

## **Kimmeridge Minerals and Desert Royalty Announce Strategic Combination**

*Joint entity will be the largest pure-play mineral and royalty platform in the Delaware Basin*

*Combined company to be named Desert Peak Minerals*

*Desert Peak to be optimally positioned as a consolidator of high-quality Delaware Basin mineral and royalty assets*

Denver, Colorado & Midland, Texas; July 17, 2019 – Kimmeridge Energy Management Company, LLC (“Kimmeridge”) and Desert Royalty Company, LLC (“Desert Royalty”) today announced that they have entered into definitive agreements to combine their respective Delaware Basin oil and gas royalty assets. The combined company will be named Desert Peak Minerals (“Desert Peak”) and will be the largest pure-play mineral and royalty company in the Delaware Basin by net royalty acres. Consummation of the combination transaction is subject to certain conditions agreed upon by the parties.

Expected highlights of the strategic combination include the following:

- Creates the largest Delaware Basin pure-play mineral and royalty company with over 70,000 net royalty acres on a 1/8<sup>th</sup> royalty-adjusted basis (“NRAs”) across eight counties in west Texas and southeast New Mexico;
- Expected day one net production of approximately 8,000 boe/d as of the consummation of the combination transactions, with clear visibility on further near-term growth;
- Significant resource potential provided by the stacked, oil-weighted pay in the core of the Delaware Basin, which results in well delineated inventory underpinning long-term growth upside;
- Positions Desert Peak as a logical consolidator of additional high-quality Delaware Basin mineral and royalty assets and increases exposure to leading operators;
- Benefits from the ability of the Delaware Basin to compete for capital within E&P company budgets evidenced by 259 rigs currently running in the Basin representing 27% of all rigs running onshore in the United States; and
- Desert Peak will be headquartered in Denver, Colorado and will be led by CEO Chris Conoscenti and the Kimmeridge management team.

Mr. Conoscenti said, “This is a transformational combination that will establish the industry’s leading Delaware Basin-focused mineral and royalty company. Desert Peak will be optimally positioned to continue to grow organically and to expand its mineral and royalty ownership in the Delaware Basin. As is widely recognized, the Delaware Basin is the leading oil and gas producing region in the United States, combining the best rates of return for operators, established and expanding takeaway infrastructure and oilfield services capacity, and a favorable regulatory environment.”

Kyle Stallings, Founder and CEO of Desert Royalty Company, said, “The creation of a large mineral company with a singular focus on the Delaware Basin is the most interesting development I have observed in 33 years in the mineral business. Desert Royalty is honored to have played a role in the conception of Desert Peak.”

K.C. Stallings, President of Desert Royalty Company, said, “We are excited about the formation of Desert Peak, which we believe will enhance the long-term investments we have made in the Delaware Basin. The combined position creates broad exposure across the basin with dense positions in core areas. We believe that the combined company’s footprint is compelling in the basin with the most operator activity, and that the potential for Desert Peak, like the potential of the Delaware Basin, is remarkable.”

Ben Dell, Managing Partner at Kimmeridge, said, "We are pleased to combine the high-quality assets of Kimmeridge with Desert Royalty to create the largest pure-play mineral and royalty company in the Delaware by net royalty acres. Against the backdrop of a challenging environment for E&P, minerals provide a compelling mix of organic growth and free cash flow generation. Desert Peak will have our full support as they execute on their strategic growth plans."

### **Advisors**

Sidley Austin LLP is acting as legal advisor to Kimmeridge Energy Management Company, LLC. Tudor, Pickering, Holt & Co. is acting as exclusive financial advisor to Desert Royalty Company, and Kirkland & Ellis LLP is acting as legal advisor to Desert Royalty Company.

### **About Kimmeridge**

Founded in 2012 by Ben Dell, Dr. Neil McMahon and Henry Makansi, Kimmeridge is an energy private equity firm focused on making direct investments in unconventional oil and gas assets in the United States. Kimmeridge founded a Delaware Basin-focused company to acquire, own and manage mineral and royalty interests. Since its formation in November 2016, Kimmeridge has successfully consummated a leading market position via more than 130 acquisitions.

### **About Desert Royalty Company**

Desert Royalty is an independent oil and natural gas company and has been focused on the acquisition and management of oil and gas mineral and royalty properties for over 25 years. Kyle L. Stallings founded the predecessor to Desert Royalty in 1990 before partnering with Joe Gieb, III shortly thereafter. The company is currently in the process of deploying its 6<sup>th</sup> mineral fund and intends to raise a 7<sup>th</sup> mineral fund from its existing private investor base in 2020.

### **Forward-Looking Statements**

This Press Release contains forward-looking statements based on Kimmeridge's and Desert Royalty's current expectations that involve a number of risks and uncertainties. Generally, forward-looking statements do not relate strictly to historical or current facts and may include words such as "believes," "will," "expects," "anticipates," "intends" or similar words or phrases. No forward-looking statement can be guaranteed. Numerous risks, uncertainties and other factors may cause actual results to differ materially from those expressed in any forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made and none of Kimmeridge, Desert Royalty or Desert Peak undertake any correction to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

### **Contact**

Brett Riesenfeld  
720-966-1683