**Risk Factors Comparison 2023-12-18 to 2022-12-29 Form: 10-K**

**Legend:** **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

The business of Barnwell and its subsidiaries face numerous risks, including those set forth below or those described elsewhere in this Form 10- K or in Barnwell' s other filings with the SEC. The risks described below are not the only risks that Barnwell faces. If any of the following risk factors should occur, our profitability, financial condition or liquidity could be materially negatively impacted. Entity- Wide Risks ~~Our business operations and financial condition have been and may continue to be materially and adversely affected by the outbreak of novel strains of coronavirus. In March 2020, the World Health Organization declared the COVID- 19 outbreak a global pandemic and the U. S. and Canadian governments declared the virus a national emergency shortly thereafter. The ongoing global health crisis (including resurgences) resulting from the pandemic have, and continue to, disrupt the normal operations of many businesses, including the temporary closure or scale- back of business operations and / or the imposition of either quarantine or remote work or meeting requirements for employees, either by government order or on a voluntary basis. While the outbreak recently appeared to be trending downward, particularly as vaccination rates increased, new variants of COVID- 19 continue emerging, including the Omicron variants, spreading throughout the U. S. and globally and causing significant disruptions. The global economy, our markets and our business have been, and may continue to be, materially and adversely affected by COVID- 19. The COVID- 19 outbreak materially and adversely affected our business operations and financial condition as a result of the deteriorating market outlook, the global economic recession and weakened liquidity. Although demand for oil and oil prices has increased significantly from the lows of March through May of 2020, uncertainty regarding future oil prices continues to exist. While the Company' s contract drilling segment remained operational throughout fiscal 2020 and 2021 and continues to work, the continuing potential impact of COVID- 19 on the health of our contract drilling segment' s crews is uncertain, and any work stoppage or discontinuation of contracts currently in backlog could result in a material adverse impact to the Company' s financial condition and outlook. Though availability of vaccines and reopening of state and local economies has improved the outlook for recovery from COVID- 19' s impacts, the impact of new, more contagious or lethal variants that may emerge, and the effectiveness of COVID- 19 vaccines against variants and the related responses by governments, including reinstated government- imposed lockdowns or other measures, cannot be predicted at this time. Both the health and economic aspects of the COVID- 19 pandemic remain highly fluid and the future course of each is uncertain. We cannot foresee whether the outbreak of COVID- 19 will be effectively contained on a sustained basis, nor can we predict the severity and duration of its impact. If the impact of COVID- 19 is not effectively and timely controlled on a sustained basis going forward, our business operations and financial condition may be materially and adversely affected by factors that we cannot foresee. Any of these factors and other factors beyond our control could have an adverse effect on the overall business environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition and results of operations. There may be adverse effects on the value of your investment from our use of our Tax Benefits Preservation Plan. In October 2022, subsequent to the end of our 2022 fiscal year, our Board of Directors adopted a Tax Benefits Preservation Plan designed to protect the availability of the Company' s existing net operating loss carryforwards and certain other tax attributes by discouraging persons or groups of persons from acquiring ownership of our common stock in a manner that could trigger an " ownership change " for purposes of Sections 382 and 383 of the Internal Revenue Code (the " Code "). The Tax Benefits Preservation Plan may have an " anti- takeover effect " because it may deter a person or group of persons from acquiring beneficial ownership of 4. 95 % or more of our outstanding common stock or, in the case of a person or group of persons that already own 4. 95 % or more of our outstanding common stock, from acquiring any additional common stock. The Tax Benefits Preservation Plan could discourage or prevent a merger, tender offer, proxy contest or accumulations of substantial blocks of shares of our common stock, and, notwithstanding its purpose, could adversely affect our stockholders' ability to realize a premium over the then- prevailing market price for our common stock in connection with any such transactions or actions. In addition, because our Board of Directors may consent to certain transactions, the Tax Benefits Preservation Plan gives our Board of Directors significant discretion over whether a potential acquirer' s efforts to acquire a large interest in us will be successful. Additionally, a stockholder' s ability to dispose of our common stock may be limited if the Tax Benefits Preservation Plan reduces the number of persons willing to acquire our common stock or the amount they are willing to acquire. Thus, the Tax Benefits Preservation Plan could severely reduce liquidity of our common stock, negatively impacting the value of your investment. A stockholder also may become a greater than 4. 95 % stockholder upon actions taken by persons related to, or affiliated with, that stockholder. Stockholders are advised to carefully monitor their ownership of our common stock and consult their own legal advisors and / or us to determine whether their ownership of common stock approaches the proscribed level. There can be no assurance that the Tax Benefits Preservation Plan will prevent an " ownership change " within the meaning of Sections 382 and 383 of the Code, in which case we may lose all or most of the anticipated tax benefits associated with our prior losses.