



PONY OIL

Premier Delaware Basin Minerals Opportunity

Pony Oil Operating, LLC

Pony Oil Operating, LLC (“Pony”) is offering for sale its oil & gas mineral and royalty interests located throughout Lea & Eddy Cos., NM. The assets offer an attractive opportunity to acquire: (i) **exposure to best-in-class operators** focusing significant hz activity on Pony’s footprint; (ii) **NTM cash flow of ~\$2.5MM** including near-term uplift from **~650 recent DUCs/Permits**; and (iii) **>1,800 additional undeveloped locations** throughout four horizons of the most productive and economic hz targets in North America.

Imminent Development Bolsters Stout Cash Flow

- **Robust operator activity results in rapid growth underwritten by recent DUCs (75) and permits (567)**
 - **NTM Cash Flow:** ~\$2.5MM
- **419 producing wells provide stable cash flow base and well-distributed PDP value**
 - **Net Prod:** 182 Boed (~70% oil)
 - **PDP PV10:** \$4.1MM
- **With DUCs contributing ~30% of NTM cash flow, the opportunity strikes an attractive balance between asset maturity & dev’t growth**

498 Net Royalty Acres

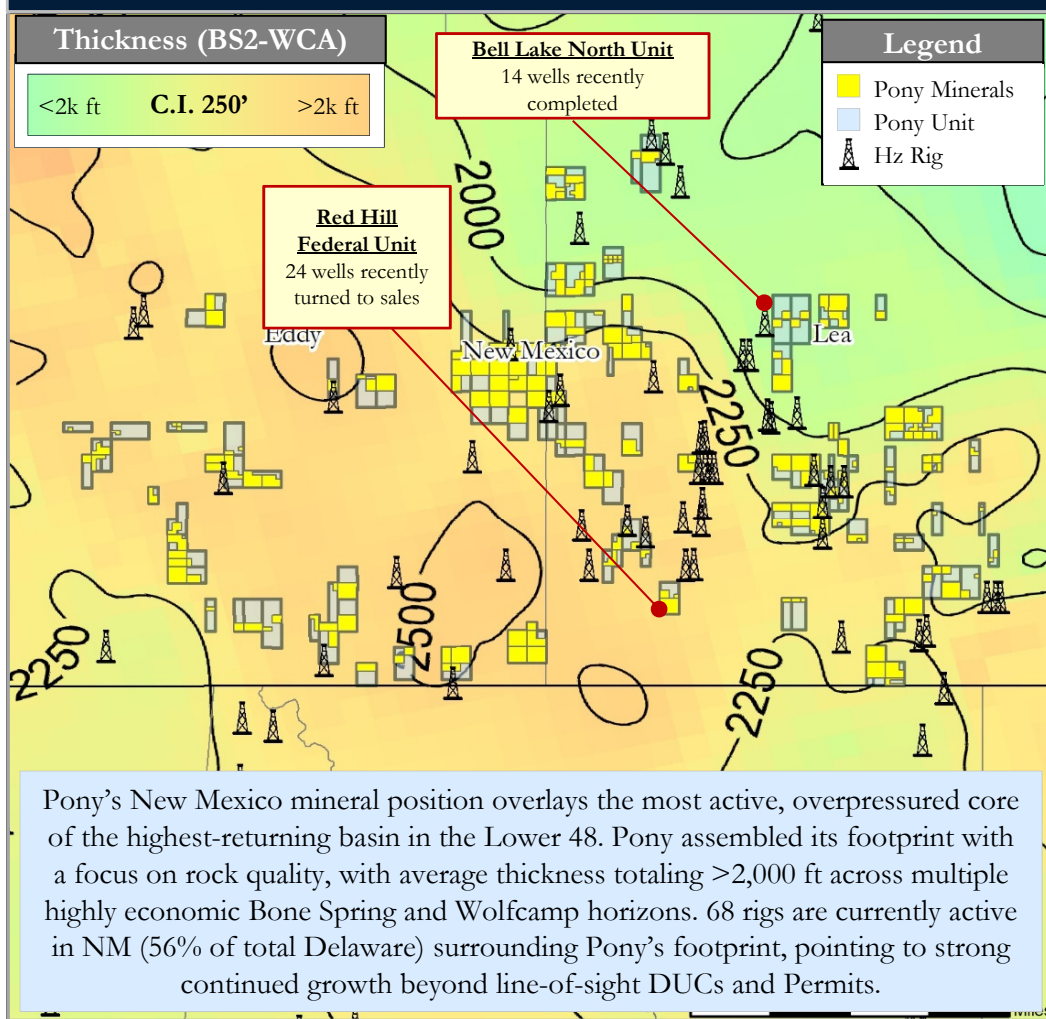
68% Lea | 32% Eddy

- **Asset offers statistical, cost-free exposure to the highest-returning basin being developed by top operators (EOG, OXY, Marathon, Kaiser Francis)**
 - 20 rigs within 1 mile of the ~61,000 gross acre footprint
- **~92% of NRA have all depths**

