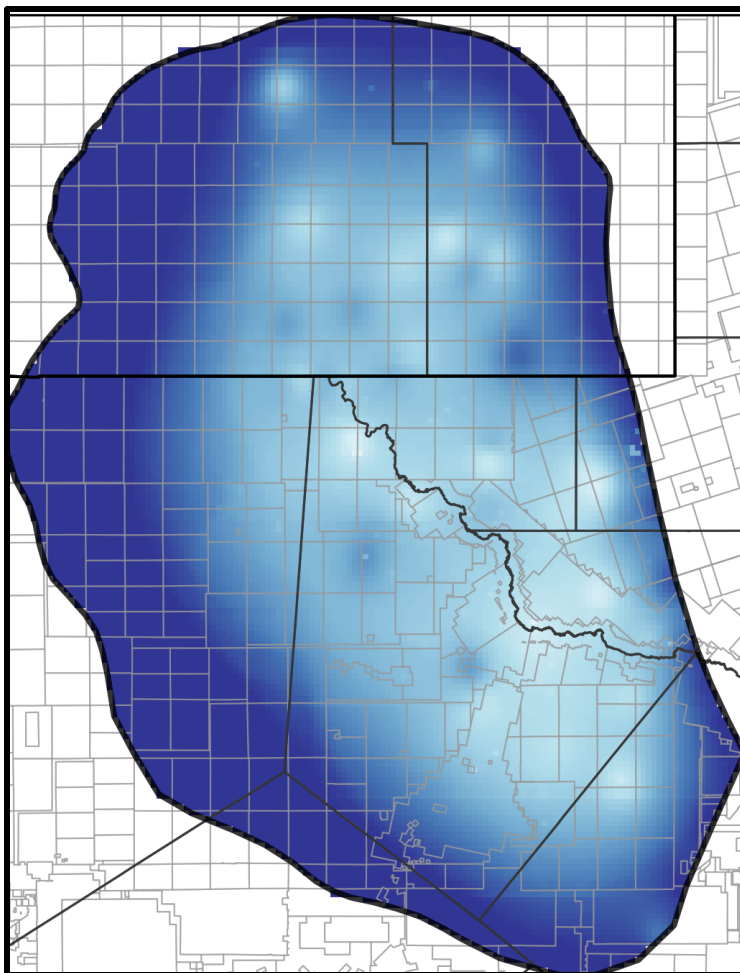
Volume Displaced from TX SRAs To New SWDs



