Risk Factors Comparison 2024-02-21 to 2023-02-22 Form: 10-K

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There are numerous factors that affect our business and results of operations, many of which are beyond our control. The following is a description of factors that we consider to be material and that might cause our future results to differ materially from those currently expected. The risks described below are not the only risks facing our company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business operations. If any of these risks actually occur, our business, financial position, results of operations, cash flows, reserves and / or our ability to pay our debts and other liabilities could suffer, the trading price and liquidity of our securities could decline and you may lose all or part of your investment in our securities. **Summary Risk Factors** Risks Related to Operating our Business **•** Conservation measures and technological advances could reduce demand for natural gas and oil **. • Negative public perception regarding us or our industry could have an adverse effect on our operations. • Risks related to potential acquisitions or dispositions may adversely affect our business. • The gas and oil exploration and production industry is very competitive; • Natural gas, oil and NGL prices fluctuate widely, and lower prices for an extended period of time are likely to have a material adverse effect on our business. • Regional epidemics or pandemics and related economic turmoil, including supply chain constraints, have affected, and could in future adversely affect us. • If commodity prices fall or drilling efforts are unsuccessful, we may be required to record write- downs of the carrying value of our natural gas and oil properties. • Significant capital expenditures are required to replace our reserves and conduct our business. • If we are not able to replace reserves, we may not be able to sustain production. • The actual quantities of and future net revenues from our proved reserves may be less than our estimates. • Our development and exploratory drilling efforts and our well operations may not be profitable or achieve our targeted returns. • Certain of our undeveloped properties are subject to leases that will expire over the next several years unless production is established on units containing the acreage or the leases are renewed. • Our commodity price risk management activities may limit the benefit we would receive from increases in commodity prices, may require us to provide collateral for derivative liabilities and involve risk that our counterparties may be unable to satisfy their obligations to us. • Natural gas and oil operations are uncertain and involve substantial costs and risks. • Our ability to produce natural gas, oil and NGL economically and in commercial quantities could be impaired if we are unable to acquire adequate supplies of water for our operations or are unable to dispose of or recycle the water we use economically and in an environmentally safe manner. • Our operations may be adversely affected by pipeline, trucking and gathering system capacity constraints and may be subject to interruptions that could adversely affect our cash flow. • Our business strategy is increasingly focused on capitalizing on the growing U. S. LNG export market, a highly regulated and capital intensive industry with a number of inherent commercial risks. U. S. LNG exports have helped drive domestic demand for natural gas, and, as a natural- gas producer, we could be materially and adversely impacted by a deterioration in the U. S. LNG export industry, which could in turn reduce demand for natural gas. In addition, we may seek to more directly participate in the LNG market through direct marketing arrangements with LNG export facilities and / or end users, which could expose us to additional commercial risks associated with the global LNG markets. • Cyber- attacks targeting systems and infrastructure used by the gas and oil industry and related regulations may adversely impact our operations and, if we or our third- party providers are unable to obtain and maintain adequate protection for our key systems and data, our business may be harmed. • We collect, process, store and use personal information and other data, and our actual or perceived failure to protect such information and data or comply with data privacy and security laws and regulations could damage our reputation and brand and harm our business and operating results. • Our operations could be disrupted by natural or human causes beyond our control. • A deterioration in general economic, political, business or industry conditions would have a material adverse effect on our results of operations, liquidity and financial condition. • Military and other armed conflicts, including terrorist activities, and related price volatility and geopolitical instability could materially and adversely affect our business and results of operations. Financial Risks Related to our Business • We have significant capital needs, and our ability to access the capital and credit markets to raise capital on favorable terms is limited by industry conditions. • Restrictive covenants in certain of our debt agreements 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. • Our actual financial results after emergence from bankruptcy may not be comparable to our historical financial information as a result of the implementation of the Plan and the transactions contemplated thereby. Risks Related to the Southwestern Merger • The Southwestern Merger may not be completed on the terms or timeline currently contemplated, or at all. Failure to complete or any delays in completing the Southwestern Merger could negatively impact the price of shares of our common stock, as well as our future business and financial results. Furthermore, the Southwestern Merger agreement subjects the Company to certain restrictions prior to the effective time of the Merger that could prevent the company from pursuing certain business opportunities. • The synergies attributable to the Southwestern Merger, if consummated, may vary from expectations, and we will be subject to business uncertainties for a period of time after the closing of the Southwestern Merger, if consummated, which could adversely affect the combined company. These uncertainties could include, but may not be limited to, loss of key personnel, retention of customer or supplier contracts or relationships, incurrence of significant indebtedness, and litigation in connection with the Southwestern Merger. Legal and Regulatory Risks • We are subject to extensive governmental regulation, which can change and could adversely**

