Risk Factors Comparison 2024-03-07 to 2023-03-09 Form: 10-K

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Our business and operations are subject to many risks. The risks described below, in addition to the risks described in " Item 1. Business " of this Annual Report, may not be the only risks we face, as our business and operations may also be subject to risks that we do not yet know of, or that we currently believe are immaterial. You should carefully consider the following risk factors together with all of the other information included in this Annual Report, including the financial statements and related notes, when deciding to invest in us. You should be aware that the occurrence of any of the events described in this Risk Factors section and elsewhere in this Annual Report could have a material adverse effect on our business, financial position, results of operations and cash flows and the trading price of our securities could decline, and you could lose all or part of your investment. Risks Related to ~~the Southern California Pipeline Incident Certain uncertainties remain regarding the extent and timing of costs and liabilities relating to the Incident, and potential changes in the regulatory and operating environment in which we operate resulting from the Incident may increase the risks to which we are exposed. The duration of such uncertainties may exist for a significant period, and such risks may have a material adverse impact on our business, results of operations and financial condition and the implementation of our strategic agenda. Furthermore, the risks associated with the Incident may heighten the consequences of other risks to which we are exposed, including with respect to access to financing and financial assurance.~~ Our ~~assumptions and estimates regarding the total aggregate costs associated with the Incident may be inaccurate, which could materially and adversely affect our business~~ **Business Oil** ~~, results of operations and financial condition On February 2, 2022, the Unified Command announced that response and monitoring efforts have officially concluded for the Incident, and Unified Command would stand down as of such date. We currently estimate that the total costs we have incurred or will incur with respect to the Incident related to (i) actual and projected response and remediation expenses incurred under the direction of the Unified Command and (ii) estimates for certain legal fees to be approximately $ 160. 0 million to $ 170. 0 million. These estimates consider currently available facts and presently enacted laws and regulations. We have made assumptions regarding (i) the probable and estimable amounts expected to be settled with certain vendors for response and remediation expenses and (ii) the resolution of certain third- party claims, excluding claims with respect to losses, which are not probable and reasonably estimable, and (iii) future claims and lawsuits. Our estimates do not include (i) the nature, extent and cost of future legal services that will be required in connection with all lawsuits, claims and other matters requiring legal or expert advice associated with the Incident, (ii) any lost revenue associated with the suspension of operations at Beta, (iii) any liabilities or costs that are not reasonably estimable at this time or that relate to contingencies where we currently regard the likelihood of loss as being only reasonably possible or remote and (iv) the costs associated with the permanent repair of the pipeline and the restart of operations at Beta. We believe we have accrued adequate amounts for all probable and reasonably estimable costs; however, this estimate is subject to uncertainties associated with the assumptions that we have made. Accordingly, our assumptions and estimates may change in future periods based on future events and total costs may materially increase; therefore, we can provide no assurance that we will not have to accrue significant additional costs in future periods with respect to the Incident. We are subject to significant litigation and enforcement risk as a result of the Incident. Under the OPA, the Company' s pipeline was designated by the United States Coast Guard as the source of the oil discharge. Therefore, the Company is financially responsible for remediation for certain costs and economic damages as provided in the OPA. The Company continues to process covered claims under the OPA as expeditiously as possible. At this time, it is not possible to estimate the total number of future claims or the full extent of compensable damages arising from the Incident. Consolidated civil litigation is pending in the United States District Court for the Central District of California. On August 25, 2022, we reached an agreement in principle with plaintiffs in the class action to resolve all civil claims against us and our subsidiaries. The settlement of $ 50. 0 million, which also includes certain injunctive relief, will be funded under our insurance policies. The Court preliminarily approved the settlement on December 7, 2022. The final approval papers were submitted to the Court on January 25, 2023 and a final approval hearing is scheduled for April 24, 2023. Federal, state and municipal authorities may also take enforcement action against us as a result of the Incident. To date, the U. S. Coast Guard, the BOEM, the U. S. Department of Justice, PHMSA, the U. S. Department of the Interior, the BSEE, the California Department of Justice, the Orange County District Attorney, the Los Angeles County District Attorney and the California Department of Fish & Wildlife have conducted or are conducting investigations or examinations of the Incident. Other federal agencies may or have commenced investigations and proceedings, and federal agencies such as the EPA may initiate enforcement actions seeking penalties and other relief under the Clean Water Act and other statutes. The outcomes of these investigations and the nature of any remedies pursued will depend on the discretion of the relevant authorities and may result in regulatory or other enforcement actions, as well as civil liability. On December 15, 2021, a federal grand jury in the Central District of California returned a federal criminal indictment against Amplify Energy, Beta Operating Company, LLC, and San Pedro Bay Pipeline Company in connection with the Incident. The indictment alleges that we committed a misdemeanor violation of the federal Clean Water Act for negligently discharging oil into the contiguous zone of the United States. The state authorities were conducting parallel criminal investigations. The Company has reached court- approved agreements to resolve all criminal matters stemming from the Incident. Specifically, on August 26, 2022, as part of the resolution with the United States, we agreed to plead guilty to one count of misdemeanor negligent discharge of oil in violation of the Clean Water Act. We will pay a fine of approximately $ 7. 1 million in installments over a period of three years, serve a term of four years' probation and reimburse governmental agencies approximately $ 5. 8 million for their response to this event. Further, on September 8, 2022, as part of the resolution with the state of California, we agreed to enter a plea of No Contest to~~

six misdemeanor charges. We will pay a fine in the amount of $ 4. 9 million to be distributed among the state of California, including the State' s Fish and Game Preservation Fund and Orange County. We will serve a one- year term of probation and have agreed to certain compliance enhancements to our operations. Our potential liabilities resulting from pending and future claims, lawsuits and enforcement actions relating to the Incident, together with the potential cost of implementing remedies sought in the various proceedings, cannot be fully estimated at this time but they may have a material adverse impact on our business, results of operations and financial condition and the implementation of our strategic agenda. For further information, please see Note 16, " Commitments and Contingencies — Litigation and Environmental " of the Notes to Consolidated Financial Statements and " Part I — Item 3. Legal Proceedings " included in this Annual Report. We may be subject to increased permitting obligations and regulatory scrutiny as a result of the Incident. The Incident may result in more stringent permitting obligations and regulation of our and other oil and gas activities including in federal waters off California and elsewhere, particularly relating to environmental, health and safety protection controls, oversight of oil and gas operations and required financial assurance. Regulatory or legislative action may impact the industry as a whole and could be directed specifically towards operators similarly situated to us, which could negatively impact our business. Additionally, new regulations and legislation, as well as evolving practices, may increase the cost of compliance, require changes to our operations and strategic plans and impact our ability to capitalize on our assets. 38The Incident may impact our ability to access financing on acceptable terms and may materially impact our liquidity. The reputational consequences of the Incident, ongoing concerns surrounding costs arising from the Incident, ongoing contingencies related to the Incident and the impact of the Incident on our liquidity and financial performance could increase our financing costs and limit our access to financing on acceptable terms. Our ability to engage in trading activities may also be impacted due to counterparty concerns about our financial and business risk profile following the Incident. Such counterparties may require that we provide collateral or other forms of financial security for their obligations. Certain counterparties for our non- trading businesses may also require that we provide collateral for certain contractual obligations. In addition, we may be unable to access liquidity under our Revolving Credit Facility in the event there are pending or threatened legal, arbitration or administrative proceedings which, if determined adversely, might reasonably be expected to have a material adverse effect on our ability to meet the payment obligations under our Revolving Credit Facility. Extended constraints on our ability to obtain financing and to engage in trading activities on acceptable terms (or at all) may put pressure on our liquidity. In addition, this could occur at a time when cash flows from our business operations may be constrained. In order to address severe liquidity constraints, we could be required to further reduce capital expenditures, sell strategic assets or obtain financing on terms that could have a significant adverse effect on stockholder returns and the implementation of our strategic plans. We may not have adequate insurance to compensate us, and our insurers may not pay particular claims. We cannot guarantee that our insurance policies will cover all losses that we incur in connection with the Incident or that disputes over insurance claims will not arise with our insurance carriers. Additionally, the insurers may not pay particular claims or may take an extended period of time to do so. We currently maintain insurance that covers against certain losses and expenses associated with the Incident. For example, our insurance coverage includes loss of production income (" LOPI ") insurance for our offshore properties. Proceeds from LOPI insurance claims are intended to partially offset the loss of revenue resulting from certain events that cause suspension of operations. When such event occurs, we file claims under our LOPI policy and recognize LOPI in the period that insurers accept the claim and all uncertainty with respect to the receipt or amount of claim is resolved. For the year ended December 31, 2022, we recognized LOPI insurance payments of $ 50. 2 million from our Beta properties due to the Incident; however, the LOPI insurance policy in effect at the time of the Incident provides eighteen months of LOPI coverage and thus no additional LOPI insurance can be recognized after March 31, 2023. If we are unable to restart the operations at Beta prior to March 31, 2023, we will not continue to receive proceeds from LOPI insurance claims, which may have a material adverse effect on our business, results of operations and financial condition. Finally, we cannot guarantee that we will be able to renew our insurance policies on the same or commercially reasonable terms, or at all, in the future. The shut- in of the Pipeline could negatively impact our production, liquidity, and, ultimately, our operations, results, and performance. Our production depends, in part, upon our assets that are capable of commercial production not being shut- in (i. e., suspended from production). In response to the Incident, we have shut- in the Pipeline impacted by the Incident and the Beta field, which has decreased our overall production volumes. This decrease in production will impact our ability to generate cash flows from operations, and we will experience a reduction in our available liquidity, which may adversely affect our ability to meet our anticipated working capital, debt service, and other liquidity needs. Additionally, we cannot be certain whether and when, if at all, we will be able to restart operations at the Beta field. The Incident has created significant risk to our reputation and has diverted, and will continue to divert, the attention of our management team. The Incident has damaged our reputation, which may have a long- term impact on us. Adverse public, political and industry sentiment towards us, and oil and gas activities generally, could damage or impair our existing commercial relationships with counterparties, partners and governmental agencies and could impair our access to debt or capital, new investment opportunities, operatorships or other essential commercial arrangements with potential partners and governmental agencies. In addition, responding to the Incident may place a significant burden on our cash flow, which could also impede our ability to invest in new opportunities and deliver long- term growth. 39In addition, our response to the Incident and associated consequences have required significant management focus. Key management and operating personnel are, and will need to continue, devoting substantial attention to addressing the associated consequences for us, leaving them less time to devote to executing our strategic plans. In addition, we rely on recruiting and retaining high- quality employees to execute our strategic plans and to operate our business. The Incident response and associated consequences have placed significant demands on our employees, and the reputational damage suffered by us as a result of the Incident and any consequent adverse impact on our business could affect employee recruitment, productivity, retention and the results of our operations. Risks Related to Our BusinessOil , natural gas and NGL prices are volatile, due to factors beyond our control, and greatly affect our business, results of operations and financial condition. Any