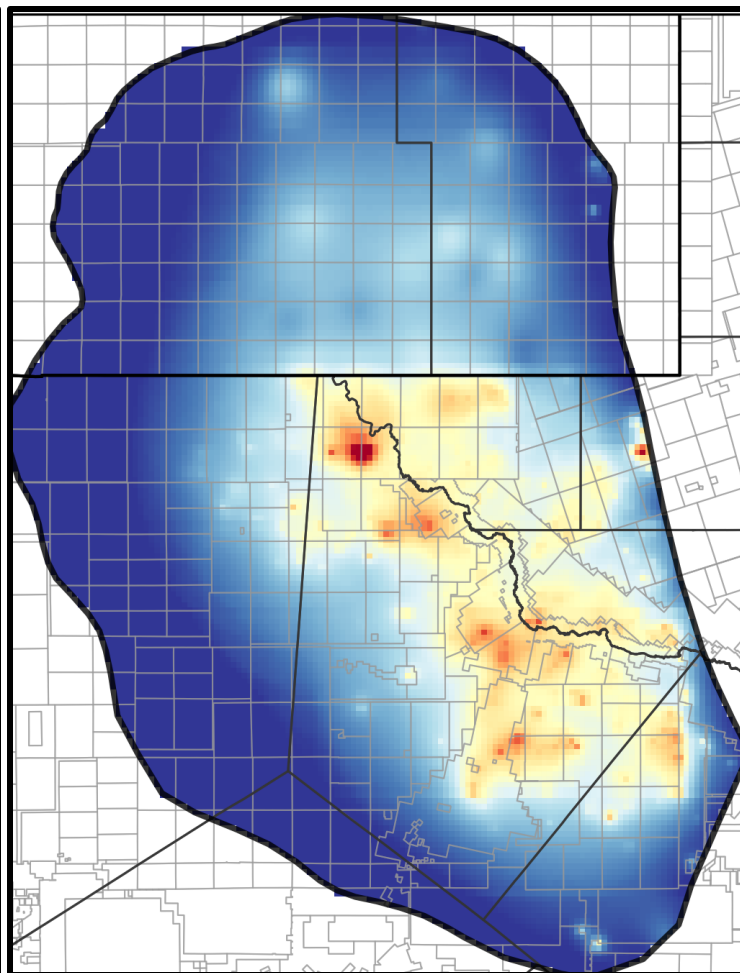


Pressure Will Evolve From Highly Local To Regional

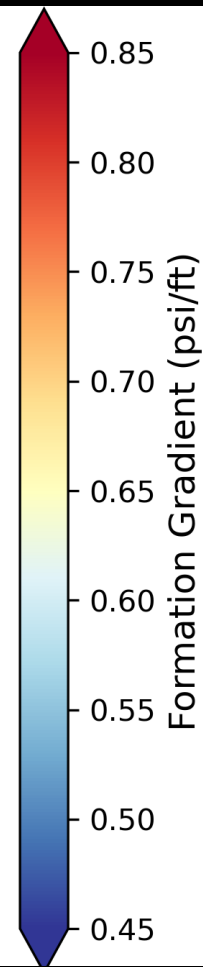
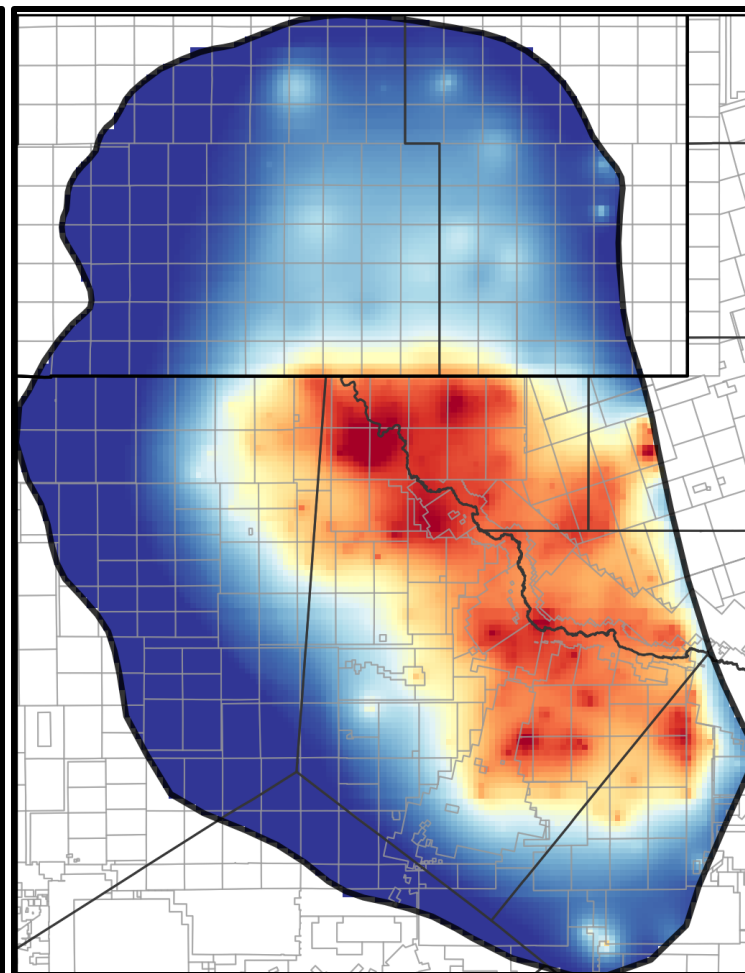
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