~~ Stockholders may be diluted significantly through our efforts to obtain financing, satisfy obligations through the issuance of securities or use our stock as consideration in certain transactions. Our Board of Directors has authority, without action or vote of the stockholders, subject to the requirements of the NYSE American and applicable law, to issue all shares of our common stock or warrants or other instruments to purchase such shares of our common stock. In addition, we may raise capital by selling shares of our common stock, possibly at a discount to market in the future. These actions would result in dilution of the ownership interests of existing stockholders and may further dilute common stock book value, and that dilution may be material. A related effect of such issuances may enhance existing large stockholders' influence on the Company, including that of Alexander Kinzler, our Chief Executive Officer. A small number of stockholders, including our CEO, own a significant amount of our common stock and may have influence over the Company. As of September 30, ~~2022~~ **2023** , the CEO, who is a member of the Board of Directors, and two other stockholders hold approximately ~~39~~ **44** % of our outstanding common stock. The interests of one or more of these stockholders may not always coincide with the interests of other stockholders. These stockholders have significant influence over all matters submitted to our stockholders, including the election of our directors, and could accelerate, delay, deter or prevent a change of control of the Company. Our operations are subject to currency rate fluctuations. Our operations are subject to fluctuations in foreign currency exchange rates between the U. S. dollar and the Canadian dollar. Our financial statements, presented in U. S. dollars, may be affected by foreign currency fluctuations through both translation risk and transaction risk. Volatility in exchange rates may adversely affect our results of operations, particularly through the weakening of the U. S. dollar relative to the Canadian dollar which may affect the relative prices at which we sell our oil and natural gas and may affect the cost of certain items required in our operations. To date, we have not entered into foreign currency hedging transactions to control or minimize these risks. Adverse changes in actuarial assumptions used to calculate retirement plan costs due to economic or other factors, or lower returns on plan assets could adversely affect Barnwell' s results and financial condition. Retirement plan cash funding obligations and plan expenses and obligations are subject to a high degree of uncertainty and could increase in future years depending on numerous factors, including the performance of the financial markets, specifically the equity markets, levels of interest rates, and the cost of health care insurance premiums. The price of our common stock has been volatile and could continue to fluctuate substantially. The market price of our common stock has been volatile and could fluctuate based on a variety of factors, including: • fluctuations in commodity prices; • variations in results of operations; • announcements by us and our competitors; • legislative or regulatory changes; • general trends in the industry; • general market conditions; • litigation; and • other events applicable to our industries. Failure to retain key personnel could hurt our operations. We require highly skilled and experienced personnel to operate our business. In addition to competing in highly competitive industries, we compete in a highly competitive labor market. Our business could be adversely affected by an inability to retain personnel or upward pressure on wages as a result of the highly competitive labor market. Further, there are significant personal liability risks to Barnwell of Canada' s individual officers and directors related to well clean- up costs that may affect our ability to attract or retain the necessary people. We are a smaller reporting company and benefit from certain reduced governance and disclosure requirements, including that our independent registered public accounting firm is not required to attest to the effectiveness of our internal control over financial reporting. We cannot be certain if the omission of reduced disclosure requirements applicable to smaller reporting companies will make our common stock less attractive to investors. Currently, we are a " smaller reporting company, " meaning that our outstanding common stock held by nonaffiliates had a value of less than $ 250 million at the end of our most recently completed second fiscal quarter. As a smaller reporting company, we are not required to comply with the auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act, meaning our auditors are not required to attest to the effectiveness of the Company' s internal control over financial reporting. As a result, investors and others may be less comfortable with the effectiveness of the Company' s internal controls and the risk that material weaknesses or other deficiencies in internal controls go undetected may increase. In addition, as a smaller reporting company, we take advantage of our ability to provide certain other less comprehensive disclosures in our SEC filings, including, among other things, providing only two years of audited financial statements in annual reports and simplified executive compensation disclosures. Consequently, it may be more challenging for investors to analyze our results of operations and financial prospects, as the information we provide to stockholders may be different from what one might receive from other public companies in which one hold shares. As a smaller reporting company, we are not required to provide this information **. We face various risks and uncertainties related to public health crises, including the COVID- 19 pandemic. The COVID- 19 pandemic and its consequences