impact our business. • Environmental matters and related costs can be significant. • Increasing attention to ESG matters and our ability to achieve and maintain ESG certifications, goals and commitments may impact our business, financial results or stock price. • The taxation of independent producers is subject to change, and changes in tax law could increase our cost of doing business. • The completion of the Southwestern Merger is anticipated to trigger an annual limitation on the utilization of our tax attributes, reducing their ability to offset future taxable income, which may result in an increase to income tax liabilities. In addition, trading in our New Common Stock, additional issuance of New Common Stock, and certain other stock transactions could lead to an additional, potentially more restrictive, annual limitation . Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to natural gas and oil, technological advances in fuel economy and energy generation devices could reduce demand for natural gas and oil. The impact of the changing demand for natural gas and oil could adversely impact our earnings, cash flows and financial position. Negative public perception regarding us or our industry ~~could have an adverse effect on our operations. Negative public perception regarding us or our industry~~ resulting from, among other things, concerns raised by advocacy groups about hydraulic fracturing, waste disposal, oil spills, seismic activity, climate change, explosions of natural gas transmission lines and the development and operation of pipelines and other midstream facilities may lead to generally increased political pressure and regulatory scrutiny, which may, in turn, lead to new state and federal safety and environmental laws, regulations, guidelines and enforcement interpretations. Additionally, environmental groups, landowners, local groups and other advocates may oppose our operations through organized protests, attempts to block or sabotage our operations or those of our midstream transportation providers, encourage capital providers to divest of their interests in us or our industry, intervene in regulatory or administrative proceedings involving our assets or those of our midstream transportation providers, or file lawsuits or other actions designed to prevent, disrupt or delay the development or operation of our assets and business or those of our midstream transportation providers. These actions may cause operational delays or restrictions, increased operating costs, additional regulatory burdens and increased risk of litigation, as well as potentially reducing our ability to execute routine or strategic business partnerships. Moreover, 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 require to conduct our operations to be withheld, delayed or burdened by requirements that restrict our ability to profitably conduct our business. A change in control of national, state or local governments, including the U. S. presidential administration, Congress, state or local governments, and governments of other countries may also result in uncertainty regarding the degree to which there will be increased restrictions on natural gas and oil production activities, which could materially adversely affect our industry and our financial condition and results of operations. Certain financial institutions, funds and other sources of capital have also elected to restrict or eliminate their investment in certain fossil fuel- related activities. **Even if capital providers** ~~For example, many large financial institutions~~ have **not generally restricted** ~~announced commitments to reduce the emissions associated with~~ their ~~financing~~ **investment in fossil fuel- related** activities, ~~such as through the~~ **they may still assess various ESG considerations** ~~Glasgow Financial Alliance for Net Zero (" GFANZ "), whose members represent over $ 130 trillion~~ in **making voting and** capital **allocation** ~~subject to a goal of net zero financed emissions~~ - **decisions** ~~by 2050~~ . ~~Ultimately, this could make it more difficult or costly for~~ **Responding to these and other stakeholder concerns on ESG matters may require** us to **incur additional** ~~secure funding for exploration and production activities. Members of the investment community have also begun to screen companies such as ours for sustainability performance, including practices related to GHGs and climate change, before investing in our common stock or providing financing. Any efforts to improve our sustainability practices in response to these pressures may increase our~~ costs ~~, regardless of whether such efforts are successful, and we may be forced to implement technologies that are less economically efficient or are not economically viable in order to improve our~~ - **or otherwise impact our business** ~~sustainability performance and to meet the specific requirements to perform services for certain customers~~ . For more information, see our risk factor " Increasing attention to ESG matters and our ability to achieve and maintain ESG certifications, goals and commitments may impact our business, financial results or stock price. " ~~Risks related to potential acquisitions or dispositions may adversely affect our business.~~ From time to time, we evaluate acquisitions and dispositions of assets, businesses and other investments. These transactions may not result in the anticipated benefits or efficiencies. In addition, acquisitions may be financed by borrowings, requiring us to incur more debt, or by the issuance of our common stock. Any such acquisition or disposition involves risks and we cannot assure you that: • any acquisition will be successfully integrated into our operations and internal controls; • the due diligence conducted prior to an acquisition will uncover situations that could result in financial or legal exposure, such as title defects and potential environmental and other liabilities; • post- closing purchase price adjustments will be realized in our favor; • our assumptions about, among other things, reserves, estimated production, revenues, capital expenditures, operating expenses and costs will be accurate; • there will not be delays in closing, lower than expected sales proceeds for the disposed assets or business, residual liabilities, or post- closing claims for indemnification; • any investment, acquisition, or disposition will not divert management resources from the operation of our business; and • any investment, acquisition, or disposition will not have a material adverse effect on our financial condition, results of operations, cash flows or reserves. If any of these risks materialize, the benefits of such acquisition or disposition may not be fully realized, if at all, and our financial condition, results of operations, cash flows and reserves could be negatively impacted. The gas and oil exploration and production industry is very competitive; some of our competitors have greater financial and other resources than we do, and there is competition to attract and retain talent and competition over access to certain industry equipment. We face competition in every aspect of our business, including, but not limited to, buying and selling reserves and leases, obtaining goods and services needed to operate our business and marketing natural gas, oil or NGL. Competitors include multinational oil companies, independent production companies and individual producers and operators. Some of our competitors have greater financial and other resources than we do. As a result, these competitors may be able to address industry challenges more effectively or weather industry downturns more easily than we can.

