



SPICEWOOD MINERAL MANAGEMENT, LLC  
(“*SMM*”)

FORM ADV, PART 2A  
(the “*Brochure*”)

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This Brochure provides information about the qualifications and business practices of SMM. If you have any questions about the contents of this Brochure, please contact us at (214) 489-7090. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“*SEC*”) or by any state securities authority. SMM is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about SMM is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**This Brochure does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of applicable offering documents that contain a description of the material terms relating to such investments, products or services.**

## **Important Note About This Brochure**

This Brochure is not:

- an offer or agreement to provide advisory services to any person;
- an offer to sell interests or a solicitation of an offer to purchase interests in any investment product or vehicle advised by SMM;
- a complete discussion of the features, risks or conflicts associated with any account advised by SMM; or
- to be relied on in determining whether to invest in a private fund (as defined herein) or establish an advisory relationship with SMM.

As required by the Investment Advisers Act of 1940, as amended (the “*Advisers Act*”), SMM provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in a private fund, together with other relevant offering materials, prior to, or in connection with, such persons’ establishment or consideration of a client relationship or an investment in a private fund.

Persons who receive this Brochure should be aware that it is designed solely to provide information about SMM as necessary to respond to certain disclosure obligations under the Advisers Act. Therefore, the information in this Brochure may differ from information provided in the materials that govern an account or investor relationship such as an advisory contract or a private fund’s governing documents (as defined below).

More complete information about each private fund, as well as SMM’s investment management services in general, is included in relevant governing documents, certain of which may be provided to current and eligible prospective clients or Investors (as defined below) only by SMM or another designated party. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant governing documents shall govern and control.

**In no event should this Brochure be considered to be an offer of, or agreement to provide, advisory services directly to any recipient.**

## ITEM 2: MATERIAL CHANGES

Material changes made to this Brochure since the initial version of SMM's Form ADV, dated June 30, 2023, are as follows:

Item 4: Advisory Business was revised to update regulatory assets under management.

Item 8, Methods of Analysis, Investment Strategies, and Risk of Loss was revised to update disclosures regarding financial institution risk and related events.

*The information set forth in this Brochure is qualified in its entirety by the applicable governing and offering documents. In the event of a conflict between the information set forth in this Brochure and the information in the applicable offering or governing documents, such documents will control. We encourage all clients and investors to review this Brochure in its entirety.*

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## ITEM 4: ADVISORY BUSINESS

### *Firm Overview*

SMM is a private fund manager that invests in oil and gas mineral and royalty interests in the United States. SMM was formed in January 2020 by W. Kyle Bebee, Managing Partner, and John Golden, Partner, (together, the “**Partners**”). The Partners managed Miller Bebee Partners, LLC (“**MBP/MBP Energy**”), which is an investment firm and family office that launched at the end of 2016. SMM is wholly owned by W. Kyle Bebee. As of the day of this Brochure, SMM provides investment advisory services with respect to the following affiliated private pooled investment vehicles: Flyway Holdings, LP (“**Flyway I**”), Flyway Holdings II, LP (“**Flyway II**”), Spicewood Mineral Partners, LP (“**SMP**”), Spicewood MHI Sidecar, LP (“**SMHP**”), Spicewood Titan Sidecar, LP (“**Titan**”), Spicewood Mineral Partners II, LP (“**SMP II**”), and MSH Family Real Estate Partnership II, LLC (“**MSH II**”). The entities listed above are collectively referred to as the “**Spicewood Funds**” or the “**Funds**”. Spicewood Mineral Partners GP, LP, Spicewood Mineral Partners II GP, LP, and Spicewood Titan Sidecar GP, LP, (each, a “**General Partner**” and together, the “**General Partners**”) serve as general partners to these private funds, respectively, other than to Flyway I, Flyway II and MSH II, which are each separately managed by SMM through a management services agreement. Interests in the Spicewood Funds are offered to eligible investors on a private placement basis. SMM has discretionary authority with respect to the investment decisions of the Funds. SMM’s investment advisory services are provided in accordance with the investment objectives and guidelines set forth in each Fund’s offering and governing documents. The information set forth in this Brochure is qualified in its entirety by the Funds’ offering and governing documents.

As of December 31, 2023, SMM had approximately \$576 million in regulatory assets under management, all of which were managed on a discretionary basis.

### *Nature of Clients and Investors*

SMM provides investment management services exclusively to the Spicewood Funds. SMM does not have a separate client relationship with investors in the Spicewood Funds, which are referred to throughout this Brochure as “**Investors**” or “**Limited Partners**”. The Spicewood Funds are U.S. limited partnerships or U.S. limited liability companies that are not registered or required to be registered under the U.S. Investment Company Act of 1940, as amended (the “**Investment Company Act**”) or the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and the interests in the Spicewood Funds are privately placed to qualified investors. See also Item 7 below. Investors in the Spicewood Funds generally include high net worth individuals, family offices, endowments, and foundations that are both “accredited investors”, as defined in Regulation D under the Securities Act, and “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act.

