

# Non-Operated Multi-Basin Opportunity

KONA Oil & Gas Properties



**KONA Oil & Gas Properties** (“KONA”) has retained Detring Energy Advisors to market for sale its non-operated oil and gas interests **concentrated in top resource plays** throughout the Lower-48. The assets offer an attractive opportunity to acquire (i) **\$71MM in operating cash flow (NTM)** from ~800 producing wells and **~120 DUC’s and Permits**; (ii) ongoing development in key regions, including **the Delaware Basin, SCOOP/STACK, and Williston Basin**, driving continued **near-term production and cash flow growth**; and (iii) **substantial remaining undeveloped inventory** offering highly economic development under top operators.

## Robust Net Prod. & Cash Flow

2,100 Boed | \$43MM Op. CF (PDP)

- Substantial PDP assets with exposure to all major Lower-48 basins & plays
  - PDP Net Res.: 5.2 MMBoe (45% oil)
  - PDP PV10: \$123MM
- 820 PDP wells (368 hz)
  - Avg. 2.8% WI & 2.2% NRI (hz only)
- Existing production and cash flow provides ample funding for ongoing development of near-term wells

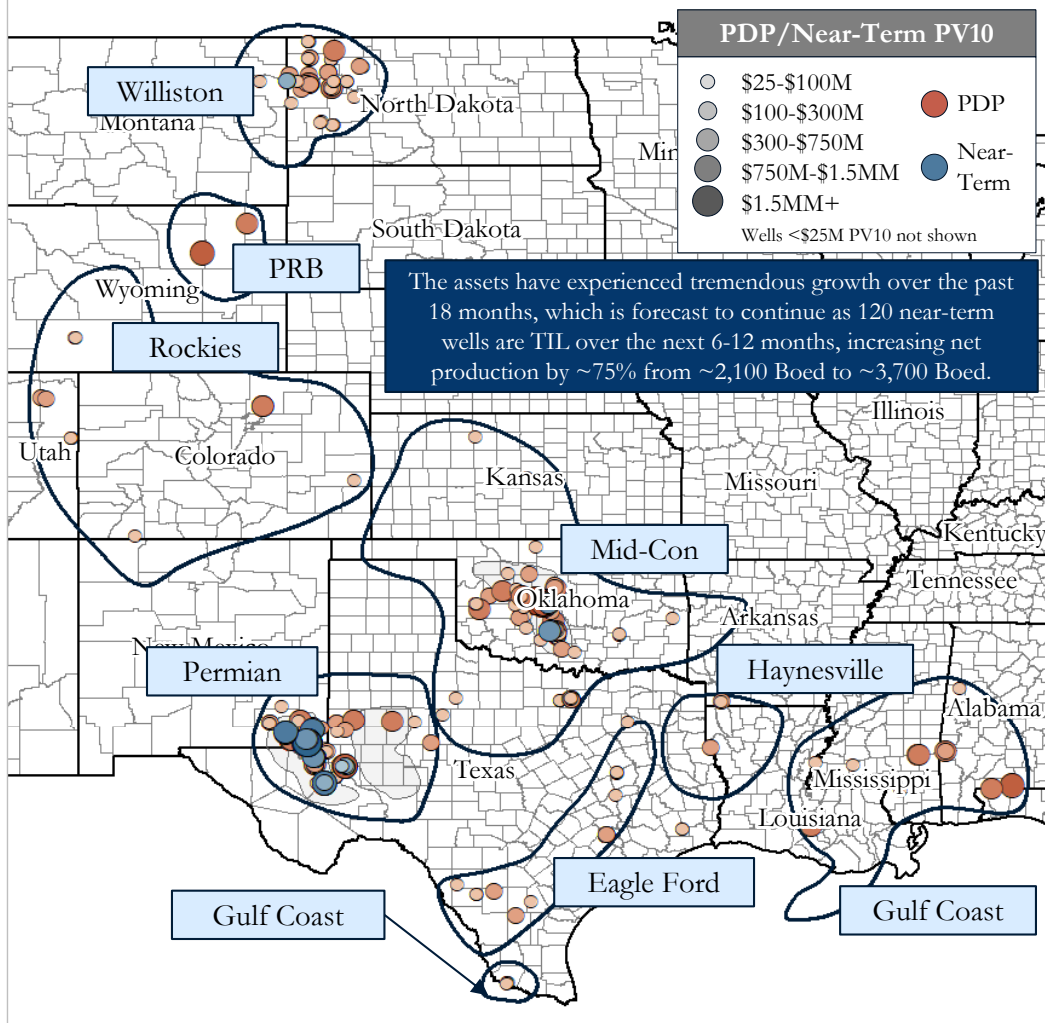
## Rapidly Developing Asset Offers Imminent Cash Flow Uplift

