

AGI: A COMPREHENSIVE GAS TREATING SOLUTION

MAY 2022

 **BATTALION**
OIL CORPORATION



Disclaimer: Forward Looking Statements



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This presentation includes references to certain non-GAAP financial information such as adjusted G&A per BOE. These measures are presented based on management's belief that they will enable a user of the financial information to understand the impact of these items on reported results. Additionally, this presentation provides a beneficial comparison to similarly adjusted measurements of prior periods. These financial measures are not measures of financial performance under GAAP and should not be considered as an alternative to GAAP. These financial measures may not be comparable to similarly named non-GAAP financial measures that other companies may use and may not be useful in comparing the performance of those companies to Battalion's performance. Refer to Battalion's first quarter earnings release dated May 9, 2022 for a reconciliation of the non-GAAP financial information to the most directly comparable GAAP measure. The earnings release may be found on Battalion's website at: <https://battalionoil.com/investors/>.

This presentation has been prepared by Battalion and includes market data and other statistical information from third-party sources, including independent industry publications, government publications or other published independent sources. Although Battalion believes these third-party sources are reliable as of their respective dates, Battalion has not independently verified the accuracy or completeness of this information. Some data are based on Battalion's good faith estimates, which are derived from its review of internal sources as well as the 3rd-party sources described above.

Management's use of the term estimated ultimate recovery ("EUR") in this presentation describes estimates of potentially recoverable hydrocarbons that the SEC rules prohibit from being included in filings with the SEC. These are more speculative than estimates of proved, probable and possible reserves and accordingly are subject to substantially greater risk of being actually realized, particularly in areas or zones where there has been limited or no drilling history. We include EUR to demonstrate what we believe to be the potential for future drilling and production by Battalion.

Actual quantities that may be ultimately recovered may differ substantially from estimates. Factors affecting ultimate recovery include the scope of the operators' ongoing drilling programs, which will be directly affected by the availability of capital, drilling and production costs, availability of drilling services and equipment, drilling results, lease expirations, transportation constraints, regulatory approvals and other factors, and actual drilling results, including geological and mechanical factors affecting recovery rates. Estimates of potential resources may also change significantly as the development of the properties underlying Battalion's mineral interests provides additional data. This presentation also contains Battalion's internal estimates of its potential drilling locations, which may prove to be incorrect in a number of material ways and may. Actual results may be substantially different than estimates.

Acid Gas Injection – A Comprehensive Solution

We and Caracara Services have announced a joint venture to construct and operate a strategic acid gas treatment facility

Deal Summary

Partner	Caracara Services, LLC (“Caracara”)
Joint Venture	Brazos Amine Treater, LLC (“BAT LLC”)
Facility	One permitted acid gas injection (“AGI”) well with associated amine treater
Battalion Contributed Assets	<ul style="list-style-type: none">One permitted AGI well (Hutchings-Sealy #4)¹Surface land for the amine treater facility with road access rights
Sources of Funds	USDA Loan Cash contribution from Caracara
Ownership Percentage	95% Caracara 5% Battalion
Term	20 years
Initial Phase 1 Capacity	30 MMcfd firm capacity (~100% of initial capacity) up to 10% acid gas
Additional Capacity	Battalion retains right of first refusal on all future capacity
Minimum Volume Commitment	20 MMcfd firm for 5 years with certain rollover rights and startup flexibility
Treating Fees	Tiered based on average daily volume



Comprehensive solution for current and future acid gas treating needs



Considerable reduction to OpEx (>50% decrease in treating fees)



Enhances single well returns at Monument Draw



Initial capacity to capture and sequester >50,000 tons of H2S and CO2 annually



Utilizes existing well, minimizing capital requirements



Potential to unlock significant reserves



Firm capacity with right of first refusal on future volumes



Plentiful expansion opportunities (including second permitted AGI well²)

(1) Hutching-Sealy #4 was previously drilled and completed to a depth of 18,250'; workover of well expected to be completed in 2H22 by Battalion