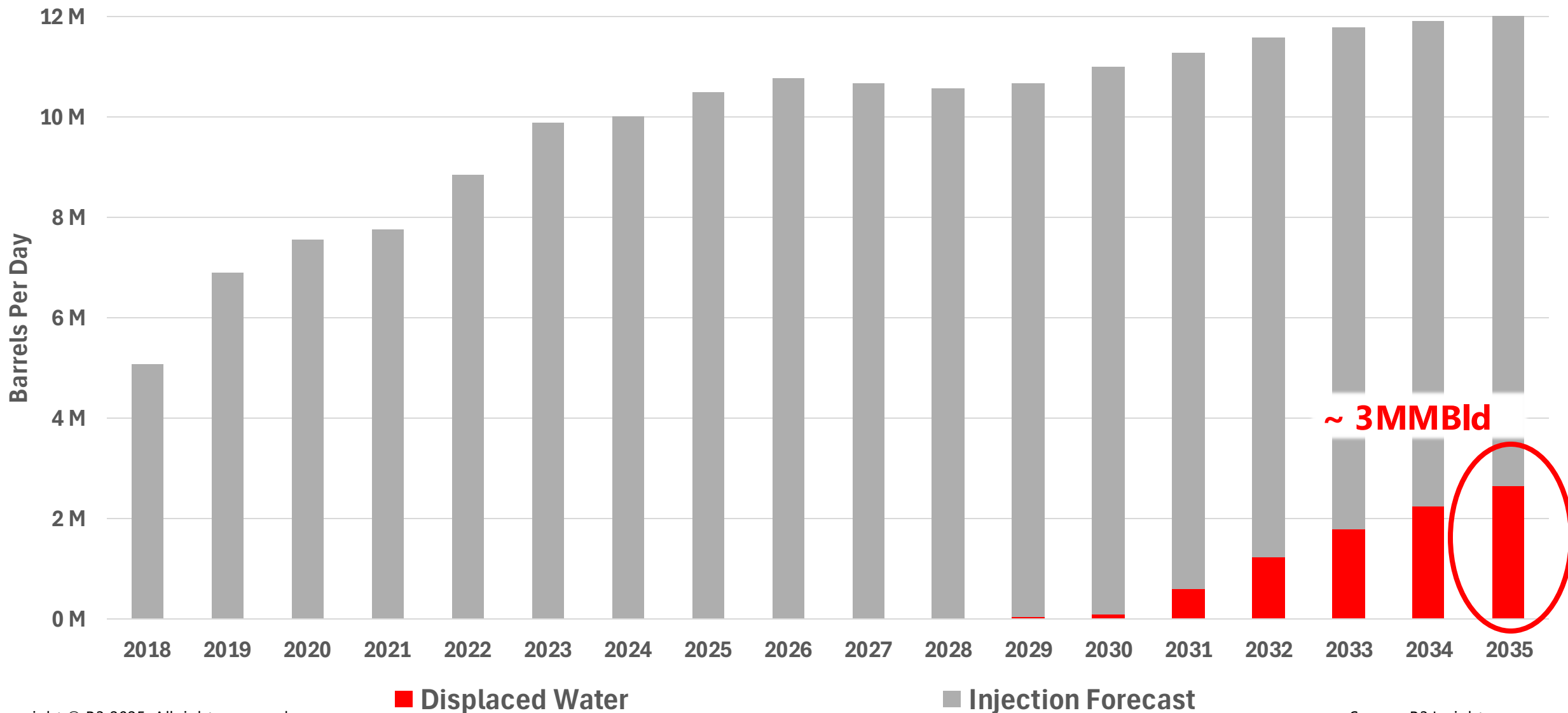


Shallow formation pressure projection from B3's baseline production scenario



What Happens When No Nearby Alternatives Exist?

Delaware Basin Injection Scenario





**DATA.
INSIGHT.
OUTCOMES.**