

Deutsche Rohstoff AG: 1876 Resources acquires gas gathering pipeline infrastructure

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USD 14 million purchase price/infrastructure improves acreage development cost structure

Mannheim, 2 May 2023 - 1876 Resources, formerly known as Cub Creek Energy, signed a purchase and sale agreement and simultaneously closed on the acquisition of existing gas gathering pipeline infrastructure on its Powder River Basin acreage in Wyoming. Under the purchase agreement, approximately 59.3 kilometers of pipeline and surface tanks and equipment will be acquired.

The pipeline connects all of 1876 Resources' existing well pads and gathers other operated gas production in the region. Currently, the pipeline has a capacity of 5,000 mcf/day and can be expanded to 10,000 mcf/day in the near-term.

The investment will have multiple positive implications for 1876 Resources:

- 1876 can optimize its pad locations and better control its development pace.
- Pipeline operations will eliminate gathering fees and reduce 1876's current and near-term operating costs by USD 2 to 2.5 million per year.
- 1876 expects to generate additional gathering fee revenues of USD 1 to 1.5 million per year gathering other operators' gas.
- Total gathering fee revenue and 1876 cost savings amount USD 3 to 4 million per year.
- As regional development continues over the coming years, 1876 plans to invest USD 4 million in the system to capture cost savings and gathering fee revenues upwards of USD 6 million per year.

1876 plans to drill 11 wells in 2023 and 2024 according to [Deutsche Rohstoff AG's](#) guidance and is evaluating additional plans to expand its drilling program in the coming years.

With this acquisition and recent investment in its existing fresh and produced water infrastructure, 1876 is laying important foundations for consistent and efficient land development. The company is now able to manage water requirements for well completions and gather produced gas volumes in an environmentally prudent manner. Additionally, 1876 will continue to provide fresh and produced water services to other operators in the region. The purchase price will be funded out of 1876 resources cash flow and is not part of the investment budget published by Deutsche Rohstoff as part of the annual report.

Jan-Philipp Weitz, CEO of [Deutsche Rohstoff AG](#), commented, "With this acquisition, 1876 takes another important step to ensure a highly cost-effective and predictable development of its Wyoming acreage. This is also an important step for Deutsche Rohstoff, further ensuring development efficiencies and for the first time taking over critical midstream operations."

Contact

[Deutsche Rohstoff AG](#)

Phone +49 621 490817 0

info@rohstoff.de

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