### *Investment Mandates*

The Funds are managed in accordance with the investment objectives, strategies and guidelines as set forth in the relevant Fund’s confidential offering memorandum, organizational documents and other related documents (collectively “**Governing Documents**”). In all cases investments are selected on the basis of the Fund’s investment strategy and objectives.

The Spicewood Funds are not tailored to the individualized needs of any particular Investor, though the Spicewood Funds may take into consideration the general characteristics (e.g., tax status) of its target Investors when structuring its operations. An investment in a Spicewood Fund does not, in and of itself, create an advisory relationship between the Investor and SMM, and SMM typically does not enter into separate advisory arrangements with any Investor. Therefore, each Investor must consider for itself whether any Fund meets the Investor’s investment objectives and risk tolerance before investing in the Fund.

Information about each Spicewood Fund is set forth in its Governing Documents, which are available to current and eligible prospective investors only through SMM.

## ITEM 5: FEES AND COMPENSATION

### *Management Fees & Carried Interest*

SMM receives fees from the Spicewood Funds as set forth in the applicable Fund's Governing Documents. Generally, SMM receives a management fee (the "**Management Fee**") ranging from 1.5% to 2% per annum of the aggregate committed capital of each Limited Partner during each Fund's investment or commitment period or term, as applicable, and, for SMP and SMP II, the Management Fee is equal to 1.5% per annum of invested capital of each Limited Partner after the investment or commitment period, as applicable. The Management Fee is paid quarterly in advance.

In addition to the Management Fees, SMM or an affiliate is generally entitled to receive a carried interest distribution ("**performance incentive**" or "**performance-based fees**") based on a percentage of distributions, as set forth in the Governing Documents for each Fund. Generally, all distributions go to the Limited Partners until the Limited Partners have received 100% of their capital contributions plus a preferred return, and thereafter SMM or an affiliate is typically entitled to receive a performance incentive on further distributions, as detailed in each of the Fund's Governing Documents.

Distributions are generally made quarterly based on available cash. The applicable General Partner, SMM, SMM's principal or their respective affiliates have the right to contract for and be paid by third parties outside of the Funds: (i) certain service fees, closing fees or other similar fees in direct connection with portfolio investments made by the Funds, (ii) monitoring fees, management fees, advisory fees, structuring fees, success or other similar fees in direct connection with portfolio investments made by the Fund, or (iii) break-up or other similar fees as a result of the failure to consummate a portfolio investment by the Fund (referred to as "**Other Fees**"). Such Other Fees may be used to offset Management Fees, as determined by the applicable General Partner, as provided for in the Governing Documents.

Certain Investors have negotiated fee reductions or other provisions as part of side letter terms and provisions. Except as otherwise agreed, SMM is not obligated to waive or reduce Management Fees for any other Investor when offering waivers or reductions to a particular Investor. Except as otherwise provided for in the Governing Documents, the Limited Partners are not permitted to withdraw assets during the life of the Funds and are therefore not eligible for reimbursement of any Management Fees.

### *Fund Expenses*

In addition to the Management Fees and performance incentive, each Spicewood Fund is responsible for its own organizational, investment and operating expenses ("**Fund Expenses**"), including third-party expenses and expenses of SMM and its affiliates. The Spicewood Funds may pay Fund Expenses directly or reimburse SMM or a SMM affiliate for such expenses paid or incurred on behalf of the Fund. Fund Expenses are described more fully in the Funds' Governing Documents but generally include the following:

- All organizational costs, subject to caps described in the Governing Documents;
- The fees, costs and expenses incurred in connection with investigating, negotiating, structuring, financing, acquiring, holding, managing, maintaining, selling, exchanging or otherwise disposing of portfolio investments, including all expenses, costs and liabilities incurred by the Fund in connection with the identification, structuring, negotiation, making, monitoring, sale, proposed sale, other disposition or valuation of portfolio investments:
  - including the applicable Fund's pro rata portion of the cost of any warehoused investments and any expenses and reasonable capital costs incurred by a prior Fund or any of its