may have a material adverse effect on us. We face various risks and uncertainties related to public health crises, including the global COVID- 19 pandemic, which has disrupted financial markets and significantly impacted worldwide economic activity. The future impact of the COVID- 19 pandemic as well as mandatory and voluntary actions taken to mitigate the public health impact of the pandemic may have a material adverse effect on our financial condition. The COVID- 19 pandemic and social and governmental responses to the pandemic have caused, and may continue to cause, severe economic, market and other disruptions worldwide. Although the COVID- 19 pandemic and related societal and government responses have not, to date, had a material impact on our business or financial results, the extent to which COVID- 19 and related actions may, in the future, impact our operations cannot be predicted with any degree of confidence. As a result, we cannot at this time predict the direct or indirect impact on us of the COVID- 19 pandemic, but it could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects** . Risks Related to Oil and Natural Gas Segment Acquisitions or discoveries of additional reserves are needed to increase our oil and natural gas segment operating results and cash flow. In August 2018, Barnwell made a significant reinvestment into its oil and natural gas segment with the acquisition of the Twining property in Alberta, Canada. The Company believes there are potential undeveloped reserves for which significant future capital expenditures will be needed to convert those potential undeveloped reserves into developed reserves. If future circumstances are such that we are not able to make the capital expenditures necessary to convert potential undeveloped reserves to developed reserves, we will not replace the amount of reserves produced and sold and our reserves and oil and natural gas segment operating results and cash flows will decline accordingly, and we may be forced to sell some of our oil and natural gas segment assets under untimely or unfavorable terms. Any such curtailment or sale could have a material adverse effect on our business, financial condition and results of operations. Future oil and natural gas operating results and cash flow are highly dependent upon our level of success in acquiring or finding additional reserves on an economic basis. We cannot guarantee that we will be successful in developing or acquiring additional reserves and our current financial resources may be insufficient to make such investments. Furthermore, if oil or natural gas prices increase, our cost for additional reserves also could increase. We may not realize an adequate return on oil and natural gas investments. Drilling for oil and natural gas involves numerous risks, including the risk that we will not encounter commercially productive oil or natural gas reservoirs. The wells we drill or participate in may not be productive, and we may not recover all or any portion of our investment in those wells. If future oil and natural gas segment acquisition and development activities are not successful it could have an adverse effect on our future results of operations and financial condition. Oil and natural gas prices are highly volatile and further declines, or extended low prices will significantly affect our financial condition and results of operations. Much of our revenues and cash flow are greatly dependent upon prevailing prices for oil and natural gas. Lower oil and natural gas prices not only decrease our revenues on a per unit basis, but also reduce the amount of oil and natural gas we can produce economically, if any. Prices that do not produce sufficient operating margins will have a material adverse effect on our operations, financial condition, operating cash flows, borrowing ability, reserves, and the amount of capital that we are able to allocate for the acquisition and development of oil and natural gas reserves. Various factors beyond our control affect prices of oil and natural gas including, but not limited to, changes in supply and demand, market uncertainty, weather, worldwide political instability, foreign supply of oil and natural gas, the level of consumer product demand, government regulations and taxes, the price and availability of alternative fuels and the overall economic environment. Energy prices also are subject to other political and regulatory actions outside our control, which may include changes in the policies of the Organization of the Petroleum Exporting Countries or other developments involving or affecting oil- producing countries, or actions or reactions of the government of the U. S. in anticipation of or in response to such developments. The inability of one or more of our working interest partners to meet their obligations may adversely affect our financial results. For our operated properties, we pay expenses and bill our non- operating partners for their respective shares of costs. Some of our non- operating partners may experience liquidity problems and may not be able to meet their financial obligations. Nonperformance by a non- operating partner could result in significant financial losses. Liquidity problems encountered by our working interest partners or the third party operators of our non- operated properties also may result in significant financial losses as the other working interest partners or third party operators may be unwilling or unable to pay their share of the costs of projects as they become due. In the event a third party operator of a non- operated property becomes insolvent, it may result in increased operating expenses and cash required for abandonment liabilities if the Company is required to take over operatorship. We may incur material costs to comply with or as a result of health, safety, and environmental laws and regulations. The oil and natural gas industry is subject to extensive environmental regulation pursuant to local, provincial and federal legislation. A violation of that legislation may result in the imposition of