decline in, or sustained low levels of, oil, natural gas and NGL prices will cause a decline in our cash flow from operations, which could materially and adversely affect our business, results of operations and financial condition. Our revenues, operating results, profitability, liquidity, future growth and the value of our assets depend primarily on prevailing commodity prices. Historically, oil and natural gas prices have been volatile and fluctuate in response to changes in supply and demand, market uncertainty, and other factors that are beyond our control, including: ● the regional, domestic and foreign supply of oil, natural gas and NGLs; ● the level of commodity prices and expectations about future commodity prices; ● the level of global oil and natural gas exploration and production; ● localized supply and demand fundamentals, including the proximity and capacity of pipelines and other transportation facilities, and other factors that result in differentials to benchmark prices from time to time; ● the cost of exploring for developing, producing and transporting reserves; ● the price and quantity of foreign imports; ● political and economic conditions in oil producing countries, including conflicts in or among the Middle East, Africa, South America ~~and~~ **,** Russia **and Israel** ; ● the ability of members of the Organization of Petroleum Exporting Countries (“ OPEC ”) to agree to and maintain oil price and production controls; ● speculative trading in crude oil and natural gas derivative contracts; ● the level of consumer product demand; ● weather conditions and other natural disasters; ● risks associated with operating drilling rigs; ● technological advances affecting exploration and production operations and overall energy consumption; ● domestic and foreign governmental regulations and taxes; ● the impact of energy conservation efforts; ● the continued threat of terrorism and the impact of military and other action, including **the** ~~escalating tensions between Russia~~ **Russian** ~~and~~ **invasion of** Ukraine **and the Israel- Hamas war** and the potential destabilizing effect such ~~conflict~~ **conflicts** may pose for the European continent or the global oil and natural gas markets **;** ● the price and availability of competitors’ supplies of oil and natural gas and alternative fuels; ~~and40~~ -- **and** ● overall domestic and global economic conditions. These factors and the volatility of the energy markets make it extremely difficult to predict future oil, natural gas and NGL price movements with any certainty. For example, for the five years ended December 31, ~~2022~~ **2023** , the NYMEX- WTI oil future price ranged from a high of $ 122. 11 per Bbl to a low of $ (37. 63) per Bbl, while the NYMEX- Henry Hub natural gas future price ranged from a high of $ 9. 68 per MMBtu to a low of $ 1. 48 per MMBtu. For the year ended December 31, ~~2022~~ **2023** , the WTI posted prices ranged from a high of $ ~~122~~ **93** . ~~11~~ **68** per Bbl on ~~June 8~~ **September 27** , ~~2022~~ **2023** to a low of $ ~~71~~ **66** . ~~02~~ **74** per Bbl on ~~December 9~~ **March 17** , ~~2022~~ **2023** and NYMEX- Henry Hub natural gas market price ranged from a high of $ ~~9~~ **4** . **17** ~~68 per MMBtu on August 22, 2022 to a low of $ 3. 72~~ per MMBtu on January 4, ~~2022~~ **2023 to a low of $ 1. 99 per MMBtu on March 29, 2023** . Likewise, NGLs, which are made up of ethane, propane, isobutane, normal butane and natural gasoline, each of which has different uses and different pricing characteristics, have sustained depressed realized prices during this period and are generally correlated with the price of oil. A further or extended decline in commodity prices could materially and adversely affect our business, results of operations and financial condition. If commodity prices decline for a prolonged period, a significant portion of our development projects may become uneconomic and result in write downs of the value of our oil and natural gas properties, which may adversely affect our financial condition and our ability to fund our operations. Oil, natural gas and NGL prices have experienced significant volatility over the past few years. An extended decline in commodity prices could render many of our development and production projects uneconomical and result in a downward adjustment of our reserve estimates, which would reduce our borrowing base and our ability to fund our operations. No impairment expense was recognized for the years ended December 31, **2023 and** 2022 ~~and 2021~~ . An extended decline in commodity prices may cause us to write down, as a non- cash charge to earnings, the carrying value of our oil and natural gas properties for impairments. We may in the future incur impairment charges that could have a material adverse effect on our results of operations in the period taken and our ability to borrow funds under our Revolving Credit Facility. Our business could be adversely affected by a decline in general economic conditions or a weakening of the broader energy industry, and inflation may adversely affect our financial position and operating results. A prolonged economic slowdown or recession, adverse events relating to the energy industry, or regional, national, or global economic conditions and factors, particularly a slowdown in the exploration and production industry, could negatively impact our operations and therefore adversely affect our results. The risks associated with our business are more acute during periods of economic slowdown or recession because such periods may be accompanied by decreased demand for oil and natural gas and decreased prices for oil and natural gas. Inflationary factors, such as increases in the labor costs, material costs, and overhead costs, may also adversely affect our financial position and operating results. Inflation has also resulted in higher interest rates in the United States, which could increase our cost of debt borrowing in the future. ~~A~~ **38A** pandemic, epidemic or outbreak of an infectious disease, may materially adversely affect our business. The global or national outbreak of an infectious disease, such as the COVID- 19 pandemic that began in 2020, has previously and may in the future cause disruptions to our business and operational plans, which may include (i) shortages of employees, (ii) unavailability of contractors and subcontractors, (iii) interruption of supplies from third parties upon which we rely, (iv) recommendations of, or restrictions imposed by, government and health authorities, including quarantines, and (v) restrictions that we and our contractors and subcontractors impose, including curtailment or shutting in of production, to ensure the safety of employees and others. While it is not possible to predict their extent or duration, these disruptions may have a material adverse effect on our business, financial condition and results of operations. Further, any such pandemic, epidemic or outbreak of infectious disease has previously and may in the future adversely impact the supply chain for equipment or services needed for our operations, including as a result of mandatory shutdowns and other pandemic- related measures implemented in locations where such equipment or services are manufactured or distributed. We may also be impacted by significant disruptions to the operations of our logistics and service providers. ~~41Loss~~ -- **Loss** of our key executive officers or other key personnel, or an inability to attract and retain such officers and personnel, could negatively affect our business. Our future success depends on the skills, experience and efforts of our key executive officers. The sudden loss of any of these executives’ services or our failure to appropriately plan for any expected key executive succession could materially and adversely affect our business and prospects, as we may not be able to find suitable individuals to replace them on a timely basis, if at all. Additionally, we also depend on our ability to attract and retain qualified

personnel to operate and expand our business. If we fail to attract or retain talented new employees, our business and results of operations could be negatively affected. We may be unable to maintain compliance with the covenants in the Revolving Credit Facility, which could result in an event of default thereunder that, if not cured or waived, would have a material adverse effect on our business and financial condition. Under our Revolving Credit Facility, we are required to (i) maintain, as of the date of determination, a maximum total debt to EBITDAX ratio of 3. 00 to 1. 00, (ii) maintain a current ratio of not less than 1. 00 to 1. 00, and (iii) ~~use commercially feasible best efforts to~~ hedge at least 50 % ~~-~~ **–** 75 % of our estimated production from total proved developed producing reserves. If we were to violate any of the covenants under our Revolving Credit Facility and were unable to obtain a waiver or amendment, it would be considered a default after the expiration of any applicable grace period. If we were in default under our Revolving Credit Facility, then the lenders may exercise certain remedies including, among others, declaring all borrowings outstanding thereunder, if any, immediately due and payable. This could adversely affect our operations and our ability to satisfy our obligations as they come due, because we might not have, or be able to obtain, sufficient funds to make these accelerated payments. In addition, our obligations under our Revolving Credit Facility are secured by mortgages on not less than 90 % of the PV- 9 value of our oil and gas properties (and at least 90 % of the PV- 9 value of the proved, developed and producing oil and gas properties), and if we are unable to repay our indebtedness under our Revolving Credit Facility, the lenders could seek to foreclose on our assets. Restrictive covenants in our Revolving Credit Facility could limit our growth and our ability to finance our operations, fund our capital needs, respond to changing conditions and engage in other business activities that may be in our best interests. Restrictive covenants in our Revolving Credit Facility impose significant operating and financial restrictions on us and our subsidiaries. These restrictions limit our ability to, among other things: ● incur additional liens; ● incur additional indebtedness; ● merge, consolidate or sell our assets; ● pay dividends or make other distributions or repurchase or redeem our stock; ● make certain investments; and ● enter into transactions with our affiliates. ~~Our~~ **39Our** Revolving Credit Facility also requires us to comply with certain financial maintenance covenants as discussed above. A breach of any of these covenants could result in a default under our Revolving Credit Facility. If a default occurs and remains uncured or unwaived, the administrative agent or majority lenders under our Revolving Credit Facility may elect to declare all borrowings outstanding thereunder, if any, together with accrued interest and other fees, to be immediately due and payable. The administrative agent or majority lenders under our Revolving Credit Facility would also have the right in these circumstances to terminate any commitments they have to provide further borrowings. If we are unable to repay our indebtedness when due or declared due, the administrative agent will also have the right to proceed against the collateral pledged to it to secure the indebtedness under our Revolving Credit Facility. If such indebtedness were to be accelerated, our assets may not be sufficient to repay in full our secured indebtedness. ~~42We~~ **We** may also be prevented from taking advantage of business opportunities that arise because of the limitations imposed on us by the restrictive covenants in our Revolving Credit Facility. The terms and conditions of our Revolving Credit Facility affect us in several ways, including: ● requiring us to dedicate a substantial portion of our cash flow from operations to service our existing debt, thereby reducing the cash available to finance our operations and other business activities and could limit our flexibility in planning for or reacting to changes in our business and the industry in which we operate; ● increasing our vulnerability to economic downturns and adverse developments in our business; ● limiting our ability to access the capital markets to raise capital on favorable terms or to obtain additional financing for working capital, capital expenditures or acquisitions or to refinance existing indebtedness; ● placing restrictions on our ability to obtain additional financing, make investments, lease equipment, sell assets and engage in business combinations; ● placing us at a competitive disadvantage relative to competitors with lower levels of indebtedness in relation to their overall size or less restrictive terms governing their indebtedness; and ● limiting management' s discretion in operating our business. Our lenders periodically redetermine the amount we may borrow under our Revolving Credit Facility, which may materially impact our operations. Our Revolving Credit Facility allows us to borrow in an amount up to the borrowing base, which is primarily based on the estimated value of our oil and natural gas properties and our commodity derivative contracts as determined semi- annually by our lenders in their sole discretion. The borrowing base is subject to redetermination on at least a semi- annual basis primarily based on an engineering report with respect to our estimated natural gas, oil and NGL reserves, which takes into account the prevailing natural gas, oil and NGL prices at such time, as adjusted for the impact of our commodity derivative contracts. Accordingly, declining commodity prices may have an impact on the amount we can borrow, which could affect our cash flows and ability to execute ~~on~~ our business plans. Any reduction in the borrowing base would materially and adversely affect our business and financing activities, limit our flexibility and management' s discretion in operating our business, and increase the risk that we may default on our debt obligations. In addition, as hedges roll off, the borrowing base is subject to further reduction. Our Revolving Credit Facility requires us to repay any deficiency over a certain period or pledge additional oil and gas properties to eliminate such deficiency ~~, which we are required to do~~ within 30 days of notice ~~to do so~~. If our outstanding borrowings exceed the borrowing base and we are unable to repay the deficiency or pledge additional oil and gas properties to eliminate such deficiency, our failure to repay any of the installments due related to the borrowing base deficiency would constitute an event of default under the Revolving Credit Facility and as such, the lenders could declare all outstanding principal and interest to be due and payable, could freeze our accounts, or foreclose against the assets securing the obligations owed under our Revolving Credit Facility. Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly. Borrowings under our Revolving Credit Facility bear interest at variable rates and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even if the amount borrowed remained the same, and our net income and cash available for servicing our indebtedness would decrease. ~~43Our~~ **40Our** hedging strategy may not effectively mitigate the impact of commodity price volatility from our cash flows, and our hedging activities could result in cash losses and may limit potential gains. We intend to maintain a portfolio of commodity derivative contracts covering at least ~~30~~ **50** %- 75 % of our estimated production from proved developed producing reserves over a one- to- three- year period at any given point in time. These commodity derivative contracts include