- affiliates in connection with the transactions under the applicable warehoused investment purchase agreement;
  - including, but not limited to, legal, accounting, engineering, audit, filing fees, travel, travel related expenses and other expenses (to the extent not subject to reimbursement);
- Fees, costs and expenses of the type described above, in connection with proposed or potential, but unconsummated transactions (dead deal expenses);
- Any extraordinary, nonrecurring acquisition fees, costs and expenses, including fees, expenses, costs and liabilities incurred in connection with litigation, settlements or other extraordinary events, director and officer liability and other insurance and indemnity expenses;
- All taxes, fees and other governmental charges payable by the Fund, expenses incidental to the transfer, servicing and accounting for the Fund's cash and securities, including all charges of depositories and custodians, and all expenses incurred by the General Partner in its capacity as the Fund representative, or a similar role under applicable state, local or foreign tax law;
- Communications expenses, including, the fees and expenses associated with the preparation of the Fund's reports and other information, and the distribution of same to the Limited Partners, tax returns and Schedules K-1, printing expenses, mailing and courier expenses, auditing expenses, fees and expenses of establishing bank or custodial accounts and insurance costs and expenses, in each case to the extent reasonably incurred by the Fund, SMM, the General Partner or their respective affiliates on behalf of the Fund in connection with the management, conduct and operation of the Fund;
- Brokerage and custodial expenses, appraisal fees and other investment costs actually incurred in connection with portfolio investments;
- Expenses of liquidating the Fund and its subsidiaries;
- Expenses incurred in connection with the maintenance of the Fund's books of account and other records and the preparation of audited or unaudited financial statements of the Fund or as otherwise required to implement the provisions of the Fund agreement or by any governmental authority with jurisdiction over the Fund and other routine administrative expenses of the Fund or its subsidiaries, including third-party administrator costs, the cost of the preparation of tax returns, cash management expenses and insurance and legal expenses;
- All expenses incurred in connection with any indebtedness of the Fund or other credit arrangement (including any line of credit, loan commitment or letter of credit for the Fund or related to a portfolio investment (or any underlying asset)), including all expenses incurred in connection with owning, holding and conveying portfolio investments;
- All expenses and costs associated with meetings of the Limited Partners;
- All expenses and costs of the Limited Partner Advisory Committee ("*LPAC*");
- All expenses and costs relating to a defaulting Limited Partner;
- All expenses incurred in connection with preparing and making regulatory filings required to be made by or on behalf of the Fund, including Form PF (excluding any fees, costs or expenses associated with SMM registering or maintaining its registration as a registered investment adviser under the Advisers Act); and
- The Fund's allocable share of salary, benefits and any other expenses of in-house legal counsel personnel engaged or retained by the General Partner, SMM or any of their respective affiliates which are incurred for the benefit of the Fund and the portfolio investments, to the extent such in-house legal expenses are in replacement of similar third-party expenses.

This list is not intended to be exhaustive; prospective and existing investors in the Funds are advised to review the applicable Fund's offering materials and Governing Documents for a more extensive description of the Fund Expenses associated with an investment in each Fund.

Fund Expenses are generally allocated among all Limited Partners on a pro rata basis unless otherwise determined appropriate by the General Partner(s). Shared expenses between more than one Fund are

allocated among such Funds as reasonably determined in good faith by the General Partner(s). General and administrative expenses allocable to the Funds are generally allocated based on estimates of effort expended, benefit received, total commitments, assets under management and other methods that are reasonable in light of the circumstances, which methods may vary for different types of expenses and may change over time.

Fund Expenses are generally netted out of quarterly distributions paid to Investors. SMM discloses information about the amount and nature of Fund Expenses in each Fund's financial statements.

### ***Other Compensation***

As further described in Item 10 below, SMM acts and may in the future act as the manager for certain co-investment entities and accounts established in conjunction with specific co-investment transactions. For example, SMHI and Titan are such co-investment entities. Such co-investment entities or accounts do and may in the future have investment objectives or implement investment strategies similar to those of the current Funds, or potential future funds. SMM receives a Management Fee and is entitled to carried interest distributions as described in each co-investment entity's Governing Documents.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As noted above, SMM receives a performance incentive based on each of the Funds' distributions. SMM's receipt of performance-based fees raises certain conflicts of interest, which are described below.

### ***Investment Selection***

Performance-based fees and other arrangements where the incentive to achieve gains may exceed the disincentive to suffer losses may cause SMM to choose investments that are riskier or more speculative than might otherwise have been chosen. To mitigate these conflicts, the Partners have invested substantial personal funds in the Spicewood Funds, and SMM's policies and procedures seek to provide that investment decisions are made in accordance with the fiduciary duties owed to the Funds and without consideration of SMM's (or its personnel's) pecuniary, investment or other financial interests.

### ***Side-by-Side Management***

Different Spicewood Funds may and do have different performance incentive arrangements. Such differences could incentivize SMM to favor one Fund over another or a co-investment entity over a Fund in its investment allocations, make investments in subsequent Funds that are intended to prop up investments in a prior Fund, or manipulate the sequence of dispositions. These potential conflicts are mitigated to some extent by the fact that SMM co-investment vehicles invest alongside the Spicewood Funds and have a shared interest with such Fund's Investors in maximizing Fund returns. Investments by the Spicewood Funds in any investments owned by another Spicewood Fund generally must be disclosed to and approved by the LPAC for each relevant Fund to address potential conflicts of interest.

## **ITEM 7: TYPES OF CLIENTS**

SMM provides discretionary investment management services to the Spicewood Funds identified in Item 4. Our clients rely on certain exclusions and exceptions from the definition of "investment company" in the Investment Company Act. Accordingly, none of the Spicewood Funds are registered as investment companies with the SEC.

Investors in the Spicewood Funds are generally high net worth investors, family offices, foundations and endowments that are "accredited investors," "qualified clients" and "qualified purchasers" (if required



pursuant to the applicable Fund's exemption), within the meaning of the Securities Act, the Advisers Act and the Investment Company Act, respectively.