fines or the issuance of “ clean up ” orders. Legislation regulating the oil and natural gas industry may be changed to impose higher standards and potentially more costly obligations. Although we have recorded a provision in our financial statements relating to our estimated future environmental and reclamation obligations that we believe is reasonable, we cannot guarantee that we will be able to satisfy our actual future environmental and reclamation obligations. Barnwell' s oil and natural gas segment is subject to the provisions of the AER’ s Licensee Life- Cycle Management Program via a Licensee Capability Assessment (“ LCA ”). Under this program the AER assesses the corporate health of the Company and considers a wider variety of factors than those considered under the previous program. The LCA establishes clear expectations for industry with regards to the management of liabilities throughout the entire lifecycle of oil and gas projects. Factors considered are grouped into six factor groups, these being current financial distress, liability magnitude, resources lifespan, operations compliance, closure efficiency and administrative compliance. These factors are compared to peer operators and ranked into three “ Tiers ”. Under the LCA Program, an inventory reduction program has also been implemented which requires mandatory annual minimum expenditures towards outstanding decommissioning and reclamation obligations in accordance with **AER** ~~five- year rolling spending~~ targets which are **adjusted** ~~currently forecasted~~ by the AER ~~to increase by approximately 9~~ **on an annual basis. The target for 2024 is 6. 6** % ~~per year~~ **of an individual company’ s inactive liability** . These targets became effective January 1, 2022. The AER may require purchasers of AER licensed oil and natural gas assets to be within Tiers 1 or 2 overall rankings in the six factors group. This requirement for well transfers hinders our ability to generate capital by selling oil and natural gas assets as there are less qualified buyers. The AER may require the Company to provide a security deposit if assessed at Tier 3. Diverting funds to the AER in the future would result in the diversion of cash on hand and operating cash flows that could otherwise be used to fund oil and natural gas reserve replacement efforts, which could in turn have a material adverse effect on our business, financial condition and results of operations. If Barnwell fails to comply with the requirements of the LCA program, Barnwell' s oil and natural gas subsidiary would be subject to the AER' s enforcement provisions which could include suspension of operations and non- compliance fees and could ultimately result in the AER serving the Company with a closure order to shut- in all operated wells. Additionally, if Barnwell is non- compliant, the Company would be prohibited from transferring well licenses which would prohibit us from selling any oil and natural gas assets until the required cash deposit is made with the AER. We are not fully insured against certain environmental risks, either because such insurance is not available or because of high premium costs. In particular, insurance against risks from environmental pollution occurring over time, as opposed to sudden and catastrophic damages, is not available on economically reasonable terms. Accordingly, any site reclamation or abandonment costs actually incurred in the ordinary course of business in a specific period could negatively impact our cash flow. Should we be unable to fully fund the cost of remedying an environmental problem, we might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. We may fail to fully identify potential problems related to acquired reserves or to properly estimate those reserves. We periodically evaluate acquisitions of reserves, properties, prospects and leaseholds and other strategic transactions that appear to fit within our overall business strategy. Our evaluation includes an assessment of reserves, future oil and natural gas prices, operating costs, potential for future drilling and production, validity of the seller’ s title to the properties and potential environmental issues, litigation and other liabilities. In connection with these assessments, we perform a review of the subject properties that we believe to be generally consistent with industry practices. Our review will not reveal all existing or potential problems nor will it permit us to become sufficiently familiar with the properties to fully assess their deficiencies and potential recoverable reserves. Inspections may not always be performed on every well, and environmental problems are not necessarily observable even when an inspection is undertaken. Even when problems are identified, the seller of the properties may be unwilling or unable to provide effective contractual protection against all or part of the problems. We often are not entitled to contractual indemnification for environmental liabilities or title defects in excess of the amounts claimed by us before closing and acquire properties on an " as is " basis. There are numerous uncertainties inherent in estimating quantities of proved oil and gas reserves and future production rates and costs with respect to acquired properties, and actual results may vary substantially from those assumed in the estimates. If oil and natural gas prices decline **and remain low** , we may be required to take write- downs of the carrying values of our oil and natural gas properties. Oil and natural gas prices affect the value of our oil and natural gas properties as determined in our full cost ceiling calculation. Any future ceiling test write- downs will result in reductions of the carrying value of our oil and natural gas properties and an equivalent charge to earnings. The oil and natural gas industry is highly competitive. We compete for capital, acquisitions of reserves, undeveloped lands, skilled personnel, access to drilling rigs, service rigs and other equipment, access to processing facilities, pipeline capacity and in many