We also face indirect competition from alternative energy sources, including wind, solar and electric power. Our performance depends largely on the talents and efforts of highly skilled individuals and on our ability to attract new employees and to retain and motivate our existing employees. Competition in our industry for qualified employees is intense. If we are unsuccessful in attracting and retaining skilled employees and managerial talent, our ability to compete effectively may be diminished. We also compete for the equipment required to explore, develop and operate properties. Typically, during times of rising commodity prices, drilling and operating costs will also increase. During these periods, there is often a shortage of drilling rigs and other oilfield equipment and services, which could adversely affect our ability to execute our development plans on a timely basis and within budget. ~~Natural gas, oil and NGL prices fluctuate widely, and lower prices for an extended period of time are likely to have a material adverse effect on our business.~~ Our revenues, results of operations, profitability, liquidity, leverage ratio and ability to grow and invest in capital expenditures depend primarily upon the prices we receive for the natural gas, oil and NGL we sell. We incur substantial expenditures to replace reserves, sustain production and fund our business plans. Low natural gas, oil and NGL prices can negatively affect the amount of cash available for capital expenditures, debt service and debt repayment and our ability to borrow money or raise additional capital and, as a result, could have a material adverse effect on our financial condition, results of operations, cash flows and reserves. In addition, periods of low natural gas and oil prices may result in a reduction of the carrying value of our natural gas and oil properties due to recognizing impairments in proved and unproved properties. Volatility in natural gas, oil and NGL prices may result from factors that are beyond our control, including: • domestic and worldwide supplies of natural gas, oil and NGL, including U. S. inventories of natural gas and oil reserves; • weather conditions; • changes in the level of consumer and industrial demand, including impacts from global or national health epidemics and concerns, such as the COVID- 19 pandemic; • the price and availability of alternative fuels; • technological advances affecting energy consumption; • the effectiveness of worldwide conservation measures; • the availability, proximity and capacity of pipelines, other transportation facilities and processing facilities; • the level and effect of trading in commodity futures markets, including by commodity price speculators and others; • U. S. exports of natural gas, oil, liquefied natural gas and NGL; • the price and level of foreign imports; • the nature and extent of domestic and foreign governmental regulations and taxes; • the ability of the members of the Organization of Petroleum Exporting Countries (OPEC) and others to agree to and maintain oil price and production controls; • increased use of competing energy products, including alternative energy sources; • political instability or armed conflict in natural gas and oil producing regions, including in connection with the ~~ongoing~~ **continued armed** conflict ~~between Russia~~ and ~~Ukraine~~ **instability in Europe and the Middle East** ; • acts of terrorism; and • domestic and global economic and political conditions. These factors and the volatility of the energy markets make it extremely difficult to predict future natural gas, oil and NGL price movements. In addition, any prolonged period of lower prices could reduce the quantities of reserves that we may economically produce. **Regional epidemics or pandemics and related economic turmoil, including supply chain constraints, have affected, and could in future adversely affect our business, financial condition, results of operations and cash flows.** The ~~ongoing~~ COVID- 19 pandemic ~~and related~~ **adversely impacted the entire global** ~~economic~~ **economy** ~~turmoil~~ , including **creating** supply chain constraints, ~~have affected,~~ and **any future regional epidemics** ~~could continue to adversely affect, our~~ - **or** ~~business, financial condition, results of operations and cash flows. The~~ global ~~spread of COVID- 19 created significant volatility, uncertainty, and economic disruption, including supply chain constraints, commencing in 2020, and threatens to continue to do so in 2023. The pandemic~~ **pandemics** ~~has adversely impacted the entire global economy,~~ and ~~there is considerable uncertainty regarding how long the pandemic and related market conditions will persist and the extent and duration of~~ governmental and other measures implemented to try to ~~slow~~ **address** ~~the~~ **them** ~~spread of the virus~~ , such as quarantines, shelter- in- place orders, business and government shutdowns and restrictions on operations **, could adversely affect** ~~. Our precautionary measures and plans may not be effective in preventing future disruptions to~~ our business ~~. Moreover~~ , ~~future~~ **financial condition, results of** operations **and cash flows** ~~could be negatively affected if a significant number of our employees are quarantined as a result of exposure to the virus~~ . ~~In addition, actions~~ **Actions** by our customers and derivative contract counterparties in response to **such events** ~~COVID- 19~~ and ~~its~~ **their** economic impacts, including potential non- performance or delays, ~~may~~ **could** also have an adverse impact on our business ~~. Natural gas and oil prices are expected to continue to be volatile as a result of the ongoing COVID- 19 pandemic and other geopolitical factors, and as changes in natural gas and oil inventories, industry demand and national and economic performance are reported, and we cannot predict when prices will improve and stabilize. Due to numerous uncertainties, we cannot at this time predict the full impact that COVID- 19 or the significant disruption and volatility currently being experienced in the