The Spicewood Funds generally have a specified minimum investment as set forth in their Governing Documents and Form D filings. This minimum investment is subject to discretion, and SMM or its affiliates may permit investments of a smaller amount generally or with respect to any Investor.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

The following is a summary of the investment strategies and risks involved in SMM's investment activities. These risk factors are not a complete description of the risks associated with the Spicewood Funds' investment programs. Investors and potential investors should review the applicable Governing Documents for the particular Spicewood Fund(s) in which they are considering investing for a more comprehensive discussion of the investment strategy and process as well as the relevant risks associated with investing in that Fund.

### ***Methods of Analysis and Investment Strategies***

Spicewood Funds' investment objectives are to directly or indirectly, acquire, own, hold, maintain, manage, supervise and dispose of mineral interests, energy related royalty interests and any related assets and other investments of the kind and nature described in the Funds' Governing Documents.

An ideal investment opportunity is purchasing directly from a long-standing mineral owner, leased or held by production minerals, traditionally pre-development or minimally developed, with multiple high-quality oil and gas development zones. The objective is to have a well-diversified high yielding portfolio which provides the Investors multiple opportunities for creating value and various opportunities for upside. This includes investing in both oil and gas basins, diversifying across operators, as well as investing in opportunities ranging from producing assets to longer term holds.

The Spicewood Funds focus their acquisition efforts on leased, producing and non-producing oil and gas mineral interests in top-tier U.S. basins, where there is downside protection given the low break-even economics for drilling, deep inventory potential and highest quality resource potential. The potential exit strategies for the Funds' assets include publicly traded mineral companies, well capitalized aggregators, private equity investors, general institutional investors and public or private oil and gas operators who own leaseholds.

SMM identifies potential investment opportunities based upon careful, technical study of available data in targeted geographic areas. SMM utilizes its in-house engineering and geologic team to underwrite and rank development areas across major basins. Investment is generally focused in areas where resource potential (or value) exceeds market pricing. Every investment undergoes legal and financial diligence prior to closing the transaction.

### ***Investment Risks***

There can be no assurance that the Funds will achieve their investment objectives or that investments will be successful. The Funds' investment strategies involve a substantial degree of risk. Nothing in this Brochure is intended to imply, and no one is or will be authorized to represent, that an investment in the Funds will be low risk or risk free. The investment strategies and programs of the Funds are appropriate only for sophisticated persons who fully understand and will be capable of bearing the risks of investment. Prospective investors should consider the following risks, among others, before making any investment decisions. The various risks outlined below are not the only risks associated with the Funds. Investors are urged to consult with their own independent financial, legal and tax advisors. The following risks are

qualified in their entirety by the risks set forth in the Funds' offering documents. Investing in securities involves risk of loss that clients should be prepared to bear.

*Investment Strategy Risks.*

- Crude oil and natural gas prices are volatile and fluctuate in response to a number of factors. Lower prices could reduce the net proceeds payable to the Funds and the Funds' distributions. The value of the Funds' investments in oil and gas properties is substantially dependent upon the market prices for oil, natural gas and other hydrocarbons, both worldwide and particularly in North America.
- Drilling for oil and natural gas is a speculative activity and involves numerous risks and substantial and uncertain costs that could adversely affect net proceeds payable to the Fund and the Funds' distributions.
- We depend on third-party operators for the development of our target investments. Accordingly, our revenue and ability to make distributions to the Limited Partners are dependent upon the success and economic viability of our operators as well as our ability to retain and attract operators. Terminations or lease defaults could reduce our available cash and limit our ability to make distributions to our Investors.
- We depend on our operators for the information necessary to determine royalty payments. Without conducting an audit, we may not be able to detect errors and payment calculations.
- The operators typically dictate future development of the Funds' target investments.
- The investments are depleting assets and, if the operator developing a mineral interest does not perform additional development projects, the mineral interest may deplete faster than expected.
- Leases held by production may result in less drilling activity by the operator than other leases.
- The Fund reserve estimates depend on many assumptions that may prove to be inaccurate, which could cause both estimated reserves and estimated future net revenues to be too high, leading to write-downs of estimated reserves.
- The operator developing any target investments may transfer its interest in the target investments without the consent of the Funds.
- The Funds will not generally control the renewables projects developed on the underlying properties that the Funds will own.
- The ability of renewables projects to generate revenue depends on having effective interconnection arrangements and services.
- Due to the Funds' lack of industry and geographic diversification, adverse developments in the Funds' target markets could adversely impact the ability to make distributions to the Limited Partners. The Funds' investments are concentrated in oil and gas producing properties in the United States, the value of which are directly correlated to existing reserves, expected future reserves and production rates, and forward prices for oil and natural gas, which are highly volatile and dependent on numerous factors that are beyond the control of SMM.
- If the market for renewables projects or the investment techniques related to such projects do not develop as we anticipate, new business generation in this target area may be adversely impacted.
- Title deficiencies with respect to the target investments could adversely affect our rights to production.
- Some of our competitors have resources that are greater than ours.
- The Funds' reserves could be subject to drainage from offset drilling locations.
- In connection with an acquisition of mineral interests that are currently producing, we will rely on projections of the reserve estimates and expected operating performance of the mineral interests, which may not prove to be true.
- The generation of proceeds for distribution by the Funds depends in part on access to and the operation of gathering, storage, transportation and processing facilities. Limitations in the availability of those facilities could interfere with sales of oil and natural gas production from the target investments.