(2) Second permitted AGI well has also been previously drilled and completed

Joint Venture Summary

Joint Venture Overview

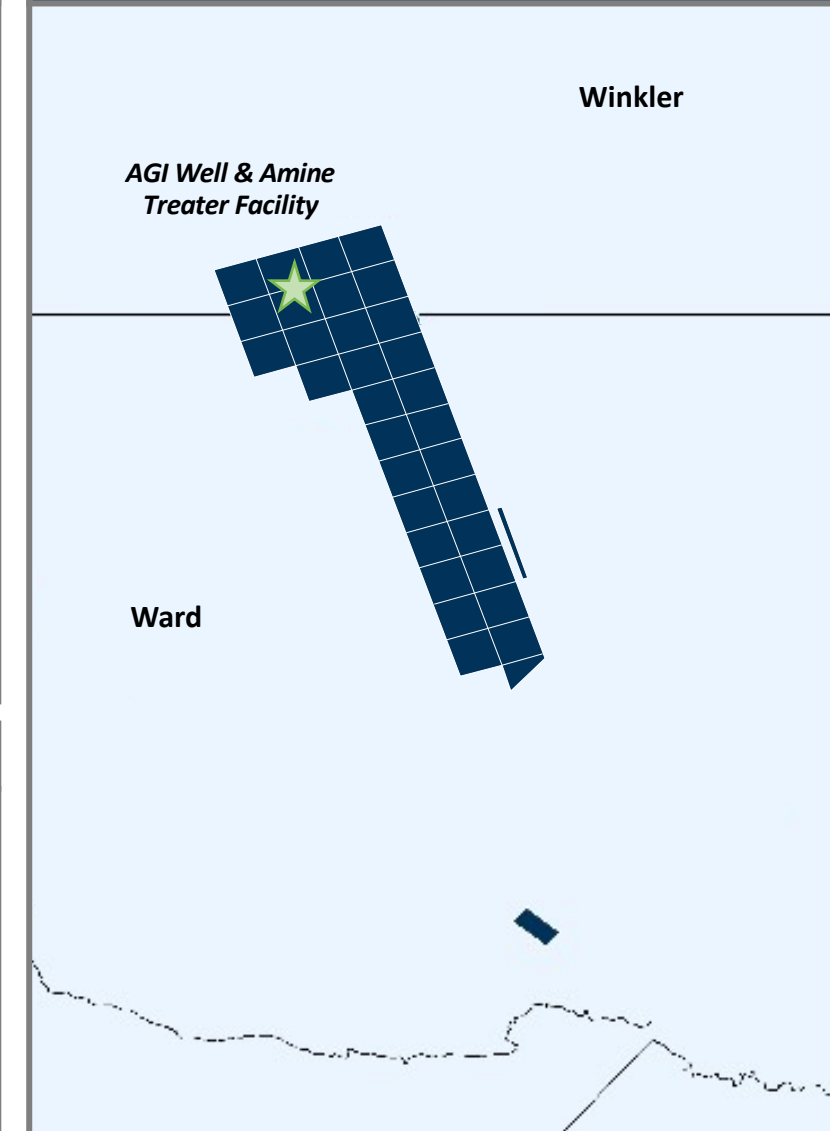
Under the JV Agreement:

- Facility will include an amine treater and one permitted AGI well supported by Battalion-owned sour gas compression and gas gathering pipelines with downstream pipeline interconnects
 - Initial Phase 1 facility capacity of 30 MMcfd (at 10% acid gas)
 - Expansion of Facility in Phase 2 could increase capacity up to 50 MMcfd
 - Additional expansion opportunities through a second permitted AGI well¹
- Facility funding composed of a USDA loan and a cash investment from Caracara
- Battalion will retain 5% interest in the joint venture and have a seat on the Board of Directors