~1,800 Highly-Economic Undeveloped Locations

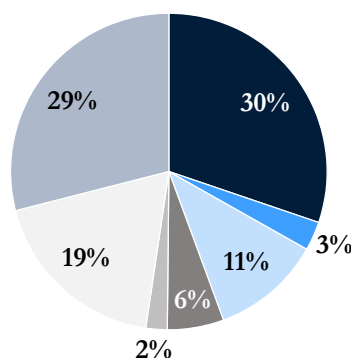
- **Single well results of 240 Boed/Mft IP (avg.) and avg. IRRs of well in excess of 100% for all major targets continue to prove repeatable resulting in the locations being high-graded for development in respective operator portfolios**
 - **3P PV10:** \$24MM (\$74MM PV0)
 - **3P Net Reserves:** 2.4 MMBoc

Pony Overlays the Thickest, Most Active Portion of the Prolific Delaware Basin

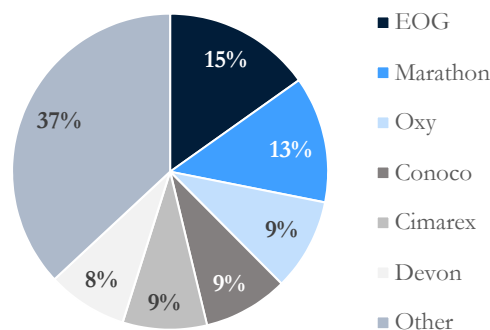


Key Data by Operator

DUC/Permit Inventory (642 Total)



Net Footprint (498 NRA)



Note: All production, reserves, cash flow, and value metrics are based on preliminary reserve database as of August 1, 2021. Net Royalty Acres (“NRA”) are normalized to 1/8th royalty.