other respects with a substantial number of other organizations, most of which have greater technical and financial resources than we do. Some of these organizations explore for, develop and produce oil and natural gas, carry on refining operations and market oil and other products on a worldwide basis. As a result of these complementary activities, some of our competitors may have competitive resources that are greater and more diverse than ours. Furthermore, many of our competitors may have a competitive advantage when responding to factors that affect demand for oil and natural gas production, such as changing prices and production levels, the cost and availability of alternative fuels and the application of government regulations. If our competitors are able to capitalize on these competitive resources, it could adversely affect our revenues and profitability. An increase in operating costs greater than anticipated could have a material adverse effect on our results of operations and financial condition. Higher operating costs for our properties will directly decrease the amount of cash flow received by us. Electricity, supplies, and labor costs are a few of the operating costs that are susceptible to material fluctuation. The need for significant repairs and maintenance of infrastructure may increase as our properties age. A significant increase in operating costs could negatively impact operating results and cash flow. Our operating results are affected by our ability to market the oil and natural gas that we produce. Our business depends in part upon the availability, proximity and capacity of oil and natural gas gathering systems, pipelines and processing facilities. Canadian federal and provincial, as well as U. S. federal and state, regulation of oil and natural gas production, processing and transportation, tax and energy policies, general economic conditions, and changes in supply and demand could adversely affect our ability to produce and market oil and natural gas. If market factors change and inhibit the marketing of our production, overall production or realized prices may decline. We are not the operator and have limited influence over the operations of certain of our oil and natural gas properties. We hold minority interests in certain of our oil and natural gas properties. As a result, we cannot control the pace of exploration or development, major decisions affecting the drilling of wells, the plan for development and production at non- operated properties, or the timing and amount of costs related to abandonment and reclamation activities although contract provisions give Barnwell certain consent rights in some matters. The operator' s influence over these matters can affect the pace at which we incur capital expenditures. Additionally, as certain underlying joint venture data is not accessible to us, we depend on the operators at non- operated properties to provide us with reliable accounting information. We also depend on operators and joint operators to maintain the financial resources to fund their share of all abandonment and reclamation costs. Actual reserves will vary from reserve estimates. Estimating reserves is inherently uncertain and the reserves estimation process involves significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data. The reserve data and standardized measures set forth herein are only estimates. Ultimately, actual reserves attributable to our properties will vary from estimates, and those variations may be material. The estimation of reserves involves a number of factors and assumptions, including, among others: • oil and natural gas prices as prescribed by SEC regulations; • historical production from our wells compared with production rates from similar producing wells in the area; • future commodity prices, production and development costs, royalties and capital expenditures; • initial production rates; • production decline rates; • ultimate recovery of reserves; • success of future development activities; • marketability of production; • effects of government regulation; and • other government levies that may be imposed over the producing life of reserves. If these factors, assumptions and prices prove to be inaccurate, actual results may vary materially from reserve estimates ~~. Actual revenues and operating expenses for our Oklahoma properties may differ from our estimates. As revenue and operating expense information from our royalty and non-operated working interest properties in Oklahoma are generally received several months after the production month, the Company accrues for revenue and operating expenses by estimating our share of production volumes and costs based on data provided by the operator of the properties and product spot prices, and are subsequently adjusted to actual amounts in the period of receipt of actual data. Any identified differences between estimated revenue and operating cost estimates and actual data historically have not been significant, however at this time there is limited history to date and thus there is no assurance that actual information will not vary significantly from our estimates. SEC rules could limit our ability to book additional proved undeveloped reserves (" 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 may limit our ability to book PUDs as we pursue our drilling program~~ . Part of our strategy involves using some of the latest available horizontal drilling and completion techniques. The results of our drilling are subject to drilling and completion technique risks, and results may not meet our expectations for reserves or production. Many of our operations involve, and are planned to utilize, the latest drilling and completion techniques as developed by our service providers in order to maximize production and ultimate recoveries and therefore generate the highest possible returns. Risks we face while completing our wells include, but are not limited to, the inability to fracture the planned number of stages, the inability to run tools and other equipment the entire length of