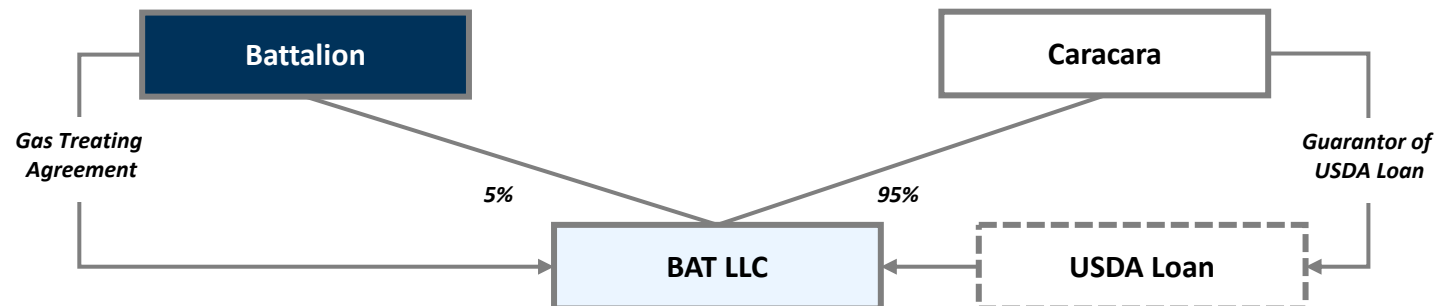
In connection with the JV Agreement, Battalion and BAT LLC entered into a Gas Treating Agreement

- Provides Battalion with 30 MMcfd firm capacity (i.e. 100% of initial capacity)
 - Battalion retains right of first refusal on all future capacity
- Tiered-rate structure expected to drive >50% reduction in treating fees

Facility Location



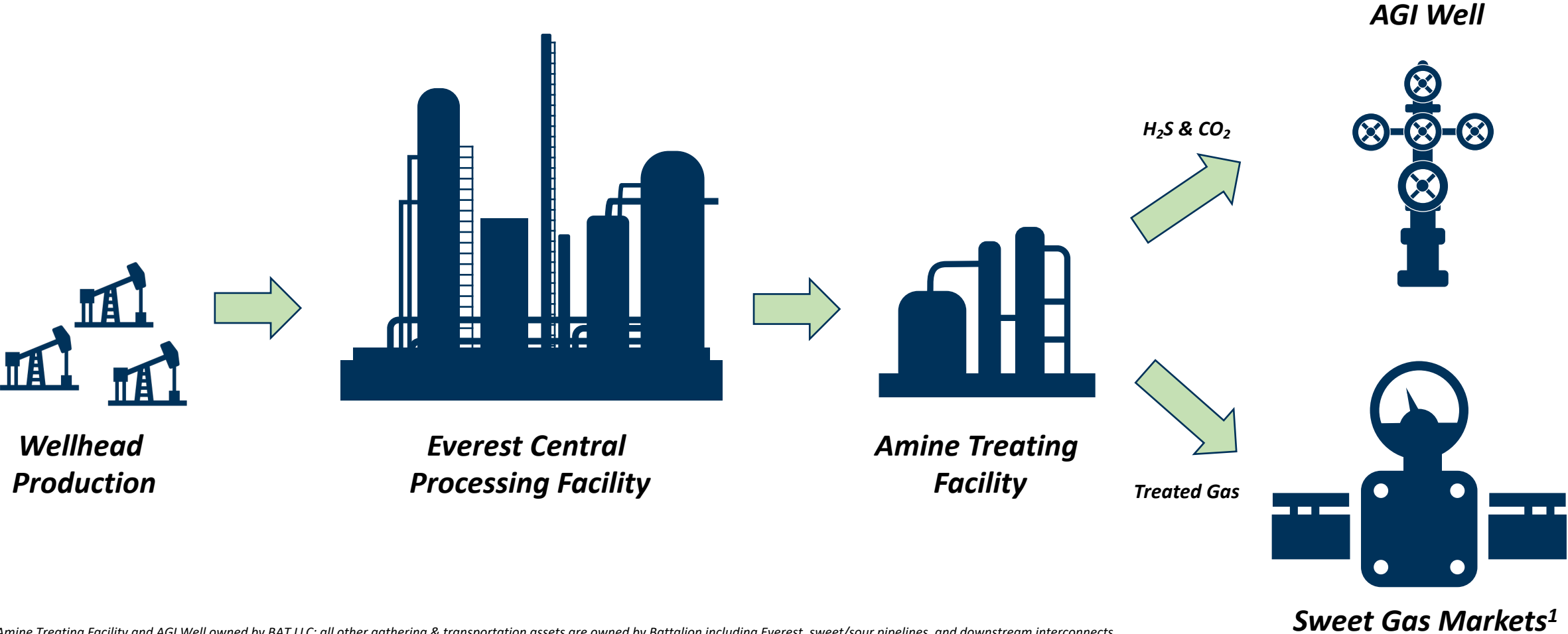
Simplified Structure



(1) The second permitted AGI well is controlled by Battalion through a wholly owned subsidiary