natural gas and oil markets will have on our business, financial condition and results of operations. If commodity prices fall or drilling efforts are unsuccessful, we may be required to record write downs of the carrying value of our natural gas and oil properties~~ . We have been required to write down the carrying value of certain of our natural gas and oil properties in the past, and there is a risk that we will be required to take additional ~~writedowns~~ **write- downs** in the future. ~~Writedowns~~ **Write- downs** may occur in the future when natural gas and oil prices are low **for sustained periods** , or if we have downward adjustments to our estimated proved reserves, increases in our estimates of operating or development costs, or due to the anticipated sale of properties. The successful efforts method of accounting requires that we periodically review the carrying value of our natural gas and oil properties for possible impairment. Impairment is recognized for the excess of book value over fair value when the book value of a proven property is greater than the expected undiscounted future net cash flows from that property and on acreage when conditions indicate the carrying value is not recoverable. We may be required to write **-** down the carrying value of a property based on natural gas and oil prices at the time of the impairment review, or as a result of continuing evaluation of drilling results, production data, economics, divestiture activity, and other factors. A ~~writedown~~ **write- down** constitutes a non- cash charge to earnings and does not impact cash or cash flows from operating activities; however, it reflects our long- term ability to recover an investment, reduces our reported earnings and increases certain leverage ratios. See Impairments within Critical Accounting Estimates included in Item 7 of this report for further information. ~~Significant capital expenditures are required to~~

~~replace our reserves and conduct our business.~~ Our exploration, development and acquisition activities require substantial capital expenditures. We intend to fund our capital expenditures through cash flows from operations, and to the extent that is not sufficient, borrowings under our revolving credit facility. Our ability to generate operating cash flow is subject to a number of risks and variables, such as the level of production from existing wells, prices of natural gas, oil and NGL, our success in developing and producing new reserves and the other risk factors discussed herein. Our forecasted ~~2023~~ **2024** capital expenditures, inclusive of capitalized interest, are $ 1. ~~765~~ **25** - $ 1. ~~835~~ - **35** billion compared to our ~~2022~~ **2023** capital spending level of $ 1. ~~9~~ **8** billion. Management continues to review operational plans for ~~2023~~ **2024** and beyond, which could result in changes to projected capital expenditures and projected revenues from sales of natural gas, oil and NGL. If we are unable to fund our capital expenditures as planned, we could experience a curtailment of our exploration and development activity, a loss of properties and a decline in our natural gas, oil and NGL reserves ~~. If we are not able to replace reserves, we may not be able to sustain production~~ . Our future success depends largely upon our ability to find, develop or acquire additional natural gas and oil reserves that are economically recoverable. Unless we replace the reserves we produce through successful development, exploration or acquisition activities, our proved reserves and production will decline over time. Thus, our future natural gas and oil reserves and production, and therefore our cash flows and income, are highly dependent on our success in efficiently developing our current reserves and economically finding or acquiring additional recoverable reserves ~~. The actual quantities of and future net revenues from our proved reserves may be less than our estimates~~ . The estimates of our proved reserves and the estimated future net revenues from our proved reserves included in this report are based upon various assumptions, including assumptions required by the SEC relating to natural gas, oil and NGL prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. The process of estimating natural gas, oil and NGL reserves is complex and involves significant decisions and assumptions associated with geological, geophysical, engineering and economic data for each well. Therefore, these estimates are subject to future revisions. Actual future production, natural gas, oil and NGL prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable natural gas, oil and NGL reserves most likely will vary from these estimates. Such variations may be significant and could materially affect the estimated quantities and present value of our proved reserves. In addition, we may adjust estimates of proved reserves to reflect production history, results of exploration and development drilling, prevailing natural gas and oil prices and other factors, many of which are beyond our control. As of December 31, ~~2022~~ **2023** , approximately ~~33~~ **34** % of our estimated proved reserves (by volume) were undeveloped. These reserve estimates reflect our plans for capital expenditures to convert PUDs into proved developed reserves, including approximately $ ~~1~~ **2** . ~~3~~ **0** billion during the next five years. You should be aware that the estimated development costs may not equal our actual costs, development may not occur as scheduled and results may not be as estimated. If we choose not to develop our PUDs, or if we are not otherwise able to successfully develop them, we will be required to remove them from our reported proved reserves. In addition, under the SEC ~~'~~ **'** s reserve reporting rules, because PUDs generally may be booked only if they relate to wells scheduled to be drilled within five years of the date of booking, we may be required to remove any PUDs that are not developed within this five- year time frame. You should not assume that the present values included in this report represent the current market value of our estimated reserves. In accordance with SEC requirements, the estimates of our present values are based on prices and costs as of the date of the estimates. The price on the date of estimate is calculated as the average natural gas and oil price during the 12 months ending in the current reporting period, determined as the unweighted arithmetic average of prices on the first day of each month within the 12- month period. The December 31, ~~2022~~ **2023** present value is based on **the** ~~prices~~ - **price** of $ ~~6~~ **2** . ~~36~~ **64** per ~~mcf~~ **Mcf** of natural gas ~~, $ 93. 