the well bore during completion operations, the inability to recover such tools and other equipment, and the inability to successfully clean out the well bore after completion of the final fracture stimulation. Ultimately, the success of these drilling and completion techniques can only be evaluated over time as more wells are drilled and production profiles are established over a sufficiently long time period. If our drilling results are less than anticipated or we are unable to execute our drilling program because of capital constraints, lease expirations, limited access to gathering systems and takeaway capacity, and / or prices for crude oil, natural gas, and natural gas liquids decline, then 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 oil and gas properties and the value of our undeveloped acreage could decline in the future. Production and reserves, if any, attributable to the use of enhanced recovery methods are inherently difficult to predict. If our enhanced recovery methods do not allow for the extraction of crude oil, natural gas, and associated liquids in a manner or to the extent that we anticipate, we may not realize an acceptable return on our investments in such projects. Delays in business operations could adversely affect the amount and timing of our cash inflows. In addition to the usual delays in payment by purchasers of oil and natural gas to the operators of our properties, and the delays of those operators in remitting payment to us, payments between any of these parties may also be delayed by: • restrictions imposed by lenders; • accounting delays; • delays in the sale or delivery of products; • delays in the connection of wells to a gathering system; • blowouts or other accidents; • adjustments for prior periods; • recovery by the operator of expenses incurred in the operation of the properties; and • the establishment by the operator of reserves for these expenses. Any of these delays could expose us to additional third party credit risks. The oil and natural gas market in which we operate exposes us to potential liabilities that may not be covered by insurance. Our operations are subject to all of the risks associated with the operation and development of oil and natural gas properties, including the drilling of oil and natural gas wells, and the production and transportation of oil and natural gas. These risks include encountering unexpected formations or pressures, premature declines of reservoirs, blow- outs, equipment failures and other accidents, cratering, sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions, pollution, other environmental risks, fires and spills. A number of these risks could result in personal injury, loss of life, or environmental and other damage to our property or the property of others. While we carry various levels of insurance, we could be affected by civil, criminal, regulatory or administrative actions, claims or proceedings. We cannot fully protect against all of the risks listed above, nor are all of these risks insurable. There is no assurance that any applicable insurance or indemnification agreements will adequately protect us against liability for the risks listed above. We could face substantial losses if an event occurs for which we are not fully insured or are not indemnified against or a customer or insurer fails to meet its indemnification or insurance obligations. In addition, there can be no assurance that insurance will continue to be available to cover any or all of these risks, or, even if available, that insurance premiums or other costs will not rise significantly in the future, so as to make the cost of such insurance prohibitive. Deficiencies in operating practices and record keeping, if any, may increase our risks and liabilities relating to incidents such as spills and releases and may increase the level of regulatory enforcement actions. Our operations are subject to domestic and foreign government regulation and other risks, particularly in Canada and the U. S. Barnwell' s oil and natural gas operations are affected by political developments and laws and regulations, particularly in Canada and the U. S., such as restrictions on production, restrictions on imports and exports, the maintenance of specified reserves, tax increases and retroactive tax claims, expropriation of property, cancellation of contract rights, environmental protection controls, environmental compliance requirements and laws pertaining to workers' health and safety. Further, the right to explore for and develop oil and natural gas on lands in Alberta is controlled by the government of that province. Changes in royalties and other terms of provincial leases, permits and reservations may have a substantial effect on Barnwell' s operations. We derive a significant portion of our revenues from our operations in Canada; 67 % in fiscal ~~2022~~ **2023** . Additionally, our ability to compete in the Canadian oil and natural gas industry may be adversely affected by governmental regulations or other policies that favor the awarding of contracts to contractors in which Canadian nationals have substantial ownership interests. Furthermore, we may face governmentally imposed restrictions or fees from time to time on the transfer of funds to the U. S. Government regulations control and often limit access to potential markets and impose extensive requirements concerning employee safety, environmental protection, pollution control and remediation of environmental contamination. Environmental regulations, in particular, prohibit access to some markets and make others less economical, increase equipment and personnel costs and often impose liability without regard to negligence or fault. In addition, governmental regulations may discourage our customers' activities, reducing demand for our products and services. Legislation, regulation, and other government actions and shifting customer preferences and other private efforts related to greenhouse gas (" GHG ") emissions and climate change could increase our operational costs and reduce demand