Process Overview

The Facility design is based on decades-old proven technology with leading edge enhancements to safely treat and inject high concentrations of H₂S and CO₂



Note: Amine Treating Facility and AGI Well owned by BAT LLC; all other gathering & transportation assets are owned by Battalion including Everest, sweet/sour pipelines, and downstream interconnects

(1) Gas volumes at Monument Draw are under a long-term dedication to Salt Creek Midstream

Significant progress has been made on the AGI and amine treater facility prior to the announcement

Gas Treating Agreement Executed

Surveys Complete & Site Work Initiated

Drafting & Design In Progress

Long Lead Equipment Ordered

AGI Well Drilled & Completed

Select Milestones	
Milestone	Timing
Gas Treating Agreement	<i>Executed</i>
Facility Drafting and Planning	<i>In Progress</i>
Long Lead Equipment	<i>Ordered</i>
Site Work	<i>In Progress</i>
AGI Well Workover	<i>2H22</i>
Facility Construction	<i>2H22</i>
Facility In-Service	<i>1H23</i>



APPENDIX



Battalion Oil Corporation: Delaware Pure-Play

Pure Play E&P

- **Pure Play** Delaware Basin Operator (~40,400 net acres)
- Well performance competes with **best in the basin** (~1,100 Mboe per well EUR)
- Deep inventory of **high rate of return locations**

Organic Growth

- **51% year-over-year increase** in 1P Reserves (1P reserves: 95.9 MMMBoe, \$1.1 Bn)¹
- Targeting **double-digit growth** in daily oil production by YE 2022
- Growing production and reserves efficiently - **keeping a rig running in 2022**

Strengthening Balance Sheet

- **Rapid deleveraging** (targeting <1.0x net leverage by YE2023)
- **Ample liquidity** to execute on 2022 capital program
- **Improving hedge book** in robust commodity price environment

Operational Efficiency

- Mitigating inflation through capital efficiency – **record drilling times on Wilson pad**
- Improved offtake capacity provides **reliability and optionality**
- Focused R&M **optimizes run-time** – 16% improvement in Q1 vs 2021 average²

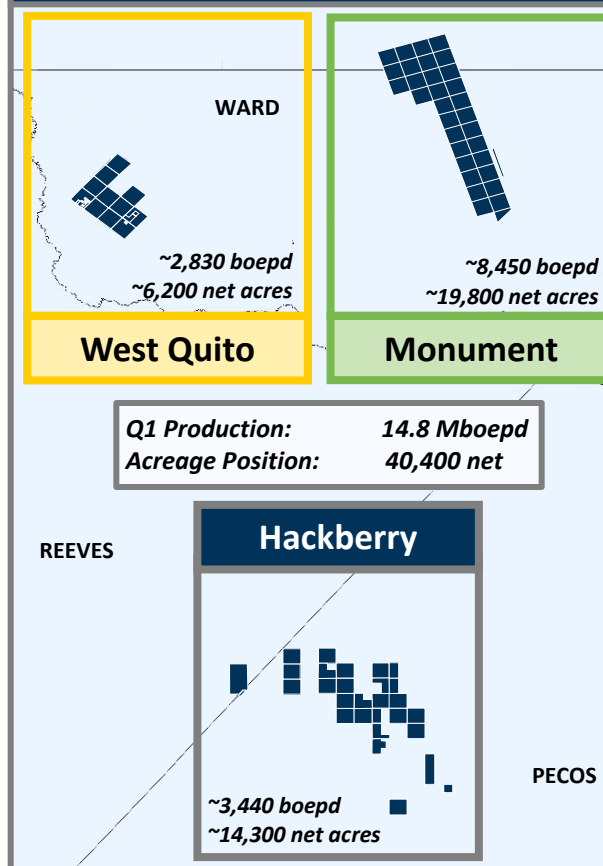
ESG Initiatives

- **Entered JV agreement to construct and operate a strategic acid gas treating facility**
- **Active in our local communities**, supporting youth programs and first responders
- **Participating in Environmental Partnership**, an API initiative