natural gas, oil and NGL financial swaps, put options, costless collars, and three- way collars. The prices and quantities at which we enter into commodity derivative contracts covering our production in the future will be dependent upon oil and natural gas prices and price expectations, at the time we enter into these transactions, which may be substantially higher or lower than current or future oil and natural gas prices. Accordingly, our price hedging strategy may not protect us from significant declines in oil, natural gas and NGL prices received for our future production. Many of the derivative contracts to which we will be a party will require us to make cash payments to the extent the applicable index exceeds a predetermined price, thereby limiting our ability to realize the benefit of increases in oil, natural gas and NGL prices. If our actual production and sales for any period are less than our hedged production and sales for that period (including reductions in production due to operational delays) or if we are unable to perform our drilling activities as planned, we might be forced to satisfy all or a portion of our hedging obligations without the benefit of the cash flow from our sale of the underlying physical commodity, which may materially impact our liquidity. An increase in the differential between the NYMEX or other benchmark prices of oil and natural gas and the wellhead price we receive for our production could significantly reduce our cash flow and adversely affect our financial condition. The prices that we receive for our oil and natural gas production often reflect a regional discount, based on the location of production, to the relevant benchmark prices, such as NYMEX or ICE, that are used for calculating hedge positions. The prices we receive for our production are also affected by the specific characteristics of the production relative to production sold at benchmark prices. For example, our California oil typically has a lower gravity, and a portion has higher sulfur content, than oil sold at certain benchmark prices. Therefore, because our oil requires more complex refining equipment to convert it into high value products, it may sell at a discount to those prices. These discounts, if significant, could reduce our cash flows and adversely affect our results of operations and financial condition. Our estimated reserves and future production rates are based on many assumptions that may turn out to be inaccurate. Any material inaccuracies in our reserve estimates or underlying assumptions will materially affect the quantities and present value of our estimated reserves. It is not possible to measure underground accumulations of oil or natural gas in an exact way. The process of estimating natural gas and oil reserves is complex. It requires interpretations of available technical data and many assumptions, including assumptions relating to current and future economic conditions and commodity prices. Any significant inaccuracies in these interpretations or assumptions could materially affect our estimated quantities and present value of our reserves. In order to prepare our estimates, we must project production rates and timing of operating and development expenditures. We must also analyze available geological, geophysical, production and engineering data. The extent, quality and reliability of this data can vary. The process also requires economic assumptions about matters such as natural gas and oil prices, drilling and operating expenses, capital expenditures and availability of funds. Actual future production, oil prices, natural gas prices, revenues, development expenditures, operating expenses and quantities of recoverable reserves will vary from our estimates. Any significant variance could materially affect the estimated quantities and present value of our reserves. In addition, we may adjust our reserve estimates to reflect production history, results of development, existing commodity prices and other factors, many of which are beyond our control. You should not assume that the present value of future net revenues from our reserves is the current market value of our estimated reserves. We generally base the estimated discounted future net cash flows from our reserves on prices and costs on the date of the estimate. Actual future prices and costs may differ materially from those used in the present value estimate. Any material inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves, which could adversely affect our business, results of operations and financial condition. ~~44The~~ **41The** standardized measure of our estimated proved reserves is not necessarily the same as the current market value of our estimated proved oil and natural gas reserves. The present value of future net cash flows from our proved reserves shown in this report, or standardized measure, may not be the current market value of our estimated natural gas and oil reserves. In accordance with rules established by the SEC and the FASB, we base the estimated discounted future net cash flows from our proved reserves on the trailing 12- month average oil and gas index prices, calculated as the unweighted arithmetic average for the first- day- of- the- month price for each month and costs in effect on the date of the estimate, holding the prices and costs constant throughout the life of the properties. Actual future prices and costs may differ materially from those used in the net present value estimate, and future net present value estimates using then current prices and costs may be significantly less than the current estimate. In addition, the 10 % discount factor we use when calculating discounted future net cash flows for reporting requirements, which is required by the SEC and FASB, is not necessarily the most appropriate discount factor based on interest rates in effect from time to time and risks associated with us or the natural gas and oil industry in general. The failure to replace our proved oil and natural gas reserves could adversely affect our business, financial condition, results of operations, production and cash flows. Producing oil and natural gas reservoirs are characterized by declining production rates that vary depending upon reservoir characteristics and other factors. Our future oil and natural gas reserves and, production and therefore, our cash flow are highly dependent on our success in efficiently developing and exploiting our current reserves. Our production decline rates may be significantly higher than currently estimated if our wells do not produce as expected. Further, our decline rate may change when we drill additional wells or make acquisitions. We may not be able to develop, find or acquire additional reserves to replace our current and future production at economically acceptable terms, which would materially and adversely affect our business, financial condition and results of operations. If we reduce our capital spending in an effort to conserve cash, this would likely result in production being lower than anticipated, and could result in reduced revenues, cash flow from operations and income. Further, if the borrowing base under our Revolving Credit Facility decreases, or our revenues decrease, as a result of lower oil or natural gas prices or for any other reason, we may not be able to obtain the capital necessary to sustain our operations. Developing and producing oil and natural gas are costly and high- risk activities with many uncertainties that may result in a total loss of investment or otherwise adversely affect our business, financial condition, results of operations and cash flows. Our drilling activities are subject to many risks, including the risk that we will not discover commercially productive reservoirs. Drilling for oil and natural gas often involves unprofitable efforts, not only from dry holes, but also from wells that are productive but do not produce sufficient oil or