67 per bbl of oil and $ 43. 58 per bbl of NGL~~ , before basis differential adjustments. Actual future prices and costs may be materially higher or lower than the prices and costs as of the date of an estimate. The timing of both the production and the expenses from the development and production of natural gas and oil properties will affect both the timing of future net cash flows from our proved reserves and their present value. Any changes in demand for natural gas and oil, governmental regulations or taxation will also affect the future net cash flows from our production. In addition, the 10 % discount factor that is required by the SEC to be used in calculating discounted future net cash flows for reporting purposes is not necessarily the most appropriate discount factor. Interest rates in effect from time to time and the risks associated with our business or the gas and oil industry in general will affect the appropriateness of the 10 % discount factor ~~. Our development and exploratory drilling efforts and our well operations may not be profitable or achieve our targeted returns~~ . We have a substantial inventory of undeveloped properties. Development and exploratory drilling and production activities are subject to many risks, including the risk that commercially productive reservoirs will not be discovered. We have acquired undeveloped properties that we believe will enhance our growth potential and increase our earnings over time. However, we cannot assure you that all prospects will be economically viable or that we will not abandon our initial investments. Additionally, there can be no assurance that undeveloped properties acquired by us will be profitably developed, that new wells drilled by us in prospects that we pursue will be productive, or that we will recover all or any portion of our investment in such undeveloped properties or wells. Drilling for natural gas and oil may involve unprofitable efforts, not only from dry wells but also from wells that are productive but do not produce sufficient commercial quantities to cover the drilling, operating and other costs. The cost of drilling, completing and operating a well is often uncertain, and many factors can adversely affect the economics of a well or property. Drilling and completion operations may be curtailed, delayed or canceled as a result of unexpected drilling conditions, title problems, equipment failures or accidents, shortages of midstream transportation, equipment or personnel, environmental issues, state or local bans or moratoriums on hydraulic fracturing and produced water disposal, federal restrictions on gas and oil leasing and permitting, and a decline in commodity prices, among others. The profitability of wells, particularly in certain of the areas in which we operate, will be reduced or eliminated if commodity prices decline. In addition, wells that are profitable may not meet our internal return targets, which are dependent upon the current and future market prices for natural gas, oil and NGL, costs associated with producing natural gas, oil and NGL and our ability to add reserves at an acceptable cost. We rely to a significant extent on seismic data and other technologies in evaluating undeveloped properties and in conducting our exploration activities. The seismic data and other technologies we use do not allow us to know conclusively, prior to acquisition of undeveloped properties, or drilling a well, whether natural gas or oil is present or may be produced economically. If we incur significant expense in acquiring or developing properties that do not produce as expected or at profitable levels, it could have a material adverse effect on our results of operations and financial condition. ~~Certain of our undeveloped properties are subject to leases that will expire over the next several years unless production is established on units containing the acreage or the leases are renewed.~~ Leases on natural gas and oil properties typically have a term of three to five years, after which they expire unless, prior to expiration, a well is drilled and production of hydrocarbons in paying quantities is established. If our leases on our undeveloped properties expire and we are unable to renew the leases, we will lose our right to develop the related properties. Although we seek to actively manage our undeveloped properties, our drilling plans for these areas are subject to change based upon various factors, including drilling results, natural gas and oil prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, gathering system and pipeline transportation constraints and regulatory approvals. Low commodity prices may cause us to delay our drilling plans and, as a result, lose our right to develop the related properties ~~. Our commodity price risk management activities may limit the benefit we would receive from increases in commodity prices, may require us to provide collateral for derivative liabilities and involve risk that our counterparties may be unable to satisfy their obligations to us~~ . To manage our exposure to price volatility, we enter into natural gas, oil and NGL price derivative contracts. Our natural gas, oil and NGL derivative arrangements may limit the benefit we would receive from increases in commodity prices. The fair value of our natural gas, oil and NGL derivative instruments can fluctuate significantly between periods. Our decision to mitigate cash flow volatility through derivative arrangements, if any, is based in part on our view of current and future market conditions and our desire to stabilize