for our oil and natural gas, resulting in a material adverse effect on the Company' s results of operations and financial condition. Barnwell may experience challenges from the impacts of international and domestic legislation, regulation, or other government actions relating to GHG emissions (e. g., carbon dioxide and methane) and climate change. International agreements and national, regional, and state legislation and regulatory measures that aim to directly or indirectly limit or reduce GHG emissions are in various stages of implementation. Many of these actions, as well as customers' preferences and use of oil and natural gas or substitute products, are beyond the Company' s control. Similar to any significant changes in the regulatory environment, GHG emissions and climate change- related legislation, regulation, or other government actions may curtail profitability in the oil and gas sector, or render the extraction of the Company' s hydrocarbon resources economically infeasible. In particular, GHG emissions- related legislation, regulations, and other government actions and shifting consumer preferences and other private efforts aimed at reducing GHG emissions may result in increased and substantial capital, compliance, operating, and maintenance costs and could, among other things, reduce demand for the Company' s oil and natural gas; adversely affect the economic feasibility of the Company' s resources; impact or limit our business plans; and adversely affect the Company' s sales volumes, revenues, margins and reputation. The ultimate impact of GHG emissions and climate change- related agreements, legislation, regulation, and government actions on the Company' s financial performance is highly uncertain because the Company is unable to predict with certainty, the outcome of political decision- making processes, including the actual laws and regulations enacted, the variables and tradeoffs that inevitably occur in connection with such processes, and market conditions. Compliance with foreign tax and other laws may adversely affect our operations. Tax and other laws and regulations are not always interpreted consistently among local, regional and national authorities. Income tax laws, other legislation or government incentive programs relating to the oil and natural gas industry may in the future be changed or interpreted in a manner that adversely affects us and our stockholders. It also is possible that in the future we will be subject to disputes concerning taxation and other matters in Canada, including the manner in which we calculate our income for tax purposes, and these disputes could have a material adverse effect on our financial performance. Unforeseen title defects may result in a loss of entitlement to production and reserves. Although we conduct title reviews in accordance with industry practice prior to any purchase of resource assets or property, such reviews do not guarantee that an unforeseen defect in the chain of title will not arise and defeat our title to the purchased assets. If such a defect were to occur, our entitlement to the production from such purchased assets could be jeopardized. Risks Related to Land Investment Segment Receipt of future payments from KD I and KD II and cash distributions from the Kukio Resort Land Development Partnerships is dependent upon the developer' s continued efforts and ability to develop and market the property. We are entitled to receive future payments based on a percentage of the sales prices of residential lots sold within the Kaupulehu area by KD I and KD II as well as a percentage of future distributions KD II makes to its members. However, in order to collect such payments we are reliant upon the developer, KD I and KD II, in which we own a non- controlling ownership interest, to continue to market the remaining lots within Increment I and to proceed with the development or sale of the remaining portion of Increment II. Additionally, future cash distributions from the Kukio Resort Land Development Partnerships, which includes KD I and KD II, are also dependent on future lot sales in Increment I by KD I and the development or sale of Increment II by KD II. It is uncertain when or if KD II will develop or sell the remaining portion of Increment II, and there is no assurance with regards to the amounts of future sales from Increments I and II. We do not have a controlling interest in the partnerships, and therefore are dependent on the general partner for development decisions. The receipt of future payments and cash distributions could be jeopardized if the developer fails to proceed with development and marketing of the property. We hold investment interests in unconsolidated land development partnerships, which are accounted for using the equity method of accounting, in which we do not have a controlling interest. These investments involve risks and are highly illiquid. These investments involve risks which include: • the lack of a controlling interest in these partnerships and, therefore, the inability to require that the entities sell assets, return invested capital or take any other action without obtaining the majority vote of partners; • potential for future additional capital contributions to fund operations and development activities; • the adverse impact on overall profitability if the entities do not achieve the financial results projected; • the reallocation of amounts of capital from other operating initiatives and / or an increase in indebtedness to pay potential future additional capital contributions, which could in turn restrict our ability to access additional capital when needed or to pursue other important elements of our business strategy; • undisclosed, contingent or other liabilities or problems, unanticipated costs, and an inability to recover or manage such liabilities and costs and which could delay or prevent development of the real estate held by the land development partnerships; and • certain underlying partnership data is not accessible to us, therefore we depend on the general partner to provide