- In certain circumstances, our revenue may depend on our ability to lease mineral interests.

*Global Economic, Environmental, and Operational Risks.*

- Terrorism or military action could decrease the Funds' distributions.
- U.S. and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the start of the military conflict between Russia and Ukraine.
- Inflation has the potential to adversely affect the Funds' liquidity, business, financial condition and results of operations.
- Unstable market and economic conditions and adverse developments with respect to financial institutions and associated liquidity risk may have serious adverse consequences on our business, financial condition and results of operations. Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. Should one or more of the financial institutions at which our deposits are maintained fail, there is no guarantee as to the extent that we would recover the funds deposited, whether through FDIC coverage or otherwise, or the timing of any recovery.

In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any decline in available funding or access to our cash and liquidity resources could, among other risks, adversely impact our ability to meet our operating expenses, financial obligations or fulfill our other obligations, result in breaches of our financial and/or contractual obligations or result in violations of applicable federal or state laws. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on our liquidity and our current and/or projected business operations and financial condition and results of operations.

- Production of oil and natural gas with respect to the target investments could be materially and adversely affected by severe or unseasonable weather or natural disasters.
- Climate change laws and regulations restricting emissions of "greenhouse gases" could result in increased operating costs and reduced demand for the oil and natural gas produced from the target investments.
- The physical effects of climate change could disrupt production and cause exploration and production companies to incur significant costs in preparing for or responding to those effects.
- The renewables projects related to the Funds' portfolio investments may be exposed to an increase in climate change or other change in meteorological conditions which could cause a material adverse effect on the Funds and their portfolio investments.
- The operation of renewables projects is subject to numerous risks inherent in the renewables industry, such as explosions, fires and environmental risks.
- The renewable energy industry is nascent, and as a result is subject to various risks which are out of the control of the applicable Fund or the applicable General Partner.
- The operation of oil and gas properties is subject to numerous risks inherent in the oil and gas industry, such as pressure or irregularities in formations, blowouts, cratering, explosions, pipe or cement failure, casing collapses, uncontrollable flows of oil, gas or well fluids, fires, exposure to hazardous materials, pollution, risks associated with operation of heavy machinery, hurricanes and other natural disasters and environmental risks.
- The oil and gas business is subject to environmental hazards, such as oil spills, gas leaks and ruptures, discharges of petroleum products and hazardous substances, and materials disposal

activities. These environmental hazards could expose the operators and other interest owners of the Funds' properties to material liabilities for property damages, personal injuries, or other environmental harm, including liabilities for environmental damages caused by previous owners or operators and including costs of investigating and remediating contaminated properties, and substantial fines and penalties from government regulators, which may result in a curtailment of operations and thus adversely affect the Funds' cash flow.

- Federal, state and local legislative and regulatory initiatives as well as governmental reviews relating to oil and gas exploration and production, and hydraulic fracturing in particular, could adversely affect the level of production from the underlying properties.
- The Funds may be subject to the risks of owning surface rights.
- Loss of our information and computer systems could adversely affect our business.
- We and our operators are subject to cyber security risks. A cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss. Although we have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, we or an affiliate may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in our, a Fund's or any of our respective affiliates' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). The Funds may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose the Funds us and our respective affiliates to civil, legal or regulatory liability as well as regulatory inquiry and/or action, and the Funds may be required to indemnify us and our affiliates against any losses incurred in connection therewith.
- Widespread public health emergencies such as or similar to the COVID-19 pandemic may have a material adverse effect on the Funds' financial condition and results of operations.
- The Funds will depend on key personnel to identify and complete acquisitions and manage operations. The loss of their services could have a material adverse effect on the Funds.

#### *Risks Related to an Investment in the Fund.*

- There can be no assurance that the Funds' investment objectives will be met or that an investor will receive a return of its capital.
- The securities in which the Spicewood Funds invest are highly illiquid. There is no public market for interests in the Spicewood Funds and transfers of interest are not permitted without consent of the applicable General Partner. Therefore, interests in the Funds will have limited liquidity and transferability.
- The applicable General Partner's carried interest may create incentives that conflict with the interests of the Limited Partners.
- There can be no assurance that the Funds will be able to locate and complete portfolio investments that satisfy the Funds' investment objectives or that they will be able to invest fully their committed capital.

#### *Other Risks*

In addition to these and other risks related to investing in oil and gas properties, there are other risks and potential conflicts related to the structure and terms of the Spicewood Funds. These risk factors and potential

conflicts of interest are discussed in detail in Funds' offering documents, which should be read carefully before investing in the Spicewood Funds.