Market Snapshot

NYSE American Symbol: BATL
 Market Cap: \$311 million³
 Net Debt: \$158 million⁴
 Enterprise Value: \$469 million
 Share Count: 16.3 million

Asset Overview



Q1 Production: 14.8 Mboepd
 Acreage Position: 40,400 net

Hackberry

REEVES

PECOS

~3,440 boepd
 ~14,300 net acres

(1) PV-10 based on SEC Pricing; reflects year-over-year increase between FY20 and FY21 reserves (3) Based on 5.6.2022 closing share price

(2) R&M: Repairs & maintenance

(4) Long-term debt plus outstanding letters of credit less unrestricted cash

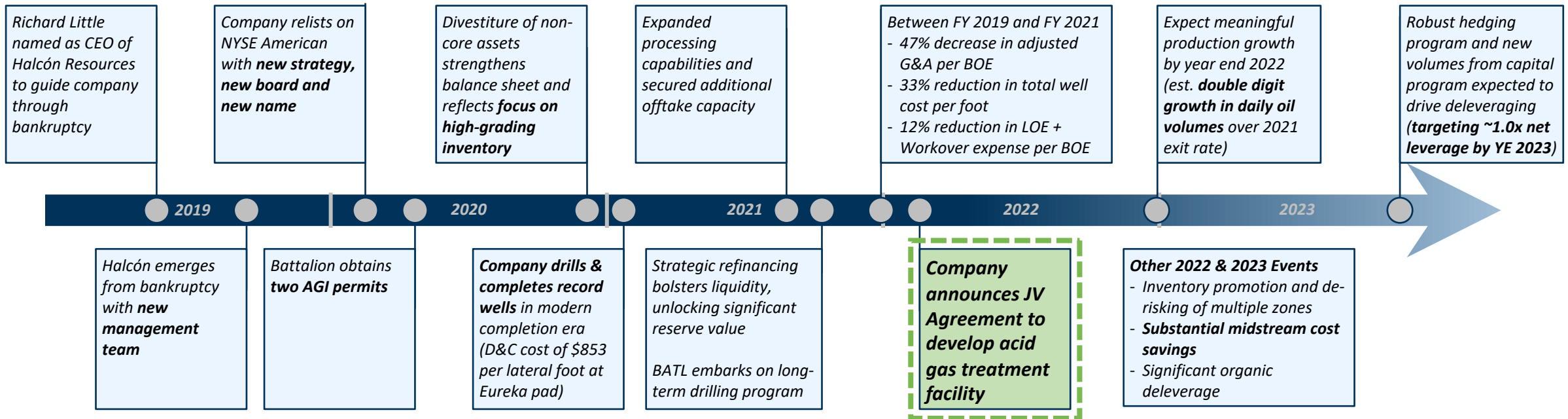
Battalion Strategy

Develop our liquids-rich acreage positions to grow production and reserves efficiently