cash flows necessary for the development of our proved reserves. We may choose not to enter into derivatives if we believe the pricing environment for certain time periods is unfavorable. Additionally, we may choose to liquidate existing derivative positions prior to the expiration of their contractual maturities to monetize gain positions for the purpose of funding our capital program. Most of our natural gas, oil and NGL derivative contracts are with counterparties under bilateral hedging arrangements. Under a majority of our arrangements, the collateral provided for our obligations is secured by the same hydrocarbon interests that secure our New Credit Facility. Our counterparties' obligations under the arrangements must be secured by cash or letters of credit to the extent that any mark- to- market amounts owed to us exceed defined thresholds. Collateral requirements are dependent to a large extent on natural gas and oil prices. Natural gas, oil and NGL derivative transactions expose us to the risk that our counterparties, which are generally financial institutions, may be unable to satisfy their obligations to us. During periods of declining commodity prices, the value of our commodity derivative asset positions increase, which increases our counterparty exposure. Although the counterparties to our hedging arrangements are required to secure their obligations to us under certain scenarios, if any of our counterparties were to default on their obligations to us under the derivative contracts or seek bankruptcy protection, it could have an adverse effect on our ability to fund our planned activities and could result in a larger percentage of our future cash flows being exposed to commodity price changes ~~. Natural gas and oil operations are uncertain and involve substantial costs and risks~~ . Our operating activities are subject to numerous costs and risks, including the risk that we will not encounter commercially productive gas or oil reservoirs. Drilling for natural gas, oil and NGL can be unprofitable, not only from dry holes, but from productive wells that do not return a profit because of insufficient revenue from production or high costs. Substantial costs are required to locate, acquire and develop gas and oil properties, and we are often uncertain as to the amount and timing of those costs. Our cost of drilling, completing, equipping and operating wells is often uncertain before drilling commences. Declines in commodity prices and overruns in budgeted expenditures are common risks that can make a particular project uneconomic or less economic than forecasted. Although both exploratory and developmental drilling activities involve these risks, exploratory drilling involves greater risks of dry holes or failure to find commercial quantities of hydrocarbons. In addition, our gas and oil properties can become damaged, our operations may be curtailed, delayed or canceled and the costs of such operations may increase as a result of a variety of factors, including, but not limited to: • unexpected drilling conditions, pressure conditions or irregularities in reservoir formations; • equipment failures or accidents; • fires, explosions, blowouts, cratering or loss of well control; • the mishandling or underground migration of fluids and chemicals; • adverse weather conditions and natural disasters, such as tornadoes, earthquakes, hurricanes and extreme temperatures; • issues with title or in receiving governmental permits or approvals; • restricted takeaway capacity for our production, including due to inadequate midstream infrastructure or constrained downstream markets; • environmental hazards or liabilities; • restrictions in access to, or disposal of, water used or produced in drilling and completion operations; • shortages or delays in the availability of services or delivery of equipment; and • unexpected or unforeseen changes in regulatory policy, and political or public opinion. The occurrence of one or more of these factors could result in a partial or total loss of our investment in a particular property, as well as significant liabilities. Although we may maintain insurance against some, but not all, of the risks described above, our insurance may not be adequate to cover casualty losses or liabilities, and our insurance does not cover penalties or fines that may be assessed by a governmental authority. For certain risks, such as political risk, business interruption, war, terrorism and piracy, we have limited or no insurance coverage. Also, in the future we may not be able to obtain insurance at premium levels that justify its purchase. The occurrence of a significant event against which we are not fully insured may expose us to liabilities. Moreover, certain of these events could result in environmental pollution and impact to third parties, including persons living in proximity to our operations, our employees and employees of our contractors, leading to possible injuries, death ~~or~~ **,** significant damage to property and natural resources ~~. Our ability to produce natural gas~~ , ~~oil and NGL economically and in commercial quantities could be impaired if we are unable to acquire adequate supplies of water for~~ **or significant financial liabilities** ~~our~~ **or penalties** ~~operations or are unable to dispose of or recycle the water we use economically and in an environmentally safe manner~~ . Development activities, particularly hydraulic fracturing, require the use and disposal of significant quantities of water. In certain areas, there may be insufficient local aquifer capacity to provide a source of water for drilling activities. Water must be obtained from other sources and transported to the drilling site. Our inability to secure sufficient amounts of water, or to dispose of or recycle the water used in our operations, could adversely impact our operations in certain areas. The imposition of environmental initiatives and regulations could further restrict 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 materials associated with the exploration, development or production of natural gas and oil. ~~Our operations may be adversely affected by pipeline, trucking and gathering system capacity constraints and may be subject to interruptions that could adversely affect our cash flow.