natural gas to return a profit at then- realized prices after deducting drilling, operating and other costs. The seismic data and other technologies we use do not allow us to know conclusively prior to drilling a well that oil or natural gas is present or that it can be produced economically. The costs of our development and production activities are subject to numerous uncertainties beyond our control and increases in those costs can adversely affect the economics of a project. Further, our development and production operations may be curtailed, delayed, canceled or otherwise negatively impacted as a result of other factors, including: ● high costs, shortages or delivery delays of rigs, equipment, labor, electrical power or other services; ● unusual or unexpected geological formations; ● composition of sour natural gas, including sulfur, carbon dioxide and other diluent content; ● unexpected operational events and conditions; ● failure of down hole equipment and tubulars; ● loss of wellbore mechanical integrity; ● failure, unavailability or shortage of capacity of gathering and transportation pipelines, or other transportation facilities; ● human errors, facility or equipment malfunctions and equipment failures or accidents, including acceleration of deterioration of our facilities and equipment due to the highly corrosive nature of sour natural gas; ~~45~~ **42** ● title problems; ● loss of drilling fluid circulation; ● hydrocarbon or oilfield chemical spills; ● fires, blowouts, surface craterings and explosions; ● surface spills or underground migration due to uncontrollable flows of oil, natural gas, formation water or well fluids; ● delays imposed by or resulting from compliance with environmental and other governmental or regulatory requirements; and ● adverse weather conditions and natural disasters. Additionally, our operations are subject to all of the hazards and operating risks associated with drilling for and production of oil and natural gas, including natural disasters, the risk of fire, explosions, blowouts, surface cratering, uncontrollable flows of natural gas, oil and formation water, pipe or pipeline failures, abnormally pressured formations, casing collapses and environmental hazards such as oil spills, natural gas leaks, ruptures or discharges of toxic gases, all of which could cause substantial financial losses. In addition, our operations are subject to risks associated with hydraulic fracturing, including any mishandling, surface spillage or potential underground migration of fracturing fluids, including chemical additives. The location of any properties and other assets near populated areas, including residential areas, commercial business centers and industrial sites, could significantly increase the level of potential damages resulting from these risks. Any of these risks can cause substantial losses, including personal injury or loss of life, damage to or destruction of property, natural resources and equipment, pollution, environmental contamination or loss of wells and other regulatory penalties. In the event that planned operations are delayed or canceled, or existing wells or development wells have lower than anticipated production due to one or more of the factors above or for any other reason, our financial condition and results of operations may be adversely affected. If any of these factors were to occur with respect to a particular field, we could lose all or a part of our investment in the field or we could fail to realize the expected benefits from the field, either of which could materially and adversely affect our business, financial condition, results of operations and cash flows. Expenses not covered by our insurance could have a material adverse effect on our financial position and results of operations. We maintain insurance coverage against potential losses that we believe is customary in the industry. However, insurance against all operational risk is not available to us. These insurance policies may not cover all liabilities, claims, fines, penalties or costs and expenses that we may incur in connection with our business and operations, including those related to environmental claims. Pollution and environmental risks generally are not fully insurable. In addition, we cannot assure you that we will be able to maintain adequate insurance at rates we consider reasonable. We may elect not to obtain insurance if we believe that the cost of available insurance is excessive relative to the perceived risks presented. A liability, claim or other loss not fully covered by insurance could have a material adverse effect on our business, financial position, results of operations and cash flows. For a discussion of the risks surrounding insurance associated with the Incident, see " — We may not have adequate insurance to compensate us, and our insurers may not pay particular claims. " The production from our ~~Wyoming~~ Bairoil properties could be adversely affected by the cessation or interruption of the supply of CO_2 to those properties. We inject water and CO_2 into formations on substantially all of the ~~Wyoming~~ Bairoil properties to increase production of oil and natural gas. The additional production and reserves attributable to the use of enhanced recovery methods are inherently difficult to predict. If we are unable to produce oil and gas by injecting CO_2 in the manner or to the extent that we anticipate, our future results of operations and financial condition could be materially adversely affected. Additionally, our ability to utilize CO_2 to enhance production is subject to our ability to obtain sufficient quantities of CO_2. If, under our CO_2 supply contracts, the supplier is unable to deliver its contractually required quantities of CO_2 to us, or if our ability to access adequate supplies is impeded, then we may not have sufficient CO_2 to produce oil and natural gas in the manner or to the extent that we anticipate, and our future oil and gas production volumes will be negatively impacted. ~~46Many~~ **43Many** of our properties are in areas that may have been partially depleted or drained by offset wells. Many of our properties are in areas that may have already been partially depleted or drained by earlier offset drilling. The owners of leasehold interests lying contiguous or adjacent to or adjoining any of our properties could take actions, such as drilling additional wells that could adversely affect our operations. When a new well is completed and produced, the pressure differential in the vicinity of the well causes the migration of reservoir fluids towards the new wellbore (and potentially away from existing wellbores). As a result, the drilling and production of these potential locations could cause a depletion of our proved reserves and may inhibit our ability to further exploit and develop our reserves. Our expectations for future development activities are planned to be realized over several years, making them susceptible to uncertainties that could materially alter the occurrence or timing of such activities. We have identified drilling, recompletion and development locations and prospects for future drilling, recompletion and development. These drilling, recompletion and development locations represent a significant part of our future drilling and enhanced recovery opportunity plans. We cannot predict in advance of drilling, testing and analysis of data whether any particular drilling location will yield production in sufficient quantities to recover drilling or completion costs or to be economically viable. Even if sufficient amounts of oil or natural gas reserves exist, we may damage the potentially productive hydrocarbon bearing formation or experience mechanical difficulties while drilling or completing the well, possibly resulting in a reduction in production from the well or abandonment of the well. If we drill dry holes in our current and future drilling locations, our drilling success rate may decline and materially harm our business. Our ability to drill,

recomplete and develop locations depends on a number of factors, including the availability of capital, seasonal conditions, regulatory approvals, negotiation of agreements with third parties, commodity prices, costs, the generation of additional seismic or geological information, the availability of drilling rigs, drilling results, construction of infrastructure and lease expirations. Because of these uncertainties, we cannot be certain of the timing of these activities or that they will ultimately result in the realization of estimated proved reserves or meet our expectations for success. As such, our actual drilling and enhanced recovery activities may materially differ from our current expectations, which could have a significant adverse effect on our estimated reserves, financial condition, results of operations and cash flows. Part of our strategy may involve using horizontal drilling and completion techniques, which involve risks and uncertainties in their application. Our operations may involve utilizing some of the latest drilling and completion techniques as developed by us and our service providers. Risks that we may face while drilling horizontal wells include, but are not limited to, the following: ● landing our wellbore in the desired drilling zone; ● staying in the desired drilling zone while drilling horizontally through the formation; ● running our casing the entire length of the wellbore; and ● being able to run tools and other equipment consistently through the horizontal wellbore. Risks that we may face while completing wells include, but are not limited to, the following: ● the ability to fracture stimulate the target reservoir formation as planned, including the planned number of stages; ● the ability to run tools the entire length of the wellbore during completion operations; and ● the ability to successfully clean out the wellbore after completion of the final fracture stimulation stage. If our drilling results are less than anticipated, the return on our investment for a particular project may not be as attractive as we anticipated and we could incur material write- downs of unevaluated properties, and the value of our undeveloped acreage could decline in the future. ~~47Our~~ **44Our** potential use of 2- D and 3- D seismic data is subject to interpretation and may not accurately identify the presence of oil and natural gas, which could adversely affect the results of our drilling operations. Even when properly used and interpreted, 2- D and 3- D seismic data and visualization techniques are only tools used to assist geoscientists in identifying subsurface structures and hydrocarbon indicators and do not enable the interpreter to know whether hydrocarbons are, in fact, present in those structures. In addition, the use of 3- D seismic and other advanced technologies requires greater predrilling expenditures than traditional drilling strategies and we could incur losses as a result of such expenditures. As a result, future drilling activities may not be successful or economical, which could have a material adverse impact on our financial condition, results of operations and cash flows. SEC rules could limit our ability to book additional PUDs in the future. SEC rules require that, subject to limited exceptions, PUDs may only be booked if they relate to wells scheduled to be drilled within five years after the date of booking. This requirement has limited and will likely continue to limit our ability to book additional PUDs, especially in a time of depressed commodity prices. Moreover, we may be required to write down our PUDs if we do not drill those wells within the required five- year timeframe. The unavailability or high cost of rigs, equipment, supplies and crews could delay our operations, increase our costs and delay forecasted revenue. Our industry is cyclical, and historically there have been periodic shortages of rigs, equipment, supplies and crew. Sustained declines in oil and natural gas prices may reduce the number of service providers for such rigs, equipment, supplies and crews, contributing to or resulting in shortages. Alternatively, during periods of higher oil and natural gas prices, the demand for rigs, equipment, supplies and crews is increased and can lead to shortages of, and increasing costs for, development equipment, supplies, services and personnel. Shortages of, or increasing costs for, experienced development crews and oil field equipment and services could restrict the Company' s ability to drill the wells and conduct the operations that it currently has planned relating to the fields where our properties are located. In addition, some of our operations require supply materials for production, such as CO_2, which could become subject to shortages and increased costs. Any delay in the development of new wells or a significant increase in development costs could reduce our revenues and impact our development plan, which would thus affect our financial conduction, results of operations and our cash flows. We may incur losses as a result of title defects in the properties in which we invest. The existence of a material title deficiency can render a lease worthless and can adversely affect our results of operations and financial condition. While we typically obtain title opinions prior to commencing drilling operations on a lease or in a unit, the failure of title may not be discovered until after a well is drilled, in which case we may lose the lease and the right to produce all or a portion of the minerals under the property. Development and production of oil and natural gas in offshore waters have inherent and historically higher risk than similar activities onshore. Our offshore operations are subject to a variety of operating risks specific to the marine environment, such as a dependence on a limited number of electrical transmission lines, as well as capsizing, collisions and damage or loss from adverse weather conditions. Offshore activities are subject to more extensive governmental regulation than our other oil and natural gas activities. We are vulnerable to the risks associated with operating offshore **Southern** California, including risks relating to: ● impacts of climate change and natural disasters such as earthquakes, tidal waves, mudslides, fires and floods; ● oil field service costs and availability; ● compliance with environmental and other laws and regulations; ● third- party marine vessels, including situations similar to the Incident; ● remediation and other costs resulting from oil spills, releases of hazardous materials and other environmental and natural resource damages; ~~and48~~ **and45** ● failure of equipment or facilities. In addition to lost production and increased costs, these hazards could cause serious injuries, fatalities, contamination or property damage for which we could be held responsible. The potential consequences of these hazards are particularly severe for us because significant portions of our offshore operations are conducted in environmentally sensitive areas, including areas with significant residential populations and public and commercial infrastructure. An accidental oil spill or release on or related to offshore properties and operations could expose us to joint and several strict liability, without regard to fault, under applicable law for all containment and oil removal costs and a variety of public and private damages including, but not limited to, the costs of remediating a release of oil, natural resource damages, and economic damages suffered by persons adversely affected by an oil spill. If an oil discharge or substantial threat of discharge were to occur, we may be subject to regulatory scrutiny and liable for costs and damages, which costs and damages could be material to our business, financial condition or results of operations and could subject us to criminal and civil penalties. Finally, maintenance activities undertaken to reduce operational risks can be costly and can require exploration, exploitation and