### *Potential Conflicts of Interest*

In the ordinary course of their businesses, SMM and our affiliates may engage in activities in which our interests may conflict with the interests of the Funds or investors. SMM or our affiliates, in our ordinary course of business, may possess, or come into possession of, information relevant to the Funds' investment activities that we may be prohibited from disclosing to the Funds or investors. Additionally, conflicts of interest may occur between the Funds. On August 23, 2023, the SEC adopted new and amended rules that will impact the regulation of investment advisers to private funds (the “*Private Fund Adviser Rules*”) such as SMM. Among such impacts, SMM will need to review aspects of its business including the use of side letters, co-investment vehicles and allocations and disclosures related to fees and expenses. SMM will update its practices and corresponding disclosures as applicable when needed.

**THE PRECEDING DISCLOSURE REGARDING RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE DESCRIPTION OR EXPLANATION OF THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE FUNDS. SUBSTANTIAL ADDITIONAL RISKS MAY BE PRESENT IN CONNECTION WITH AN INVESTMENT IN THE FUNDS. AN INVESTMENT IN THE FUNDS COULD RESULT IN A COMPLETE AND TOTAL LOSS.**

## **ITEM 9: DISCIPLINARY INFORMATION**

There are no legal or disciplinary events to report regarding us or any of our directors, executive officers, or principals regarding any criminal or civil actions in a domestic, foreign, or military court.

Neither us nor any of our directors, executive officers, or principals has been involved in any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

Neither us nor any of our directors, executive officers, or principals has been involved in any self-regulatory organization proceedings.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### ***SMM Affiliated Entities***

SMM will devote such time to the Funds' affairs as is consistent with achieving the Funds' investment objectives. However, except as otherwise provided in the Funds' operating and/or Governing Documents, SMM and any of our affiliates may engage in any activity permitted by applicable law.

### ***Special Purpose Entities***

SMM has structured and may in the future structure certain co-investment entities in conjunction with an oil and gas transaction that is larger than the available capital in the actively investing Spicewood Fund. In such transactions, SMM has identified or expects to identify other institutional investors to participate as co-investors in such transaction. Such co-investment allocation is made consistent with the discussion in Item 11 below. SMM or an affiliate serves and may in the future serve as the manager with respect to such co-investment entities responsible for overseeing the operations of such entities. As disclosed in Item 5 above, SMM or an affiliate generally is compensated for such activities as a percentage of the co-investment entity's revenues and may receive a carried interest with respect to such co-investment entities.

### ***Personal and Family Investment Activities***

SMM's Partners have established personal and family investment entities through which they make their investments in the Spicewood Funds, including MBP/MBP Energy. These affiliated entities may also invest in other oil and gas working interests as well as mineral and royalty interests, which may be in the same geographic areas as the Spicewood Funds' interests. Any personal investments in properties or interests that relate to Spicewood Fund investment activities must be consistent with provisions in the Funds' Governing Documents and SMM's Code and internal compliance policies and controls related to potential conflicts of interest, as discussed in Item 11 below. SMM's Partners and employees have or may have an interest in US and foreign real estate and/or other public or private investments, which are unrelated to the investment activities of SMM or the Spicewood Funds.

### ***Other Activities***

SMM employees are generally expected to devote their full professional time and efforts to the business of SMM and its affiliates and avoid activities that could present actual or perceived conflicts of interest. SMM's Partners and employees may from time-to-time serve on boards or committees or have other outside activities that are unrelated to SMM business activities. SMM's Partners and employees must generally disclose all pre-existing outside activities and obtain prior approval from the Chief Compliance Officer ("CCO") for new outside activities. Please refer to Item 11 - Code of Ethics for a further discussion on potential conflicts of interest.

### ***Other Registrations***

Neither SMM nor any of its affiliates or related persons is registered, or has an application pending to register, as a securities broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, commodity pool operator or commodity trading advisor.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

SMM advises multiple Funds that have investment objectives, guidelines and strategies, as set forth in the Governing Documents for each Fund. In performing its advisory services, SMM may give advice and take action with respect to any of the Funds that may differ from actions taken by SMM on behalf of other Funds. SMM and the SMM affiliates, along with their respective personnel, may invest or otherwise have an interest, either directly or indirectly, in the Funds. The Funds may invest in the same oil and gas investments as other Funds consistent with the terms of each Funds Governing Documents and with approval by the LPAC for each Fund. SMM has implemented policies and procedures relating to personal securities transactions and insider trading that are designed to identify potential conflicts of interest, to prevent or mitigate actual conflicts of interest and to resolve conflicts appropriately, if they do occur.

### ***Investment & Co-Investment Allocations***

Pursuant to Fund Governing Documents during the investment period for a Fund, generally all investment opportunities sourced by SMM or an affiliate that meet the Fund's investment objective must be first offered to the Fund, to the extent the Fund has available capital. This provision does not apply to any investment made by SMM or an affiliate or any other Spicewood Fund (i) in follow-on investments related to investments previously made by such person or such other Spicewood Fund or (ii) in any class or category of investments which has been previously determined by the applicable General Partner to be an inappropriate type of investment for the Fund.