us with reliable accounting information. Our land investment business is concentrated in the state of Hawaii. As a result, our financial results are dependent on the economic growth and health of Hawaii, particularly the island of Hawaii. Barnwell' s land investment segment is impacted by the condition of Hawaii' s real estate market, which is affected by Hawaii' s economy and Hawaii' s tourism industry, as well as the U. S. and world economies in general. Any future cash flows from Barnwell' s land development activities are subject to, among other factors, the level of real estate activity and prices, the demand for new housing and second homes on the island of Hawaii, the rate of increase in the cost of building materials and labor, the introduction of building code modifications, changes to zoning laws, and the level of confidence in Hawaii' s economy. The occurrence of natural disasters in Hawaii could adversely affect our business. The occurrence of a natural disaster in Hawaii such as, but not limited to, earthquakes, landslides, hurricanes, tornadoes, tsunamis, volcanic activity, droughts and floods, could have a material adverse effect on our land investments. The occurrence of a natural disaster could also cause property and flood insurance rates and deductibles to increase, which could reduce demand for real estate in Hawaii. Risks Related to Contract Drilling Segment Demand for water well drilling and / or pump installation is volatile. A decrease in demand for our services could adversely affect our revenues and results of operations. Demand for services is highly dependent upon land development activities in the state of Hawaii. The real estate development industry is cyclical in nature and is particularly vulnerable to shifts in local, regional, and national economic conditions outside of our control such as interest rates, housing demand, population growth, employment levels and job growth and property taxes. A decrease in water well drilling and / or pump installation contracts will result in decreased revenues and operating results. If we are unable to accurately estimate the overall risks, requirements or costs when bidding on or negotiating a contract that is ultimately awarded, we may achieve a lower than anticipated profit or incur a loss on the contract. Contracts are usually fixed price per lineal foot drilled and require the provision of line- item materials at a fixed unit price based on approved quantities irrespective of actual per unit costs. Under such contracts, prices are established in part on cost and scheduling estimates, which are based on a number of assumptions, many of which are beyond our control. Expected profits on contracts are realized only if costs are accurately estimated and successfully controlled. We may not be able to obtain compensation for additional work performed or expenses incurred as a result of changes or inaccuracies in these estimates and underlying assumptions, such as unanticipated sub- surface site conditions, unanticipated technical problems, equipment failures, inefficiencies, cost of raw materials, schedule delays due to constraints on drilling hours, weather delays, or accidents. If cost estimates for a contract are inaccurate, or if the contract is not performed within cost estimates, then cost overruns may result in losses or cause the contract not to be as profitable as expected. A significant portion of our contract drilling business is dependent on municipalities and a decline in municipal spending could adversely impact our business. A significant portion of our contract drilling division revenues is derived from water and infrastructure contracts with governmental entities or agencies; ~~59~~ **8** % in fiscal ~~2022~~ **2023** . Reduced tax revenues and governmental budgets may limit spending by local governments which in turn will affect the demand for our services. Material reductions in spending by a significant number of local governmental agencies could have a material adverse effect on our business, results of operations, liquidity and financial position. Our contract drilling operations face significant competition. We face competition for our services from a variety of competitors. Many of our competitors utilize drilling rigs that drill as quickly as our equipment but require less labor. Our strategy is to compete based on pricing and to a lesser degree, quality of service. If we are unable to compete effectively with our competitors, our financial results could be adversely affected. Supply chain and manufacturing issues of well drilling and pump installation equipment could adversely affect our operating results. We are dependent on various well drilling and pump installation equipment to conduct our contract drilling segment operations. The shortage of and / or delay in delivery of such equipment, such as pumps, interruptions in supply, and price increases of such equipment and materials due to supply chain issues and manufacturing disruptions could adversely impact our gross margin and results of operations. Awarding of contracts is dependent upon our ability to obtain contract bid and performance bonds from insurers. There can be no assurance that our ability to obtain such bonds will continue on the same basis as the past. Additionally, bonding insurance rates may increase and have an impact on our ability to win competitive bids, which could have a corresponding material impact on contract drilling operating results. The contracts in our backlog are subject to change orders and cancellation. Our backlog consists of the uncompleted portion of services to be performed under contracts that have been started and new contracts not yet started. Our contracts are subject to change orders and cancellations, and such changes could adversely affect our operations. The occurrence of a natural disaster in Hawaii such as, but not limited to, earthquakes, landslides, hurricanes, tornadoes, tsunamis, volcanic activity, droughts and floods, could have a material adverse effect on our ability to complete our contracts.