- KONA’s assets have experienced elevated and sustained activity over the last ~18 months
  - Delaware Basin alone has averaged 8 spuds/mo. on-lease since Jan-2021
- 80 DUCs and 40 permits contribute \$29MM in NTM op. cash flow
  - DUC/Permit PV10: \$60MM
- Top Delaware operators, including Devon, Coterra, Tap Rock, and more, are engaged in robust drilling programs driving near-term value

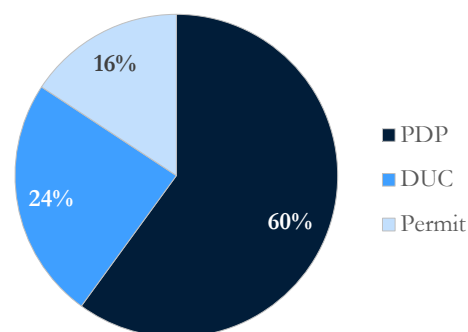
## Significant Remaining Potential Identified In Over 40 Units

- Interest in 43 units across the Permian, Williston, and Mid-Con regions with >250 identified locations
- Highly-economic remaining potential through key regions and targets provides surety of development
  - 100%+ average IRR
  - ~\$120MM in additional undeveloped NPV10

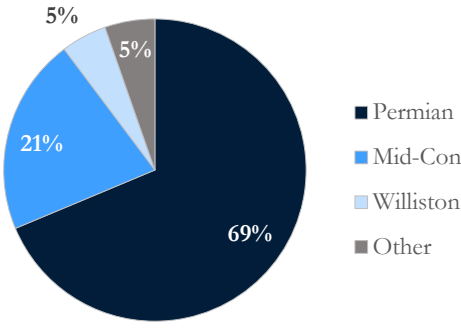
## KONA Value Map By Region | Lower-48



## NTM Operating Cash Flow (\$71MM)



## PDP/DUC/Permit PV10 (\$183MM)



Note: All values, including cash flow, reserves, PV10, and IRR's, are based on an effective date of 9/1/2022 and five-year NYMEX strip as of 7/19/2022. 'Near-Term' includes DUC & Permit wells.

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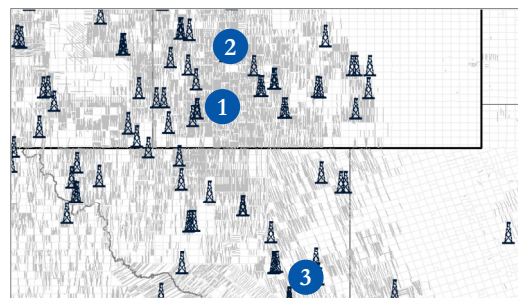
## KONA Oil & Gas Properties



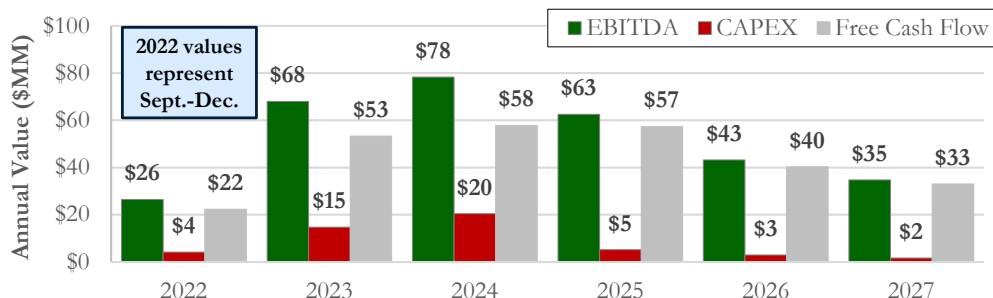
### Reserve Summary | Multi-Basin, Non-Op. Asset with Substantial Near-Term Growth & Undeveloped Potential

