SNOWBIRD CAPITAL

(Snowbird Capital Royalties LLC)

Mineral Rights Investment Memo

October 2025

Chicago | Austin | Global

1. Executive Summary

Snowbird Capital is evaluating the acquisition of a diversified portfolio of mineral rights and royalty interests in Kansas and Northern Oklahoma. The opportunity represents long-duration, inflation-resistant cash flow anchored in U.S. energy infrastructure, with meaningful optionality through operator development and commodity price upside.

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2. Investment Thesis

Mineral rights represent a durable and inflation-resilient asset class offering exposure to productive hydrocarbons without the operational, environmental, or capital intensity of direct participation. By owning the underlying mineral estate rather than operating assets, investors capture royalty income from existing wells and retain perpetual upside from future development, drilling, or commodity price appreciation. This structure converts energy exposure into a passive, contractual yield stream with limited downside and asymmetric optionality. In the context of a diversified family office portfolio, mineral rights complement both public equities and real assets—providing tangible cash flow, generational duration, and alignment with long-term wealth preservation and compounding objectives.

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3. Market Context

Global upstream investment remains structurally below replacement levels following a decade of capital discipline and energy transition uncertainty. This sustained underinvestment has constrained new supply and reinforced a mid-cycle pricing environment supportive of $70–$90 per barrel oil. In the U.S., mature basins in Kansas and Northern Oklahoma offer stable regulatory regimes, predictable mineral ownership frameworks, and abundant production data, enabling disciplined underwriting and transparency of cash flows. The region benefits from established midstream infrastructure and low development costs, positioning it favorably relative to higher-cost shale plays. These dynamics create a durable backdrop for royalty-based income with embedded optionality to future drilling activity.

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4. Target Profile

Target Profile Scoring Matrix

Category	Weight	Criteria	Scoring Bands (1–5)
1. Yield & Cash Flow Stability	**25%**	12-month royalty yield, decline rate, operator consistency	**5:** > 7% yield, < 15% decline **3:** 4–6% yield, 15–25% decline **1:** < 3% yield or > 25% decline

Category	Weight	Criteria	Scoring Bands (1–5)
2. Proven Reserve Base (PDP %)	**15%**	Proportion of value in producing reserves vs. undeveloped	**5:** > 70% PDP **3:** 50–70% PDP **1:** < 50% PDP
3. Geographic & Regulatory Quality	**15%**	Jurisdiction, data transparency, lease stability	**5:** Kansas/Oklahoma, transparent data **3:** Midcontinent peer basin **1:** High-risk or opaque jurisdiction
4. Operator Quality & Concentration Risk	**10%**	Counterparty credit, operational discipline, concentration	**5:** Top-tier operator, < 10% revenue concentration **3:** Mixed operator base, < 20% **1:** Single operator > 25%
5. Royalty Terms & Lease Structure	**10%**	Royalty rate, deductions, lease duration	**5:** ≥ 22.5%, no deductions **3:** 18–22%, minor deductions **1:** < 18% or burdensome deductions
6. Development Visibility & Upside	**15%**	Active drilling, offset permits, acreage continuity	**5:** Active permits within unit, multi-well upside **3:** Near-term activity possible **1:** No clear upside
7. Title & Marketability	**5%**	Curative burden, fractionalization, clean title	**5:** Clean, ready-to-record **3:** Minor curative **1:** Material defects
8. Liquidity & Exit Flexibility	**5%**	Potential to syndicate or sell individual interests	**5:** Marketable, standardized documentation **3:** Moderate **1:** Illiquid, bespoke or encumbered

Scoring Interpretation

Composite Score (Weighted)	Assessment	Recommendation
≥ 4.0	Core fit, high-quality royalty tract	Proceed to due diligence / acquisition
3.0–3.9	Selective fit with defined risks	Further underwriting required
< 3.0	Sub-optimal profile	Decline or monitor for repricing

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5. Strategic Fit

This opportunity aligns directly with Snowbird Capital’s mandate to build durable, cash-generating exposure within the Real Assets and Long-Duration Income pillars. Mineral rights complement existing holdings by introducing an asset class characterized by contractual revenue streams, inflation correlation, and minimal operating complexity. The investment enhances portfolio resilience through diversification away from financial-market beta, while preserving liquidity and scalability through royalty aggregation strategies. Over time, a disciplined acquisition program across proven producing basins can create a compounding yield platform consistent with family office objectives of capital preservation, inflation hedging, and multi-generational wealth creation.