development operations to be curtailed while those activities are being completed. Adverse developments in our operating areas could adversely affect our business, financial condition, results of operations and cash flows. Our properties are located in the Rockies, federal waters offshore Southern California, East Texas / North Louisiana, Oklahoma and Eagle Ford. An adverse development in the oil and natural gas business of any of these geographic areas, such as in our ability to attract and retain field personnel or in our ability to comply with local regulations, could adversely affect our business, financial condition, results of operations and cash flows. We are dependent upon a small number of significant customers for a substantial portion of our production sales. The loss of those customers, if not replaced, could reduce our revenues and have a material adverse effect on our financial condition and results of operations. We had three customers that each accounted for 10 % or more of total reported revenues for the year ended December 31, ~~2022~~ **2023** . The loss of these customers or any significant customer, should we be unable to replace them, could adversely affect our revenues and have a material adverse effect on our financial condition and results of operations. Also, if any significant customer reduces the volume it purchases from us, we could experience a temporary interruption in sales of, or may receive a lower price for, our production, and our revenues and cash flows could decline. We cannot assure you that any of our customers will continue to do business with us or that we will continue to have access to suitably liquid markets for our future production. See " Item 1. Business — Operations — Marketing and Major Customers. " The inability of our significant customers to meet their obligations to us may adversely affect our financial results. We are subject to credit risk due to concentration of our oil and natural gas receivables. The inability or failure of our significant customers, or any purchasers of our production, to meet their payment obligations to us or their insolvency or liquidation could have a material adverse effect on our results of operations. To the extent that purchasers of our production rely on access to the credit or equity markets to fund their operations, there could be an increased risk that those purchasers could default in their contractual obligations to us. If for any reason we were to determine that it was probable that some or all of the accounts receivable from any one or more of the purchasers of our production were uncollectible, we would recognize a charge in the earnings of that period for the probable loss and could suffer a material reduction in our liquidity and cash flows. ~~49We~~ **We** are exposed to trade credit risk in the event of nonperformance by our vendors and other counterparties in the ordinary course of our business activities. We are exposed to risks of loss in the event of nonperformance by our vendors and other counterparties. Some of our vendors and other counterparties may be highly leveraged and subject to their own operating and regulatory risks. Many of our vendors and other counterparties finance their activities through cash flow from operations, the incurrence of debt or the issuance of equity. The combination of reduction of cash flow resulting from declines in commodity prices and the lack of availability of debt or equity financing may result in a significant reduction in our vendors' and other counterparties' liquidity and ability to make payments or perform on their obligations to us. Even if our credit review and analysis mechanisms work properly, we may experience financial losses in our dealings with other parties. Any increase in the nonpayment or nonperformance by our vendors and / or counterparties could adversely affect our business, financial condition, results of operations and cash flows. ~~We~~ **46We** may be unable to compete effectively with larger companies. The oil and natural gas industry is intensely competitive with respect to acquiring prospects and productive properties, marketing oil and natural gas and securing equipment and trained personnel. Our ability to acquire additional properties and to discover reserves in the future will depend on our ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment. Many of our larger competitors not only drill for and produce oil and natural gas but also carry- on refining operations and market petroleum and other products on a regional, national or worldwide basis and many of our competitors have access to capital at a lower cost than that available to us. These companies may be able to pay more for oil and natural gas properties and evaluate, bid for and purchase a greater number of properties than our financial, technical or personnel resources permit. In addition, there is substantial competition for investment capital in the oil and natural gas industry. These larger companies may have a greater ability to continue development activities during periods of low oil and natural gas prices and to absorb the burden of present and future federal, state, local and other laws and regulations. Furthermore, we may not be able to aggregate sufficient quantities of production to compete with larger companies that are able to sell greater volumes of production to intermediaries, thereby reducing the realized prices attributable to our production. Any inability to compete effectively with larger companies could have a material adverse impact on our business activities, financial condition, results of operations and cash flows. Our business depends in part on pipelines, gathering systems and processing facilities owned by us or others. Any limitation in the availability of those facilities could interfere with our ability to market our oil and natural gas production. The marketability of our oil and natural gas production depends in part on the availability, proximity and capacity of pipelines and other transportation methods, gathering systems and processing facilities owned by third parties. The amount of oil and natural gas that can be produced and sold is subject to curtailment in certain circumstances, such as pipeline interruptions due to scheduled and unscheduled maintenance, excessive pressure, physical damage or lack of contracted capacity on such systems. For example, our ability to produce and sell oil from the Beta properties will depend on the availability of the pipeline infrastructure between platforms as well as the San Pedro Bay Pipeline for delivery of that oil to shore, and any unavailability of that pipeline infrastructure or pipeline could cause us to shut in all or a portion of the production from the Beta properties for the length of such unavailability. Our access to transportation options can also be affected by U. S. federal and state regulation of oil and natural gas production and transportation, general economic conditions and changes in supply and demand. The curtailments arising from these and similar circumstances may last from a few days to several months. In many cases, we are provided with only limited, if any, notice as to when these circumstances will arise and their duration. Any significant curtailment in gathering system or transportation or processing facility capacity could reduce our ability to market our oil and natural gas production and harm our business, financial condition, results of operations and cash flows. We have limited control over the activities on properties we do not operate. Some of the properties in which we have an interest are operated by other companies and involve third- party working interest owners. As a result, we have limited ability to influence or control the operation or future development of such properties, including compliance with environmental, safety and other regulations, or

the amount of capital expenditures that we will be required to fund with respect to such properties. Moreover, we are dependent on the other working interest owners of such projects to fund their contractual share of the capital expenditures of such projects. In addition, a third- party operator could also decide to shut- in or curtail production from wells, or plug and abandon marginal wells, on properties owned by that operator during periods of lower crude oil or natural gas prices. These limitations and our dependence on the operator and third- party working interest owners for these projects could cause us to incur unexpected future costs, lower production and materially and adversely affect our financial condition and results of operations. ~~50We~~ **We** are subject to complex federal, state, local and other laws and regulations that could adversely affect the cost, manner or feasibility of conducting our operations. Our oil and natural gas development and production operations are subject to complex and stringent laws and regulations administered by governmental authorities vested with broad authority relating to the exploration for and the development, production and transportation of oil and natural gas. To conduct our operations in compliance with these laws and regulations, we must obtain and maintain numerous permits, approvals and certificates from various federal, state and local governmental authorities. We may incur substantial costs in order to maintain compliance with these existing laws and regulations. Failure to comply with laws and regulations applicable to our operations, including any evolving interpretation and enforcement by governmental authorities, could have a material adverse effect on our business, financial condition, results of operations and cash flows. ~~Our~~ **47Our** oil and natural gas development and production operations are also subject to stringent and complex federal, state and local laws and regulations governing the discharge of materials into the environment, worker health and safety aspects of our operations, or otherwise relating to environmental protection. These laws and regulations may impose numerous obligations applicable to our operations, including the acquisition of a permit before conducting regulated drilling activities; the restriction of types, quantities and concentration of materials that can be released into the environment; the limitation or prohibition of drilling activities on certain lands lying within wilderness, wetlands, seismically active areas and other protected areas; the application of specific health and safety criteria addressing worker protection; and the imposition of substantial liabilities for pollution resulting from our operations. Numerous governmental authorities, such as the EPA and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them, often requiring difficult and costly compliance measures or corrective actions. Failure to comply with these laws and regulations may result in the assessment of sanctions, including administrative, civil or criminal penalties, the imposition of investigatory or remedial obligations, the suspension or revocation of necessary permits, licenses and authorizations, the requirement that additional pollution controls be installed and, in some instances, the issuance of orders limiting or prohibiting some or all of our operations. We may also experience delays in obtaining or be unable to obtain required permits, which may delay or interrupt our operations and limit our growth and revenue. In addition, the long- term trend in environmental regulation has been to place more restrictions and limitations on activities that may affect the environment. Thus, our costs of compliance may increase if existing laws and regulations are revised or reinterpreted, or if new laws and regulations become applicable to our operations. Under certain environmental laws that impose strict as well as joint and several liability, we may be required to remediate contaminated properties currently or formerly owned or operated by us or facilities of third parties that received waste generated by our operations regardless of whether such contamination resulted from the conduct of others or from consequences of our own actions that were in compliance with all applicable laws at the time those actions were taken. In addition, claims for damages to persons or property, including natural resources, may result from the environmental, health and safety impacts of our operations. Moreover, public interest in the protection of the environment has increased in recent years. New laws and regulations continue to be enacted, particularly at the state level, and, under the Biden Administration, the long- term trend of more expansive and stringent environmental legislation and regulations applied to the crude oil and natural gas industry could continue, resulting in increased costs of doing business and consequently affecting profitability. To the extent laws are enacted, or other governmental action is taken that restricts drilling or imposes more stringent and costly operating, waste handling, disposal and cleanup requirements, our business, prospects, financial condition or results of operations could be materially adversely affected. Further, the Mineral Leasing Act of 1920, as amended (the " Mineral Act ") prohibits ownership of any direct or indirect interest in federal onshore oil and natural gas leases by a foreign citizen or a foreign entity except through equity ownership in a corporation formed under the laws of the United States or of any U. S. State or territory, and only if the laws, customs, or regulations of their country of origin or domicile do not deny similar or like privileges to citizens or entities of the United States. If these restrictions are violated, the oil and natural gas lease can be canceled in a proceeding instituted by the United States Attorney General. We qualify as an entity formed under the laws of the United States or of any U. S. state or territory. Although the regulations promulgated and administered by the BLM pursuant to the Mineral Act provide for agency designations of non- reciprocal countries, there are presently no such designations in effect. It is possible that our stockholders may be citizens of foreign countries who do not own their stock in a U. S. corporation, or that even if such stock are held through a U. S. corporation, their country of citizenship may be determined to be non- reciprocal countries under the Mineral Act. In such event, any federal onshore oil and natural gas leases held by us could be subject to cancellation based on such determination. See " Item 1. Business — Environmental, Occupational Health and Safety Matters and Regulations " and " — Other Regulation of the Oil and Natural Gas Industry " for a description of the more significant laws and regulations that affect us. ~~51Our~~ **48Our** business is subject to climate- related transition risks, including fuel conservation measures, technological advances and increasing public attention to climate change and environmental matters, which could reduce demand for oil and natural gas and have an adverse effect on our business, financial condition and reputation. Increasing attention from governmental and regulatory bodies, investors, consumers, industry and other stakeholders on responding to climate change, together with fuel conservation measures, alternative fuel requirements, incentives to conserve energy or use alternative energy sources, and development of, and increased demand from consumers and industry for, lower- emission products and services (including electric vehicles and renewable residential and commercial power supplies) as well as more efficient products and services, increasing consumer demand for alternatives to oil and natural gas (including wind, solar, nuclear, and geothermal