~~ In certain resource plays, the capacity of gathering and transportation systems is insufficient to accommodate potential production from existing and new wells. We rely heavily on third parties to meet our natural gas, oil and NGL gathering needs. Capital constraints could limit the construction of new pipelines and gathering systems and the provision or expansion of trucking services by third parties. Until this new capacity is available, we may experience delays in producing and selling our natural gas, oil and NGL. In such event, we might have to shut in our wells while awaiting a pipeline connection or additional capacity, which would adversely affect our results of operations. A portion of our natural gas, oil and NGL production in any region may be interrupted, or shut in, from time to time for numerous reasons, including weather conditions, accidents, loss of pipeline or gathering system access, field labor issues or strikes, or we might voluntarily curtail production in response to market conditions. If a substantial amount of our production is interrupted at the same time, it could materially adversely affect our cash flow. ~~Cyber~~ **As a domestic natural gas exploration and production company, we may be indirectly exposed to certain risks in the U. S. LNG export markets, including to the extent that we have entered into, or may in the future enter into, long** - **term natural** ~~attacks targeting systems and infrastructure used by the~~ gas ~~and oil~~ **supply agreements with LNG export facilities. The LNG export** industry ~~and~~ **is a highly** ~~related~~ **regulated** ~~regulations may adversely impact~~ **and capital intensive industry that is subject to a number of risks. Many facilities remain under construction** ~~our~~ - **or** ~~operations and~~ **are expanding** , **and** if **these facilities** ~~we or our third- party providers~~ are unable to obtain and maintain ~~adequate protection~~ **approvals and permits from governmental and regulatory agencies with respect to the design, construction and operation of their facilities, or if they are unable to secure financing in connection with their operations or the completion of their planned projects, the U. S. LNG market may be materially and adversely impacted, which could reduce demand** for ~~our key systems~~ **U. S. natural gas** and ~~data,~~ **have a material adverse effect on** our business **, contracts, financial condition, operating results, cash flow, liquidity and prospects. We may also in the future enter into other commercial arrangements directly with foreign LNG customers. LNG sale and purchase agreements commonly have terms exceeding 10 years, which could expose us to credit risk should a customer default and we are required to seek recourse. Additionally, long- term LNG sales and purchase agreements generally permit a customer to terminate their contractual obligations upon the occurrence of certain events, including: (i) a failure to make available specified scheduled cargo quantities, (ii) delays in the commencement of commercial operations, and (iii) the occurrence of certain events of force majeure. The occurrence of these and other events permitting termination** may be ~~harmed~~ **outside of our control and may expose us to unrecoverable losses. Further, any future commercial agreement may expose us to commodity risks associated with differential pricing of natural gas in different markets. LNG and natural gas are traded according to prices determined with reference to a variety of international indices, including the Japan Korea Marker (JKM) and the Dutch TTF market, each of which may materially differ from prices that use the U. S. Henry Hub index as a reference price. If we are unable to manage the impacts of unfavorable price differentials between domestic and international indices for LNG or natural gas in the context of future agreements, this could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects** . Our business has become increasingly dependent on digital technologies to conduct certain exploration, development and production activities. We depend on digital technology to estimate quantities of natural gas, oil and NGL reserves, process and record financial and operating data, analyze seismic and drilling information, and communicate with our customers, employees and third- party partners. In addition, many third- party providers, such as vendors and others in the supply chain, directly or indirectly provide to us various products and services across an array of internal and external functions that enable us to conduct, monitor and / or protect our business, systems and data assets. In addition, in the ordinary course **of business** , we and our service providers collect, process, transmit, and store proprietary and confidential data, including personal information. We have been the subject of cyber- attacks on our internal systems and through those of third parties in the past. As an energy company, we expect to continue to be a target for such attacks in the future from nation- state sponsored foreign actors and other attackers. We ~~are vulnerable to~~ **face evolving cybersecurity risks that threaten the confidentiality, integrity, and availability of our digital technologies and business data, including** malicious attacks by third parties or insiders, social engineering **/ phishing** and human error, as well as ~~to~~ bugs **, misconfigurations of hardware or software** and other vulnerabilities that may exist in our or our third- party providers' systems or technologies. Unauthorized access to our seismic data, reserves information, customer or employee data or other proprietary or commercially sensitive information could lead to data corruption, communication interruption, or other disruptions in our exploration or production operations or planned business transactions, any of which could have a material adverse impact on our results of operations. If our information technology systems cease to function properly or our cybersecurity is breached (for example, due to ransomware), we could suffer disruptions to our normal operations, which may include disruptions to our drilling, completion, production and corporate functions. **There can also be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our systems and data.