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6. Recommendation

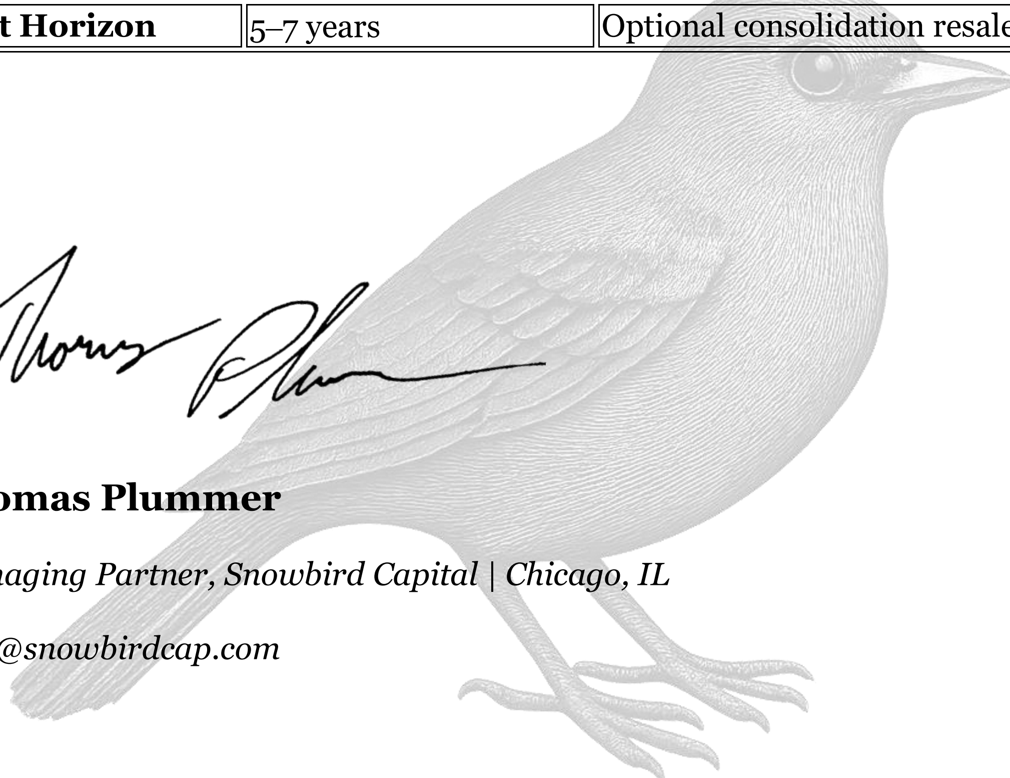
Snowbird Capital has identified an initial set of producing and near-term development tracts across Central Kansas and Northern Oklahoma for detailed underwriting. These assets collectively exhibit stable base production, low decline profiles, and visible operator activity consistent with our investment criteria.

Prospect	Location / Basin	Operator	Status	Key Attributes
Tract A — Ellsworth County PDP Core	Ellsworth County, KS — Central Kansas Uplift	*Scout Energy Partners*	Producing	640 gross acres (2.1 NRA). Mixed oil/gas with 18 producing wells (Mississippian & Arbuckle). PDP-heavy with ~6% cash yield and <15% annual decline. Nearby waterflood expansion activity.
Tract B — Alfalfa County Development Corridor	Alfalfa County, OK — Cherokee Platform	*Continental Resources (CLR)*	Active Development	1,280 gross acres (3.6 NRA). Offset by CLR's recent horizontal Mississippian wells (2023–24 completions). 22% royalty rate, low post-production costs. Three undrilled permits within section; expected cash yield >8% upon completion.
Tract C — Russell County Legacy Strip	Russell County, KS — Fairport Field	*Murfin Drilling Co.*	Mature Producing	480 gross acres (1.4 NRA). Steady shallow oil production (~10 BOE/day). Decline <10%, long-life PDP with potential recompletion program.
Tract D — Grant County Growth Area	Grant County, OK — Anadarko Shelf Edge	*Camino Natural Resources*	Development Optionality	960 gross acres (2.8 NRA). Moderate existing production, strong drilling density nearby. Recent operator permits for horizontal Woodford test wells; possible unit inclusion by mid-2026.
Tract E — Rooks County Consolidation Cluster	Rooks County, KS — Northern Extension Play	*Independent Private Operator*	Unleased	320 acres (unleased). Surrounding active leases at $500–$750/acre bonus. Positioned for aggregation and re-lease at improved terms. Title confirmed and curative complete.

The preliminary pipeline totals approximately **3,600 gross acres** (≈ 10 net royalty acres) with a blended **6.2% current cash yield** and **projected 8–10% yield-on-cost** post-development. Operators represent a mix of private and public independents with established operational histories in the Midcontinent. Near-term focus will be directed toward **Tracts A and B**, which meet or exceed Snowbird's core acquisition profile and provide attractive risk-adjusted entry points.

Proceed with due diligence on 3–5 producing tracts in central Kansas totaling approximately **$1.5M** in acquisition value. Structure purchases through **Snowbird Capital Royalties LLC** for liability segregation and tax clarity.

Metric	Target	Notes
Acquisition Size	$250K–$750K per tract	Mix of producing + non-producing acreage
Gross ROI (Base)	12–18% unlevered	Assumes $75 WTI & 8% decline
Yield / Income	7–10%	Monthly or quarterly via operator
Duration	10+ years	PDP + drilling upside
Exit Horizon	5–7 years	Optional consolidation resale



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