sources as well as electric vehicles), societal expectations on companies to address climate change, investor and societal expectations regarding voluntary climate- related disclosures, and technological advances in fuel economy and energy transmission, storage, consumption and generation devices (including advances in wind, solar and hydrogen power, as well as battery technology), could reduce demand for oil and natural gas. Such initiatives or related activism aimed at responding to climate change and reducing air pollution, as well as negative investor sentiment toward our industry and the impact of the changing demand for oil and natural gas services and products may have a material adverse effect on our business, financial condition, results of operations, cash flows, and ability to access capital. The oil and natural gas industry, and energy industry more broadly, is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies. As others use or develop new technologies, including technological advances in fuel economy and energy generation devices or other technological advances that could reduce demand for oil and natural gas, we may be placed at a competitive disadvantage or may be forced by competitive pressures to implement new technologies at substantial costs. We may not be able to respond to these competitive pressures or implement new technologies on a timely basis or at an acceptable cost. If one or more of the technologies we use now or in the future were to become obsolete, our business, financial condition or results of operations could be materially and adversely affected. Moreover, parties concerned about the potential effects of climate change have directed their attention at sources of funding for energy companies, which has resulted in certain financial institutions, funds and other sources of capital, restricting or eliminating their investment in oil and natural gas activities. Some investors, including investment advisors and certain sovereign wealth funds, pension funds, university endowments and family foundations, have stated policies to disinvest in the oil and gas sector based on their social and environmental considerations. Certain investment banks and asset managers based both domestically and internationally have announced that they are adopting climate change guidelines for their banking and investing activities. Institutional lenders who provide financing to energy companies such as ours have also become more attentive to sustainable lending practices, and some may elect not to provide traditional energy producers or companies that support such producers with funding. Certain other stakeholders have also pressured commercial and investment banks to stop financing oil and gas production and related infrastructure projects. Such developments, including environmental activism and initiatives aimed at limiting climate change and reducing air pollution, could result in downward pressure on the stock prices of oil and gas companies, including ours. This may also potentially result in a reduction of available capital funding or higher cost of capital for potential development projects, as well as the restriction, delay or cancellation of infrastructure projects and energy production activities, ultimately impacting our future financial results. Negative public perception regarding us and / or our industry resulting from, among other things, concerns raised by advocacy groups about climate change, may also lead to increased litigation risk and regulatory, legislative, and judicial scrutiny, which may, in turn, lead to new state and federal safety and environmental laws, regulations, guidelines and enforcement interpretations. In addition, claims have been made against certain energy companies alleging that GHG emissions from oil and natural gas operations constitute a public nuisance or have caused other redressable injuries under federal and / or state common law. While our business is not a party to any such litigation, we could be named in actions making similar allegations. An unfavorable ruling in any such case could adversely impact our business, financial condition and results of operations. Governmental authorities exercise considerable discretion in the timing and scope of permit issuance and the public may engage in the permitting process, including through intervention in the courts. Negative public perception could cause the permits we need to conduct our operations to be withheld, delayed, or burdened by requirements that restrict our ability to profitably conduct our business. In addition, various officials and candidates at the federal, state and local levels, have made climate- related pledges or proposed banning hydraulic fracturing altogether. More broadly, the enactment of climate change- related policies and initiatives across the market at the corporate level and / or investor community level may in the future result in increases in the Company' s compliance costs and other operating costs and have other adverse effects (e. g., greater potential for governmental investigations or litigation). For further discussion regarding the transition risks posed to us by climate change- related regulations, policies and initiatives, see the discussion below in " — Climate change legislation or regulations restricting emissions of " greenhouse gases, " or GHGs, could result in increased operating costs and reduced demand for the oil and natural gas that we produce, while the physical effects of climate change could disrupt our production and cause us to incur significant costs in preparing for or responding to those effects. " **49Increasing scrutiny and changing stakeholder expectations in respect of environmental, social and governance (" ESG ") and sustainability practices may have an adverse effect on our business, financial condition and results of operations and damage our reputation. Companies across all industries are facing increasing scrutiny from a variety of stakeholders, including investor advocacy groups, proxy advisory firms, certain institutional investors and lenders, investment funds and other influential investors and rating agencies, related to their sustainability practices. If we do not adapt to or comply with investor or other stakeholder expectations and standards on sustainability matters as they continue to evolve, meet sustainability- related goals that we have set, or if we are perceived to have not responded appropriately or quickly enough to growing concern for sustainability issues, regardless of whether there is a regulatory or legal requirement to do so, we may suffer from reputational damage and our business, financial condition and / or stock price could be materially and adversely affected. In addition, the Company' s continuing efforts to research, establish, accomplish, and accurately report on the implementation of our sustainability strategy, including any specific sustainability objectives, may also create additional operational risks and expenses and expose us to reputational, legal, and other risks. While we create and publish voluntary disclosures regarding sustainability matters from time to time, some of the statements in those voluntary disclosures may be based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying,**

measuring, and reporting on many sustainability matters. Further, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to sustainability matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable sustainability ratings could lead to increased negative investor sentiment toward us and our industry and to the diversion of investment to other industries, which could have a negative impact on our stock price and our access to and costs of capital. Our operations, projects and growth opportunities require us to have strong relationships with various key stakeholders, including our shareholders, employees, suppliers, customers, local communities and others. We may face pressure from stakeholders, many of whom are increasingly focused on climate change, to prioritize sustainable energy practices, reduce our carbon footprint and promote sustainability while at the same time remaining a successfully operating public company. If we do not successfully manage expectations across these varied stakeholder interests, it could erode stakeholder trust and thereby affect our brand and reputation. Such erosion of confidence could negatively impact our business through decreased demand and growth opportunities, delays in projects, increased legal action and regulatory oversight, adverse press coverage and other adverse public statements, difficulty hiring and retaining top talent, difficulty obtaining necessary approvals and permits from governments and regulatory agencies on a timely basis and on acceptable terms and difficulty securing investors and access to capital.
52Climate -- **Climate** change legislation or regulations restricting emissions of " greenhouse gases, " or GHGs, could result in increased operating costs and reduced demand for the oil and natural gas that we produce, while the physical effects of climate change could disrupt our production and cause us to incur significant costs in preparing for or responding to those effects. The EPA has adopted and implemented regulations to restrict emissions of GHGs under existing provisions of the CAA. In addition, the EPA has also adopted rules requiring the monitoring and reporting of GHG emissions from specified sources on an annual basis in the United States, including, among others, certain oil and natural gas production facilities, which includes certain of our operations. The adoption and implementation of any regulations imposing reporting obligations on, or limiting emissions of GHGs from, our equipment and operations could require us to incur costs to reduce emissions of GHGs associated with our operations or could adversely affect demand for the oil and natural gas we produce. Such climate change regulatory and legislative initiatives could have a material adverse effect on our business, financial condition and results of operations. The **50The** $ 1 trillion legislative infrastructure package passed by Congress in November 2021 includes a number of climate-focused spending initiatives targeted at climate resilience, enhanced response and preparation for extreme weather events, and clean energy and transportation investments. In August 2022, President Biden signed into law the Inflation Reduction Act of 2022. Among other things, the Inflation Reduction Act includes a methane emissions reduction program that amends the CAA to include a Methane Emissions and Waste Reduction Incentive Program for petroleum and natural gas systems. This program requires the EPA to impose a " waste emissions charge " on certain oil and gas sources that are already required to report under EPA' s Greenhouse Gas Reporting Program. **In order to implement the program, the Inflation Reduction Act required revisions to GHG reporting regulations for petroleum and natural gas systems (Subpart W) by 2024. In July 2023, the EPA proposed to expand the scope of the Greenhouse Gas Reporting Program for petroleum and natural gas facilities, as required by the Inflation Reduction Act. Among other things, the proposed rule expands the emissions events that are subject to reporting requirements to include " other large release events " and applies reporting requirements to certain new sources and sectors. The rule is currently scheduled to be finalized in the spring of 2024 and would take effect on January 1, 2025, in advance of the deadline for GHG reporting for 2024 (March 2025). The fee imposed under the Methane Emissions and Waste Reduction Incentive Program for 2024 would be $ 900 per ton emitted over annual methane emissions thresholds, and would increase to $ 1, 200 in 2025, and $ 1, 500 in 2026.** Additionally, **many** almost one- half of the states have taken legal measures to reduce emissions of GHGs, including through the planned development of GHG emission inventories and / or regional GHGs cap and trade programs. At the international level, the United States joined the international community at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change in Paris, France, which resulted in an agreement intended to nationally determine their contributions and set GHG emission reduction goals every five years beginning in 2020. In November 2019, plans were formally announced for the U. S. to withdraw from the Paris Agreement with an effective exit date in November 2020. In February 2021, the current administration announced reentry of the U. S. into the Paris Agreement along with a new " nationally determined contribution " for **the** U. S. GHG emissions that would achieve emissions reductions of at least 50 % relative to 2005 levels by 2030. In addition, in September 2021, President Biden publicly announced the Global Methane Pledge, a pact that aims to reduce global methane emissions at least 30 % below 2020 levels by 2030, including " all feasible reductions " in the energy sector. Since its formal launch at COP26, over 150 countries have joined the pledge. **At** Most recently, at COP27, President Biden announced the EPA' s proposed standards to reduce methane emissions from existing oil and gas sources, and agreed, in conjunction with the European Union and a number of other partner countries, to develop standards for monitoring and reporting methane emissions to help create a market for low methane- intensity natural gas. **Most recently, at COP28, nearly 200 countries, including the United States, agreed to transition away from fossil fuels while accelerating action in this decade to achieve net zero greenhouse gas emissions by 2050.** In addition, various states and local governments have vowed to continue to enact regulations to achieve the goals of the Paris Agreement. Pursuant to its obligations as a signatory to the Paris Agreement, the United States has set a target to reduce its GHG emissions by 50- 52 % by the year 2030 as compared with 2005 levels and has agreed to provide periodic updates on its progress. Additionally, **at COP28, member countries entered into an agreement that calls for actions towards achieving, at a global scale, a tripling of renewable energy capacity and doubling energy efficiency improvements by 2030. The goals of the agreement, among other things, is to accelerate efforts towards the phase- down of unabated coal power, phase out inefficient fossil fuel subsidies, and take other measures that drive the transition away from fossil fuels in energy systems. Additionally,** the SEC issued a proposed rule in March 2022 that would