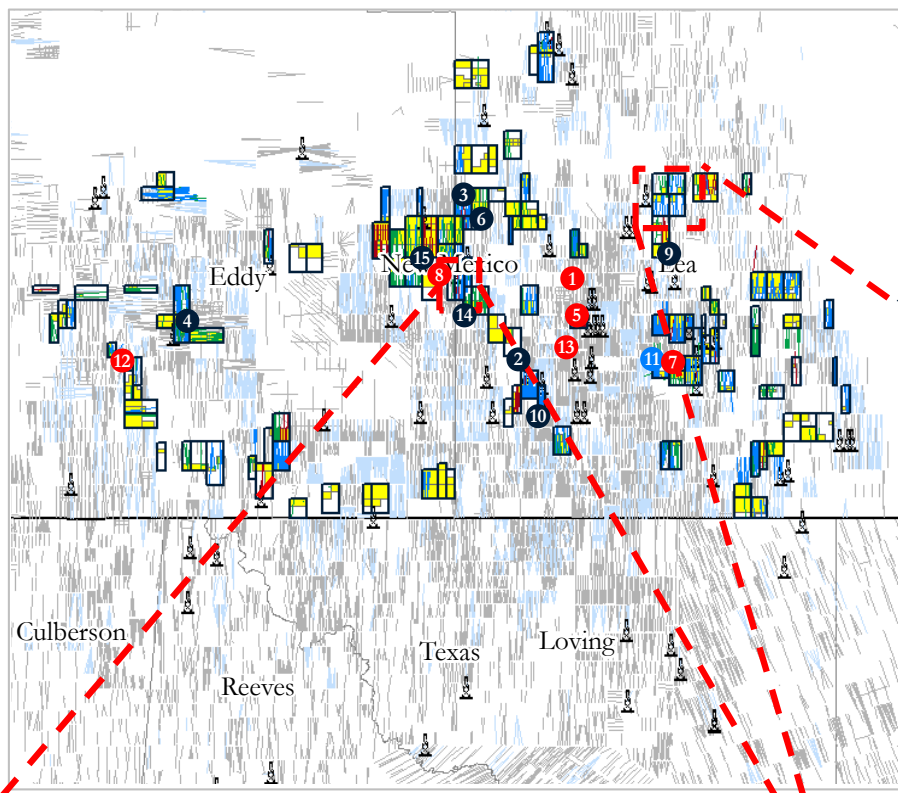


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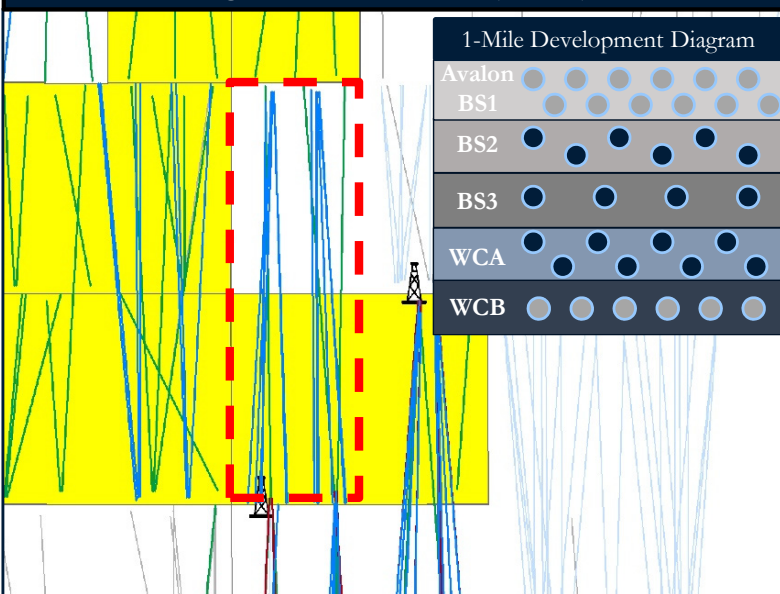
Prolific well results in multiple horizons with different operators across the entire footprint characterize the core of this unique opportunity. Supreme results **averaging ~5,850 Boed (>1,000 Boed per thousand foot of lateral)** bracket the asset. These results are critical in driving activity to the footprint.



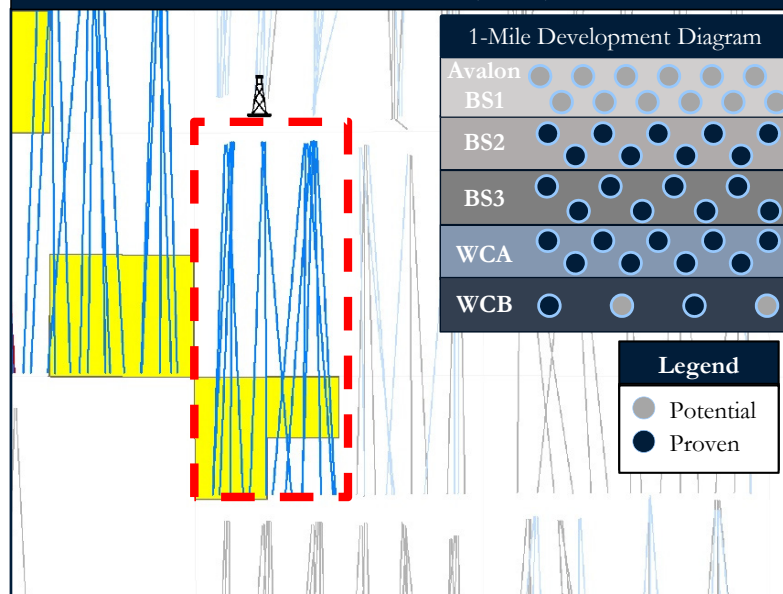
Legend	
 Pony Minerals	— Other Hz Permit
 Pony Unit	● Wolfcamp A Notable Well
— On-Minerals Hz Producer (419)	● 2 nd Bone Spring Notable Well
— On-Minerals Hz DUC (75)	● 3 rd Bone Spring Notable Well
— On-Minerals Hz Permit (567)	⚙️ Hz Rigs (20 within 1 Mile of Pony Position)
— Other Hz Well	

No.	Well Name	Res.	IP24 (Boed)	TLL (ft.)	Boed /M.ft.
1	Hemlock 32 - 702H	WCA	7,712	4,768	1,618
2	Savage 2 - 501H	BS2	6,462	4,501	1,436
3	Boundary Raider 6 7 - 212H	BS2	12,868	9,788	1,315
4	Cedar Canyon 21 - 022H	BS2	5,162	4,596	1,123
5	Hearthrob 17 - 704H	WCA	4,836	4,457	1,085
6	Alley Cat 17-20 - 215H	BS2	10,606	10,317	1,028
7	Cobalt 32 - 708H	WCA	4,556	4,704	969
8	Cal-Mon `35` - 174H	WCA	4,422	4,726	936
9	Nocaster 19 - 4H	BS2	3,604	3,878	929
10	Fearless `Bsf` - 002H	BS2	3,953	4,344	910
11	Diamond 31 - 702H	BS3	6,243	7,268	859
12	Kyle 34 - 005H	WCA	3,727	4,519	825
13	Mamba 30 - 704H	WCA	3,807	4,622	824
14	Mesa Verde Bs - 011H	BS2	6,304	7,693	819
15	Cal-Mon `35` - 041H	BS2	3,459	4,255	813
Avg:			5,848	5,629	1,032

Right Meow 31-30 Unit (Devon)



Merciless 13 Unit (EOG)



Legend	
	Potential
	Proven

Pony's position is within areas where 3,000'+ of stacked, overpressured, high-quality pay is currently being targeted by multiple operators. The quality of the resource is conducive to high well density and pad development leading to advantaged economics and efficient operations for capital-conscious producers. The Bell Lake Unit (15 wells) and Red Hill Unit (24 wells) are recent examples of on-mineral production resulting from operators executing large-scale pad development on this advantaged position.

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Process Timeline



Seller anticipates PSA execution by mid-September and closing by October 2021.

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Please contact Melinda Faust to request a confidentiality agreement or to learn more about this opportunity. Please route all communications through Detring.

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