	Gross Wells	Net Boed	Gross Reserves				Net Reserves				CAPEX & PV	
			Oil (MMBbl)	Gas (Bcf)	Total MMboe	% Liquids	Oil (MBbl)	Gas (MMcf)	Total Mboe	% Liquids	CAPEX (\$MM)	PV10 (\$MM)
<b>Permian</b>												
Permian PDP	255	1,089	58	204	92	63%	1,415	5,350	2,307	61%	\$0	\$70
Permian Near-Term	107	0	83	366	144	58%	1,106	4,403	1,840	60%	9	56
Permian Undeveloped	145	0	118	432	190	62%	2,468	11,010	4,303	57%	26	101
<b>Total Permian</b>	<b>507</b>	<b>1,089</b>	<b>259</b>	<b>1,003</b>	<b>426</b>	<b>61%</b>	<b>4,989</b>	<b>20,763</b>	<b>8,450</b>	<b>59%</b>	<b>\$35</b>	<b>\$227</b>
<b>Mid-Con</b>												
Mid-Con PDP	287	802	11	349	69	16%	357	9,863	2,001	18%	\$0	\$36
Mid-Con Near-Term	7	0	2	84	16	13%	17	568	112	15%	0	2
Mid-Con Undeveloped	39	0	9	361	69	13%	64	3,518	650	10%	3	9
<b>Total Mid-Con</b>	<b>333</b>	<b>802</b>	<b>22</b>	<b>794</b>	<b>155</b>	<b>14%</b>	<b>438</b>	<b>13,949</b>	<b>2,763</b>	<b>16%</b>	<b>\$3</b>	<b>\$47</b>
<b>Williston</b>												
Williston PDP	133	95	13	59	23	56%	247	883	394	63%	\$0	\$8
Williston Near-Term	6	0	2	2	3	85%	46	48	54	85%	1	1
Williston Undeveloped	69	0	25	38	31	80%	581	813	717	81%	13	8
<b>Total Williston</b>	<b>208</b>	<b>95</b>	<b>40</b>	<b>100</b>	<b>57</b>	<b>71%</b>	<b>874</b>	<b>1,744</b>	<b>1,165</b>	<b>75%</b>	<b>\$13</b>	<b>\$17</b>
<b>Total Other Areas</b>	<b>145</b>	<b>105</b>	<b>9</b>	<b>27</b>	<b>14</b>	<b>68%</b>	<b>332</b>	<b>1,009</b>	<b>500</b>	<b>66%</b>	<b>\$0</b>	<b>\$10</b>
<b>Summary</b>												
Proved Producing	820	2,090	91	639	198	46%	2,351	17,105	5,202	45%	\$0	\$123
Near-Term	120	0	87	453	163	54%	1,170	5,018	2,006	58%	10	60
Undeveloped	253	0	152	831	290	52%	3,112	15,341	5,669	55%	42	118
<b>Grand Total</b>	<b>1,193</b>	<b>2,090</b>	<b>330</b>	<b>1,923</b>	<b>651</b>	<b>51%</b>	<b>6,633</b>	<b>37,464</b>	<b>12,877</b>	<b>52%</b>	<b>\$52</b>	<b>\$301</b>

### Delaware Unit Locator Map

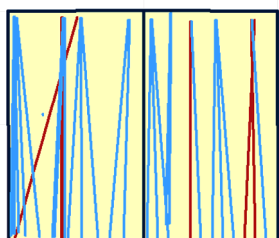


### Imminent Growth From Near-Term Wells Buttressed by Undev. Inventory



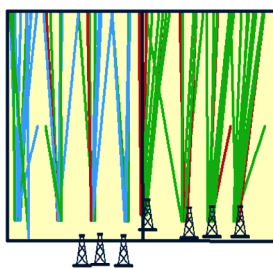
### Select High-Interest Units With Active, Ongoing Development | Delaware Basin

**1 Red Hills Units**  
24 PDP, 7 Permits  
Avg WI: 3.8%; Avg NRI: 3.2%



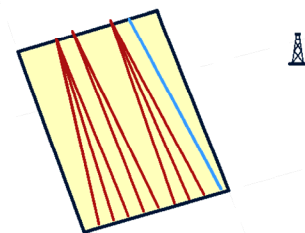
Lea Co., NM (Delaware)

**2 Apollo/Prometheus State Units**  
14 PDP, 48 DUCs, 15 Permits  
Avg WI: 1.03%; Avg NRI: 0.85%



Lea Co., NM (Delaware)

**3 Haley 38-47-29 Unit**  
2 PDP; 10 Permits  
Avg WI: 1.3%; Avg NRI: 1.1%



Loving Co., TX (Delaware)

The 4 units above offer substantial PDP value along with ~50 combined DUCs and 30+ additional permits in Lea and Loving Counties. These units, along with many others actively developed across KONA's footprint, underpin asset longevity and performance.

- KONA Unit
- KONA PDP
- Hz Rigs
- KONA Permit
- Other Hz Well
- KONA DUC

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## Process Timeline

July 2022						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

August 2022						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

-  VDR Opens
-  Evaluation Period
-  Bids Due



KONA anticipates PSA execution by mid-September and closing by the end of November 2022. A strong preference will be given to cash offers for the entirety of the properties; however, offers for sub-portions of the assets will also be considered.

## Detring Energy Advisors Contact Information

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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 and do not contact KONA directly.

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