mandate extensive disclosure of climate- related data, risks, and opportunities, including financial impacts, physical and transition risks, related governance and strategy, and GHG emissions, for certain public companies. We cannot predict the costs of implementation or any potential adverse impacts resulting from the rulemaking. To the extent this rulemaking is finalized as proposed, we could incur increased costs relating to the assessment and disclosure of climate- related risks. We may also face increased litigation risks related to disclosures made pursuant to the rule if finalized as proposed. In addition, enhanced climate disclosure requirements could accelerate the trend of certain stakeholders and lenders restricting or seeking more stringent conditions with respect to their investments in certain carbon- intensive sectors. See " Item 1. Business — Environmental, Occupational Health and Safety Matters and Regulations " for a further discussion of the laws and regulations related to GHGs and of climate change. Although it is not possible at this time to predict how legislation or new regulations that may be adopted to address GHG emissions (including those related to carbon pricing schemes) would impact our business, any such future laws and regulations that require reporting of GHGs or otherwise limit emissions of GHGs from our equipment and operations could require us to incur costs to monitor and report on GHG emissions or reduce emissions of GHGs associated with our operations, and such requirements also could adversely affect demand for the oil and natural gas that we produce and restrict our ability to execute on our business strategy, reducing our access to financial markets, or create greater potential for governmental investigations or litigation. ~~53Finally~~ **51Finally** , ~~it should be noted that~~ most scientists have concluded that increasing concentrations of GHGs in the Earth' s atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts and floods and other climatic events. If any such effects were to occur, they could have an adverse effect on our financial condition and results of operations. For example, such effects could adversely affect or delay demand for the oil or natural gas produced or cause us to incur significant costs in preparing for or responding to the effects of climatic events themselves. Potential adverse effects could include disruption of our production activities, increases in our costs of operation or reductions in the efficiency of our operations, impacts on our personnel, supply chain, or distribution chain, as well as potentially increased costs for insurance coverages in the aftermath of such effects. Our ability to mitigate the adverse physical impacts of climate change depends in part upon our disaster preparedness and response and business continuity planning. ~~See " Item 1. Business — Environmental, Occupational Health and Safety Matters and Regulations — Regulation of " Greenhouse Gas " Emissions " for a description of the climate change laws and regulations that affect us.~~ Further, energy needs could increase or decrease as a result of extreme weather conditions depending on the duration and magnitude of any such climate changes. Increased energy use due to weather changes may require us to invest in additional equipment to serve increased demand. A decrease in energy use due to weather changes may affect our financial condition through decreased revenues. The effect of fluctuations on supply and demand may become more pronounced within specific geographic oil and natural gas producing areas, which may cause these conditions to occur with greater frequency or magnify the effects of these conditions. The listing of a species as either " threatened " or " endangered " under the federal Endangered Species Act could result in increased costs, new operating restrictions, or delays in our operations, which could adversely affect our results of operations and financial condition. The ESA and analogous state laws regulate activities that could have an adverse effect on threatened and endangered species. Operations in areas where threatened or endangered species or their habitat are known to exist may require us to incur increased costs to implement mitigation or protective measures and also may restrict or preclude our activities in those areas or during certain seasons, such as breeding and nesting seasons. The listing of species in areas where we operate or, alternatively, entry into certain range- wide conservation planning agreements could result in increased costs to us from species protection measures, time delays or limitations on our activities, which costs, delays or limitations may be significant and could adversely affect our results of operations and financial position. **There is also increasing interest in nature- related matters beyond protected species, such as general biodiversity, which may similarly require us or our customers to incur costs or take other measures which may adversely impact our and our customers' business or operations.** The third parties on whom we rely for gathering and transportation services are subject to complex federal, state and other laws that could adversely affect the cost, manner or feasibility of conducting our business. The operations of the third parties on whom we rely for gathering and transportation services are subject to complex and stringent laws and regulations that require obtaining and maintaining numerous permits, approvals and certifications from various federal, state and local government authorities. These third parties may incur substantial costs in order to comply with existing laws and regulations. If existing laws and regulations governing such third- party services are revised or reinterpreted, or if new laws and regulations become applicable to their operations, these changes may affect the costs that we pay for such services. Similarly, a failure to comply with such laws and regulations by the third parties on whom we rely for gathering and transportation services could impact the availability of those services. Any potential impact to the availability of gathering and transportation services could impact our ability to market and sell our production, which could have a material adverse effect on our business, financial condition and results of operations. See " Item 1. Business — Environmental, Occupational Health and Safety Matters and Regulations " and " — Other Regulation of the Oil and Natural Gas Industry " for a description of the laws and regulations that affect the third parties on whom we rely for gathering and transportation services. ~~54Oil~~ **52Oil** and natural gas producers' operations, especially those using hydraulic fracturing, are substantially dependent on the availability of water and the disposal of waste, including produced water and drilling fluids. Restrictions on the ability to obtain water or dispose of waste may impact our operations. Water is an essential component of oil and natural gas production during the drilling, and in particular, hydraulic fracturing, process. Our inability to locate sufficient amounts of water or to dispose of or recycle water used in our development and production operations could adversely impact our operations. Moreover, the imposition of new environmental initiatives and regulations could include restrictions on our ability to conduct certain operations such as hydraulic fracturing or disposal of waste, including, but not limited to, produced water, drilling fluids and other wastes associated with the exploration, development or production of natural gas. The Clean Water Act imposes restrictions and strict controls regarding the discharge of produced waters and other natural gas and oil waste into " waters of the United States. " Permits must be obtained to

discharge pollutants to such waters and to conduct construction activities in such waters, which include certain wetlands. The Clean Water Act and similar state laws provide for civil, criminal and administrative penalties for any unauthorized discharges of pollutants and unauthorized discharges of reportable quantities of oil and other hazardous substances. State and federal discharge regulations prohibit the discharge of produced water and sand, drilling fluids, drill cuttings and certain other substances related to the natural gas and oil industry into coastal waters. Compliance with current and future environmental regulations and permit requirements governing the withdrawal, storage and use of surface water or groundwater necessary for hydraulic fracturing of wells, and the disposal and recycling of produced water, drilling fluids, and other wastes, may increase our operating costs and cause delays, interruptions or termination of our operations, the extent of which cannot be predicted. In addition, in some instances, the operation of underground injection wells for the disposal of waste has been alleged to cause earthquakes. In some jurisdictions, such issues have led to orders prohibiting continued injection or the suspension of drilling in certain wells identified as possible sources of seismic activity or resulted in stricter regulatory requirements relating to the location and operation of underground injection wells. For example, we conduct oil and gas drilling and production operations in the Mississippian Lime formation in Oklahoma, a high- water play, which requires us to dispose of large volumes of saltwater generated as part of our operations. In 2015, the Oklahoma Geological Survey attributed an increase in seismic activity in Oklahoma to saltwater disposal wells in the Arbuckle formation. Around the same time, the OCC, whose Oil and Gas Conservation Division regulates oil and gas operations in Oklahoma, began issuing regulations targeting saltwater disposal activities in certain areas of interest within the Arbuckle formation. The regulations include operational requirements (i. e., mechanical integrity testing of wells permitted for disposal of 20, 000 or more barrels of water per day, daily monitoring and recording of well pressure and discharge volume), as well as orders to shut- in wells, reduce well depths, or decrease disposal volumes. Under these regulations, ~~in 2016 and 2017,~~ the OCC ordered us to limit the volume of saltwater disposed of in saltwater disposal wells in the Arbuckle formation and established caps for ten of our saltwater disposal wells ~~in February 2017~~ , which caps are still in place. To ensure that we had an adequate number of wells for disposal, we secured permits for additional saltwater disposal wells outside of the Arbuckle formation. We ~~timely satisfied~~ **are currently in compliance with** all OCC saltwater disposal requirements, ~~while~~ **and have** ~~maintaining~~ **maintained** our production base without any negative material impact. However, any additional orders or regulations addressing concerns about seismic activity from well injection in jurisdictions where we operate could affect our operations. See " Item 1. Business — Environmental, Occupational Health and Safety Matters and Regulations — Water Discharges and Other Waste Discharges & Spills " and " — Hydraulic Fracturing " for an additional description of the laws and regulations relating to the discharge of water and other wastes and hydraulic fracturing that affect us. Federal and state legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays and adversely affect our production. Hydraulic fracturing is an essential and common practice in the oil and gas industry used to stimulate production of natural gas and / or oil from dense subsurface rock formations. Hydraulic fracturing involves using water, sand and certain chemicals to fracture the hydrocarbon- bearing rock formation to allow flow of hydrocarbons into the wellbore. We routinely apply hydraulic fracturing techniques in our drilling and completion programs. While hydraulic fracturing has historically been regulated by state oil and natural gas commissions, the practice has become increasingly controversial in certain parts of the country, resulting in increased scrutiny and regulation. See " Item 1. Business — Environmental, Health and Safety Matters and Regulations — Hydraulic Fracturing " for a description of the federal and state legislative and regulatory initiatives relating to hydraulic fracturing that affect us. If new laws or regulations that significantly restrict hydraulic fracturing are adopted at the state and local level, such laws could make it more difficult or costly for us to perform fracturing to stimulate production from dense subsurface rock formations and, in the event of prohibitions, may preclude our ability to drill wells. In addition, if hydraulic fracturing becomes further regulated at the federal level as a result of federal legislation or regulatory initiatives by the EPA or other federal agencies, our fracturing activities could become subject to additional permitting requirements and result in permitting delays as well as potential increases in costs. Restrictions on hydraulic fracturing could also reduce the amount of oil and natural gas that we are ultimately able to produce from our reserves. ~~55The~~ **53The** cost of decommissioning is uncertain. We are required to maintain reserve funds to provide for the payment of decommissioning costs associated with the Beta properties. The estimates of decommissioning costs are inherently imprecise and subject to change due to changing cost estimates, oil and natural gas prices and other factors. If actual decommissioning costs exceed such estimates, or we are required to provide a significant amount of additional collateral in cash or other security as a result of a revision to such estimates, our financial condition, results of operations and cash flows may be materially adversely affected. We are required to post cash collateral and may be in the future required to post additional collateral, pursuant to our agreements with sureties under our existing or future bonding arrangements, which may have a material adverse effect on our liquidity and our ability to execute our capital expenditure plan, our ARO plan and comply with our existing debt instruments. Pursuant to the terms of our existing bonding arrangements with various sureties in connection with the decommissioning obligations related to our Beta properties, or under any future bonding arrangements we may enter into, we may be required to post additional collateral at any time, on demand, at the sureties' sole discretion. If additional collateral is required to support surety bond obligations, this collateral would probably be in the form of cash or letters of credit, certificate of deposit or other similar forms of liquid collateral. We cannot provide assurance that we will be able to satisfy collateral demands for current bonds or for future bonds. We entered into two escrow funding agreements with certain of our surety providers to fund interest- bearing escrow accounts to reimburse and indemnify the surety providers for any claims arising under the surety bonds related to the decommissioning of our Beta properties. If we fail to comply with our obligations under such escrow agreements, the surety providers may request additional collateral in the form of cash or letters of credit, certificates of deposit or other similar forms of liquid collateral. If we are required to provide additional collateral pursuant to any such request or otherwise, our liquidity position may be negatively impacted, and we may be required to seek alternative financing. To the extent we are unable to secure adequate financing, we may be forced to reduce our capital