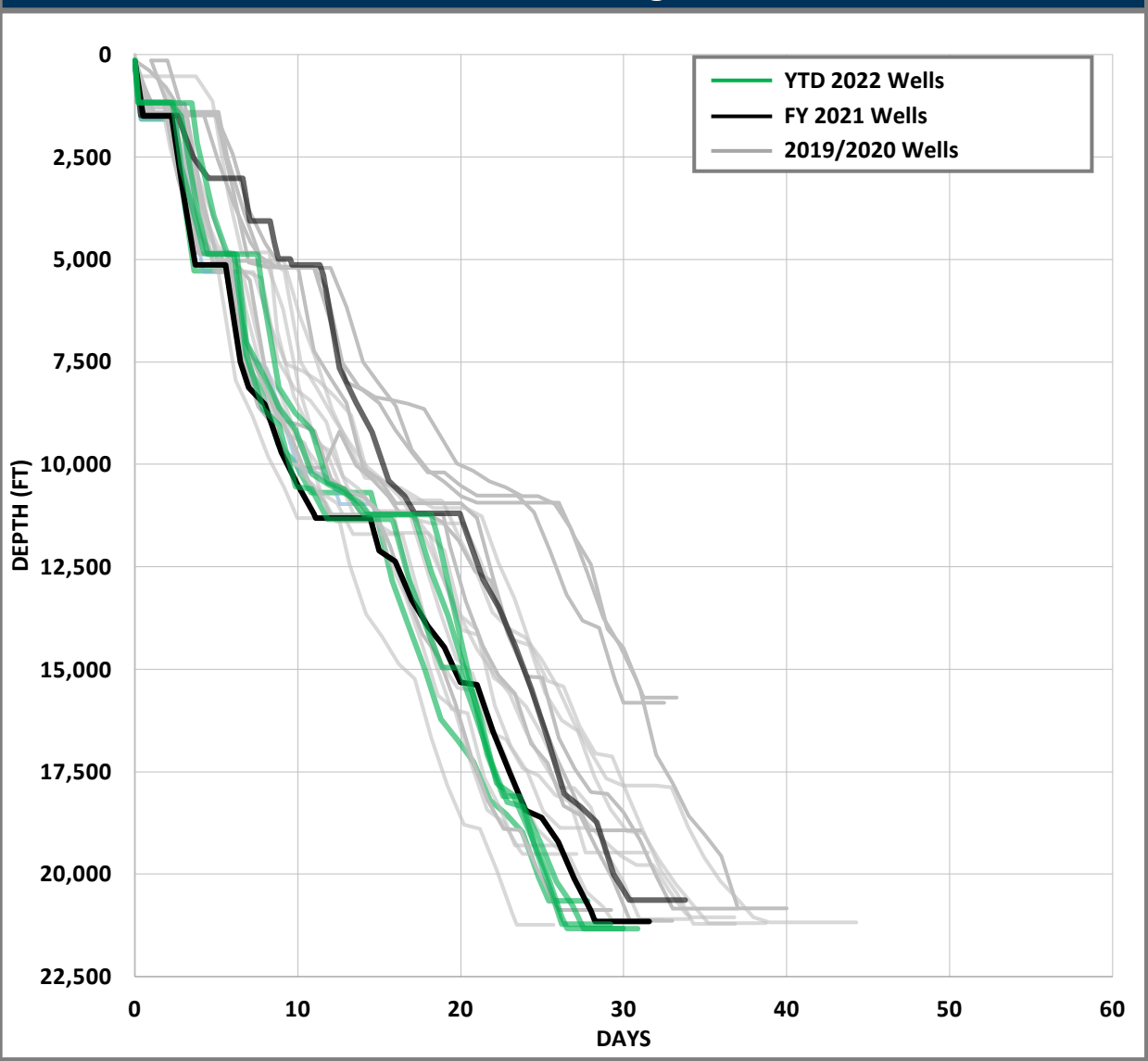
Enhance returns through continued improvements in operational and cost efficiencies