If approved by the respective Fund's LPAC, the Spicewood Funds may co-invest with any other Spicewood Funds in any investment opportunity offered to the Fund to the extent such other Spicewood Funds have available capital at the relevant time. In addition, the respective General Partner may share any of the Fund's investment opportunities with third parties (including Limited Partners) who have introduced an investment to SMM or the Fund or who, in the opinion of the applicable General Partner, may add value to the investment in the future.

In connection with any investment where the transaction requires or permits a larger investment than SMM deems appropriate for the Fund, SMM may (but shall not be required to) offer to third parties, including but not limited to certain Limited Partners and SMM affiliates or related persons, the opportunity to co-invest with the Fund on such terms and conditions as SMM determines, provided that the terms and conditions offered to SMM or any affiliate or related person may not be more favorable to such party than the terms and conditions offered to unaffiliated third parties or the terms and conditions on which the Fund is making its investment. SMM may provide certain Limited Partners the right to participate in any co-investment opportunity, and certain Limited Partners may express an interest in being offered any co-investment opportunity, pursuant to terms and provisions in side letters.

### ***Principal & Affiliate Transactions***

Neither SMM nor any SMM affiliate may engage in any principal transaction with a Spicewood Fund unless it complies with applicable law and relevant policies and procedures. SMM generally does not currently engage in principal transactions with the Spicewood Funds and does not expect to engage in any principal transactions with the funds in the future. Prior to the initial funding date of SMP II and to facilitate investment by SMP II, a subsidiary investment vehicle of SMP entered into a purchase agreement to acquire certain mineral interests. SMP II directly acquired an interest in such subsidiary investment vehicle and reimbursed SMP, such subsidiary investment vehicle or their affiliates for certain costs and expenses related to such purchases, including the deposit funded by the subsidiary investment vehicle in connection with such purchase agreement and transaction.

Pursuant to the Spicewood Funds' Governing Documents, except as otherwise contemplated by specific provisions of the Governing Documents, SMM will not enter into any material contract, transaction, or investment with or for any Spicewood Fund, which involves potential conflicts of interest with SMM, an affiliate or related person, unless such affiliate transaction is on terms and conditions which are no less favorable to the Fund than the terms and conditions of a similar arms-length agreement with a third party, and is consistent with provisions set forth in Fund Governing Documents, including consent by a majority interest or the relevant LPAC, if required.

### ***Code of Ethics***

SMM has adopted a Code of Ethics (the "***Code***") to govern personal transactions by Partners and employees ("***access persons***") and to assure that their interests do not conflict with the interests of the Spicewood Funds or their Investors. As such, the Code includes: (i) standards of business conduct, requiring that access persons comply with relevant provisions of the federal securities laws and the fiduciary duties an investment adviser owes to its clients; (ii) personal securities transaction policies governing the personal investment activities of relevant personnel and requiring the submission by access persons of reports regarding their personal trading accounts and activities; and (iii) an insider trading policy. Personnel who fail to observe the Code and related compliance policies risk serious sanctions, including dismissal and personal liability.

### ***Personal Securities Transactions Policy***

The Code includes a personal securities transactions policy, which imposes certain requirements and restrictions with respect to personal trading and investment activity by access persons. In particular, the

Code requires access persons to obtain the approval of the CCO prior to investing in initial public offerings, initial coin offerings or any private placements, including any private oil and gas investments. SMM maintains and periodically updates a restricted list, to reflect actual or potential investment activities of the Spicewood Funds or other receipt of potential material non-public information. Access persons are also prohibited from investing in securities listed on the firm's restricted list without prior approval by the CCO. In appropriate circumstances the CCO may grant waivers to Code restrictions.

### ***Insider Trading Policy***

SMM and its related persons may, from time to time, come into possession of material nonpublic and other confidential information, which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, SMM is prohibited from improperly disclosing or using such information for its personal benefit or for the benefit of any other person, regardless of whether that other person is a client. Accordingly, should SMM come into possession of material nonpublic or other confidential information with respect to any company, it is prohibited from communicating that information to, or using that information for the benefit of its clients, and has no obligation or responsibility to disclose such information to, nor responsibility to use that information for the benefit of, the clients when following policies and procedures designed to comply with law. Accordingly, the Code establishes procedures to prevent the misuse of material nonpublic information by SMM's access persons.

### ***Reporting Requirements under the Code***

To assist SMM in monitoring personal trading activities in order to detect potential conflicts of interest or violations of the Code, fiduciary duty or applicable law, access persons must provide periodic reports with respect to personal securities transactions, holdings and accounts, including annual reports of holdings in reportable securities and quarterly reports of their personal transactions in reportable securities. These reports are submitted to and reviewed by the CCO or the CCO's designee.