expenditures in the current year or future years, may be unable to execute our asset retirement obligation plan or may be unable to comply with our existing debt instruments. If we are unable or unwilling to provide additional collateral, we may have to pursue alternate bonding arrangements with other sureties. See Note 6, " Asset Retirement Obligations " and Note 16, " Commitments and Contingencies — Supplemental Bond for Decommissioning Liabilities Trust Agreement " of the Notes to Consolidated Financial Statements included under Part II, **"** Item 8. Financial Statements and Supplementary Data, **"** in this Annual Report for additional information. Certain U. S. federal income tax deductions currently available with respect to oil and natural gas exploration and production may be eliminated as a result of future legislation. In past years, legislation has been proposed that would, if enacted into law, make significant changes to U. S. tax laws, including the elimination of certain key U. S. federal income tax incentives currently available to oil and natural gas exploration and production companies. These changes include, but are not limited to, (i) the repeal of the percentage depletion allowance for oil and natural gas properties, (ii) the elimination of current deductions for intangible drilling and development costs, or IDCs, (iii) the elimination of the deduction for certain domestic production activities and (iv) an extension of the amortization period for certain geological and geophysical expenditures. Although these provisions were largely unchanged by the Tax Act, Congress could consider and could include some or all of these proposals as part of future tax reform legislation. It is unclear whether any of the foregoing or similar proposals will be considered and enacted as part of future tax reform legislation and if enacted, how soon any such changes could become effective. The passage of any legislation as a result of these proposals or any other similar changes in U. S. federal income tax laws could eliminate or postpone certain tax deductions that are currently available with respect to oil and natural gas exploration and development and any such change could have an adverse effect on the Company' s financial position, results of operations and cash flows. ~~56~~ **54Our business could be negatively affected by security threats, including cybersecurity threats, destructive forms of protest and opposition by activists and other disruptions. As an oil and natural gas producer, we face various security threats, including cybersecurity threats to gain unauthorized access to sensitive information, to misappropriate financial assets or to render data or systems unusable; threats to the security of our facilities and infrastructure or third- party facilities and infrastructure, such as processing plants and pipelines; and threats from terrorist acts. The potential for such security threats has subjected our operations to increased risks that could have a material adverse effect on our business. In particular, our implementation of various procedures and controls to monitor and mitigate security threats and to increase security for our information, facilities and infrastructure may result in increased capital and operating costs. Moreover, there can be no assurance that such procedures and controls will be sufficient to prevent security breaches from occurring. If any of these security breaches were to occur, they could lead to losses of financial assets, sensitive information, critical infrastructure or capabilities essential to our operations and could have a material adverse effect on our reputation, financial position, results of operations or cash flows. Cybersecurity attacks in particular are becoming more sophisticated and include, but are not limited to, malicious software, attempts to gain unauthorized access to data and systems, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information, and corruption of data. These events could lead to financial losses from remedial actions, loss of business or potential liability. In addition, destructive forms of protest and opposition by activists and other disruptions, including acts of sabotage or eco- terrorism, against oil and gas production and activities could potentially result in damage or injury to people, property or the environment or lead to extended interruptions of our operations, adversely affecting our financial condition and results of operations. Risks Related to the Beta Pipeline IncidentThere are remaining uncertainties regarding the extent and timing of costs and liabilities relating to the Incident, and potential changes in the regulatory and operating environment in which we operate resulting from the Incident may increase the risks to which we are exposed. The duration of such uncertainties may exist for a significant period, and such risks may have a material adverse impact on our business, results of operations and financial condition and the implementation of our strategic agenda. Furthermore, the risks associated with the Incident may heighten the consequences of other risks to which we are exposed, including with respect to access to financing and financial assurance. Our assumptions and estimates regarding the total aggregate costs associated with the Incident may be inaccurate, which could materially and adversely affect our business, results of operations and financial condition. On February 2, 2022, the Unified Command announced that response and monitoring efforts had officially concluded for the Incident, and the Unified Command would stand down as of such date. We currently estimate that the total costs we have incurred or will incur with respect to the Incident related to (i) actual and projected response and remediation expenses incurred under the direction of the Unified Command and (ii) estimates for certain legal fees to be approximately $ 190. 0 million to $ 210. 0 million. These estimates consider currently available facts and presently enacted laws and regulations. We have made assumptions regarding (i) the probable and estimable amounts expected to be settled with certain vendors for response and remediation expenses and (ii) the resolution of certain third- party claims, excluding claims with respect to losses, which are not probable and reasonably estimable, and (iii) future claims and lawsuits. Our estimates do not include (i) the nature, extent and cost of future legal services that will be required in connection with all lawsuits, claims and other matters requiring legal or expert advice associated with the Incident, (ii) any lost revenue associated with the suspension of operations at Beta, (iii) any liabilities or costs that are not reasonably estimable at this time or that relate to contingencies where we currently regard the likelihood of loss as being only reasonably possible or remote and (iv) the costs associated with the permanent repair of the pipeline and the restart of operations at Beta. We believe we have accrued adequate amounts for all probable and reasonably estimable costs; however, this estimate is subject to uncertainties associated with the assumptions that we have made. Accordingly, our assumptions and estimates may change in future periods based on future events and total costs may materially increase; therefore, we can provide no assurance that we will not have to accrue significant additional costs in future periods with respect to the Incident. 55We**

are subject to significant litigation and enforcement risk as a result of the Incident. Under the OPA, the Company' s pipeline was designated by the United States Coast Guard as the source of the oil discharge. Therefore, the Company is financially responsible for remediation for certain costs and economic damages as provided in the OPA. The Company continues to process covered claims under the OPA as expeditiously as possible. At this time, it is not possible to estimate the total number of future claims or the full extent of compensable damages arising from the Incident. Our potential liabilities resulting from pending and future claims, lawsuits and enforcement actions relating to the Incident, together with the potential cost of implementing remedies sought in the various proceedings, cannot be fully estimated at this time but they may have a material adverse impact on our business, results of operations and financial condition and the implementation of our strategic agenda. For further information, please see Note 16, " Commitments and Contingencies — Litigation and Environmental " of the Notes to Consolidated Financial Statements and " Part I — Item 3. Legal Proceedings " included in this Annual Report. We may be subject to increased permitting obligations and regulatory scrutiny as a result of the Incident. The Incident may result in more stringent permitting obligations and regulation of our properties and other oil and gas activities, including at Beta and elsewhere, particularly relating to environmental, health and safety protection controls, oversight of oil and gas operations and required financial assurance. Regulatory or legislative action may impact the industry as a whole and could be directed specifically towards operators similarly situated to us, which could negatively impact our business. Additionally, new regulations and legislation, as well as evolving practices, may increase the cost of compliance, require changes to our operations and strategic plans and impact our ability to capitalize on our assets. The Incident may impact our ability to access financing on acceptable terms and may materially impact our liquidity. The reputational consequences of the Incident, ongoing contingencies related to the Incident and the impact of the Incident on our liquidity and financial performance could increase our financing costs and limit our access to financing on acceptable terms. Our ability to engage in trading activities may also be impacted due to counterparty concerns about our financial and business risk profile following the Incident. Such counterparties may require that we provide collateral or other forms of financial security for their obligations. Certain counterparties for our non- trading businesses may also require that we provide collateral for certain contractual obligations. We may not have adequate insurance to compensate us, and our insurers may not pay particular claims. We cannot guarantee that our insurance policies will cover all losses that we incur in connection with the Incident or that disputes over insurance claims will not arise with our insurance carriers. Additionally, the insurers may not pay particular claims or may take an extended period of time to do so. We currently maintain insurance that covers against certain losses and expenses associated with the Incident. For example, our insurance coverage includes loss of production income (" LOPI ") insurance for our offshore properties. Proceeds from LOPI insurance claims are intended to partially offset the loss of revenue resulting from certain events that cause suspension of operations. When such event occurs, we file claims under our LOPI policy and recognize LOPI in the period that insurers accept the claim and all uncertainty with respect to the receipt or amount of claim is resolved. For the year ended December 31, 2023, we recognized LOPI insurance payments of $ 17. 9 million from our Beta properties due to the Incident; however, the LOPI insurance policy in effect at the time of the Incident provided eighteen months of LOPI coverage and thus no additional LOPI insurance was recognized after March 31, 2023. The Company restarted operations of the Beta Field in April 2023. Finally, we cannot guarantee that we will be able to renew our insurance policies on the same or commercially reasonable terms, or at all, in the future. 56The Incident has created significant risk to our reputation and has diverted, and will continue to divert, the attention of our management team. The Incident has damaged our reputation, which may have a long- term impact on us. Adverse public, political and industry sentiment towards us, and oil and gas activities generally, could damage or impair our existing commercial relationships with counterparties, partners and governmental agencies and could impair our access to debt or capital, new investment opportunities, operatorships or other essential commercial arrangements with potential partners and governmental agencies. In addition, responding to the Incident may place a significant burden on our cash flow, which could also impede our ability to invest in new opportunities and deliver long-term growth. In addition, our response to the Incident and associated consequences have required significant management focus. Key management and operating personnel are, and will need to continue, devoting substantial attention to addressing the associated consequences for us, leaving them less time to devote to executing our strategic plans. In addition, we rely on recruiting and retaining high- quality employees to execute our strategic plans and to operate our business. The Incident response and associated consequences have placed significant demands on our employees, and the reputational damage suffered by us as a result of the Incident and any consequent adverse impact on our business could affect employee recruitment, productivity, retention and the results of our operations. 57