Maintain financial flexibility

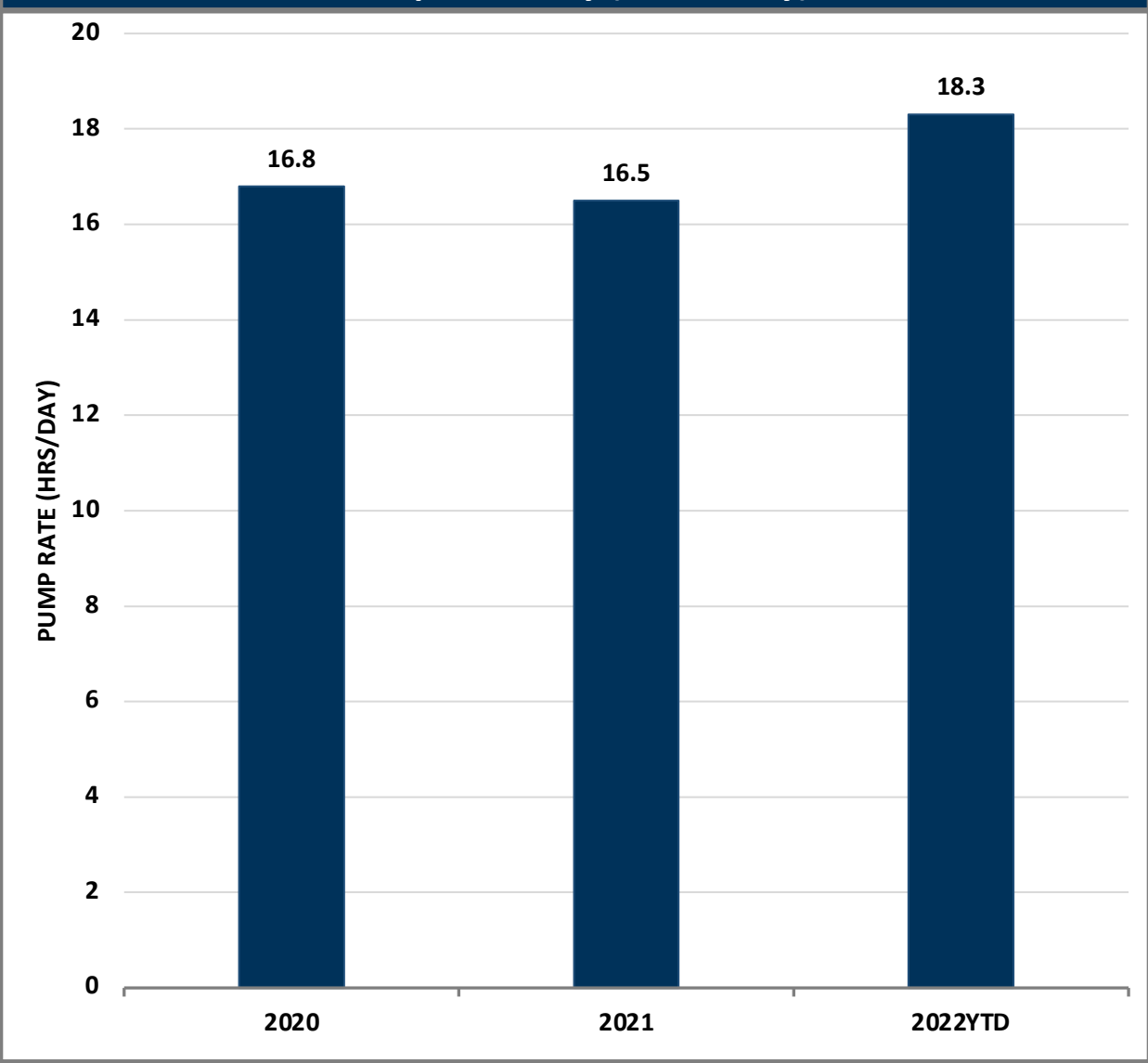
Attain growth through strategic business combinations



Monument Draw Drilling Performance



Pump Efficiency (Hours/Day)



(1) Reflects drilling and completion performance on wells drilled and completed since emerging from bankruptcy

Environment



Committed to sustainability through reduced flaring, spills and emissions

- ***AGI will be able to fully capture and sequester >50,000 tons of H2S and CO2 annually***
- Minimal flaring overall with 1Q22 average flare intensity of 0.05 Mcf gas flared/bbls oil produced (industry standard 0.10)
- Record low TRIR (0.41) in 2021
- Membership in Environment Partnership (API) for study on methane emissions

Social



Committed to a culture of safety and supporting communities where we operate

- Program in place to support employee giving of time and money to local communities and non-profit organizations
- Provided over 5,000 EHS training hours for employees and contractors
- Investing in employees through benefits/training
- Community efforts to liaison with first responders and local community – recent donations to Monahans Kidz Zone and local municipality

Governance



Committed to accountability, risk management and ethical behavior

- Independent Governance
 - Separated roles of Chairman and CEO
- Compensation structure aligned with operating results and ESG initiatives
- Enhanced Board oversight of 2022 ESG initiatives
- Code of Business Conduct and Ethics for Employees and Contractors



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