### ***Gifts and Entertainment***

SMM employees may on occasion accept gifts or invitations to entertainment but must always act in the best interest of SMM and its clients and avoid any activity that might create an actual or perceived conflict of interest or impropriety in the course of the firm's business relationships. SMM's gifts and entertainment policy implements internal controls to monitor such activity, which include reporting or seeking pre-approval before giving or accepting gifts and entertainment of significant value and prohibiting or limiting the provision or receipt of cash gifts, as well as gifts or entertainment to government employees, foreign officials and certain other categories of recipients.

### ***Political Contributions***

SMM employees may from time-to-time make political or charitable contributions. Employees are required to report and/or seek pre-approval for contributions made to any political official, candidate for political office, political party or political action committee. Political contributions are generally permitted except where such contributions may raise issues under the pay-to-play rule.

## **ITEM 12: BROKERAGE PRACTICES**

SMM does not buy or sell any public securities or derivatives. Accordingly, SMM currently does not use brokers to execute transactions for the Spicewood Funds. SMM does not have any soft dollar arrangements and does not use any brokerage relationships for client referrals.



## **ITEM 13: REVIEW OF ACCOUNTS**

### ***Reviews***

The Spicewood Funds are reviewed by the Partners on at least a quarterly basis. The Partners review, among other items, production, operating and other relevant data for investment properties, market outlooks and other information relevant to each Fund. Certain matters that may present conflicts of interest are reviewed by the LPAC for the respective Fund. LPAC meetings may be held in person, telephonically or through other communications.

### ***Reports***

Limited Partners receive quarterly status reports that include unaudited financial statements and tax information regarding the Fund necessary for the completion of each Limited Partner's individual tax return. Limited Partners in SMP, SMHI, Titan, and SMP II receive annual audited financial statements of each Fund.

Representatives of SMM are available for discussions with investors on a periodic or agreed upon basis. Fund books and records are available for inspection by investors at reasonable times during business hours.

### ***Limited Partner Advisory Committee***

SMP has established a LPAC comprised of a limited number of representatives from Limited Partners. Pursuant to Fund Governing Documents, the LPAC meets with the General Partner as needed to consult on certain matters as set forth in Fund Governing Documents, particularly issues involving conflicts of interest. The LPAC receives additional information in conjunction with such meetings.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

SMM currently does not receive any economic benefit from any person (other than the Funds) for providing investment advisory services to the Funds.

SMM currently does not compensate any third party for client or investor referrals.

## **ITEM 15: CUSTODY**

Due to our access to client funds and authority to deduct fees and other expenses from a client's account and services by our affiliates as General Partners of certain of the Spicewood Funds, SMM is deemed to have custody of certain clients' funds pursuant to Rule 206(4)-2 of the Advisers Act and its related guidance. Flyway I, Flyway II, and MSH II do not have general partners or members affiliated with SMM; accordingly, SMM is not deemed to have custody of these Funds. The General Partners for SMP, SMHI, Titan, and SMP II are generally deemed to have custody of client funds and securities for purposes of Rule 206(4)-2 under the Advisers Act. In order to comply with Rule 206(4)-2, SMM utilizes the services of qualified custodians (as defined under Rule 206(4)-2) to hold client assets, to the extent required by the Rule. SMM also ensures that each qualified custodian maintains these assets in an account that contains only client assets, under the client's name. Cash is maintained at a bank. The private oil and gas interests in which the Spicewood Funds invest are "privately offered securities" as defined in Rule 206(4)-2. The Spicewood Funds' ownership of such interest is reflected in public records filed with county regulatory agencies. However, these securities are not certificated and are not required or able to be held at a qualified custodian.

In accordance with Rule 206(4)-2, SMM (i) engages an independent auditor, registered with and subject to inspection by the Public Company Accounting Oversight Board to audit SMP, SMHI, Titan, and SMP II at the end of each fiscal year and (ii) distributes the results of the audit in audited financial statements that are prepared in accordance with generally accepted accounting principles to the Investors in SMP, SMHI, Titan, and SMP II within 120 days after the end of the fiscal year for each Spicewood Fund. The independent auditor is disclosed in Item 23 of Section 7.B.(1) of Form ADV Part 1A with respect to these Funds.

#### **ITEM 16: INVESTMENT DISCRETION**

SMM provides investment advisory services to the Spicewood Funds on a discretionary basis, subject to the overall supervision of the General Partners. The investment objectives and restrictions of the Spicewood Funds are set forth in the relevant Governing Documents. Except for Flyway I, Flyway II, and MSH II, investors in the Spicewood Funds do not have authority to impose any restrictions upon SMM's discretionary authority. However, SMM may, under certain circumstances, enter agreements or side letters with investors that limit certain fund investments to address specific legal, regulatory, tax or policy restrictions of the investor.

#### **ITEM 17: VOTING CLIENT SECURITIES**

SMM does not currently invest in or hold any publicly-traded securities and therefore does not vote proxies on behalf of any Spicewood Fund.

#### **ITEM 18: FINANCIAL INFORMATION**

SMM does not have any financial commitment that impairs its ability to meet contractual and fiduciary commitments to its clients. SMM has not been the subject of any bankruptcy proceeding.