** A cyber- attack, or the perception thereof, involving our information systems and related infrastructure, or that of our business associates or third- party providers, could result in supply chain disruptions that delay or prevent the transportation and marketing of our production, non- compliance leading to regulatory fines or penalties, loss or disclosure of, or damage to, our or any of our customer' s or supplier' s data or confidential information that could harm our business by damaging our reputation, subjecting us to potential financial or legal liability, and requiring us to incur significant costs, including costs to repair or restore our systems and data or to take other remedial steps. **Additionally, failure to comply with the obligations of any cyber incident notification laws or regulations can result in legal claims or proceedings (such as class actions), regulatory investigations and enforcement actions, fines and penalties, and negative reputational impacts that could cause us to lose existing or future customers. In the event of a cyber- attack, we may be required by federal and state laws or regulations to provide notification to regulators or individuals. For example, the Cyber Incident Reporting for Critical Infrastructure Act (CIRCIA) was signed into law on March 15, 2022. CIRCIA mandates that all owners and operators of critical infrastructure report cyber incidents to the U. S. Department of Homeland Security' s Cybersecurity and Infrastructure Security Agency (CISA) within 72 hours and ransomware payments within 24 hours. These new requirements will become effective once CISA promulgates rules pursuant to the Act. CISA is required to issue a notice of proposed rulemaking by March 2024 and issue a final rule within 18 months of issuing the proposed rule.** Both the frequency and magnitude of cyberattacks is expected to increase ~~and~~ **as** attackers are becoming more sophisticated. As a result, we may be unable to anticipate, detect, prevent, **investigate** or contain future attacks, particularly as the methodologies utilized by attackers change frequently or are not recognized until launched, and we may be unable to investigate or remediate incidents because attackers are increasingly using techniques and tools designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence. Further, ~~the COVID- 19 pandemic has increased our exposure to potential cybersecurity breaches as a result of~~ global remote working dynamics for our customers, employees and third- party providers ~~that~~ present additional risk that threat actors may seek to engage in social engineering (for example, phishing) and to exploit vulnerabilities in corporate and non- corporate networks. As cyber- attacks continue to evolve, we may be required to spend significant additional resources to modify or enhance our protective measures or to investigate and remediate any vulnerabilities to cyber- attacks. ~~In addition~~ **Any losses** , ~~new~~ **costs or liabilities directly or indirectly related to cyberattacks or similar incidents may not be covered by, or may exceed the coverage limits of, any or all of our insurance policies. We and our vendors are subject to a variety of federal and state data privacy** laws ~~and~~ **, rules,** regulations **, industry standards and other requirements** governing data privacy and the unauthorized disclosure of confidential information **, which** pose increasingly complex compliance challenges and potentially elevate costs as we collect **, process** and store personal data related to **our past, current and prospective** employees, royalty owners and other parties. Any failure to comply with these laws and regulations could result in significant penalties and legal liability. For example, we are subject to various state privacy laws, such as the California Consumer Privacy Act (" CCPA "), which came into effect in January, 2020, and the California Privacy Rights Act (" CPRA "), which expands upon the CCPA and came into effect in January 2023 (with a lookback period until January 2022). The CCPA and the CPRA, among other things, contain new disclosure obligations for businesses that collect personal information about California residents **, provide such** ~~and enhanced consumer protections for those~~ individuals **expanded rights to access, delete, and correct their personal information, and opt- out of certain sales or transfers of personal information** , and provide for statutory fines and penalties for certain data security breaches or other CCPA and CPRA violations. ~~At least fifteen~~ **The enactment of the CCPA has prompted a wave of similar legislative developments in** other states ~~have considered~~ **in the United States** , ~~and some have already enacted,~~ **which creates the potential for a patchwork of overlapping but different state laws. Any failure or perceived failure by us to comply with data** privacy laws ~~like~~ **, rules, regulations, industry standards and** ~~the~~ **other** ~~CCPA and the CPRA. Any losses~~ **requirements could result in proceedings or actions against us by individuals** , **consumer rights groups, government agencies or others. We could incur significant** costs **in investigating and defending such claims and, if found liable, pay significant damages** or **fines** ~~liabilities directly~~ or ~~indirectly related to cyberattacks or similar incidents may not~~ be ~~covered by,~~ **required to make changes to** ~~or~~ **our business. Further** ~~may exceed the coverage limits of~~ , any **such proceedings and any subsequent adverse outcomes may subject us to significant negative publicity and an erosion of trust. If any of these events were to occur,** ~~or~~ **our** ~~all of~~ **business, financial condition,** ~~our~~ - **or results of** ~~insurance policies. Our~~ operations could be **materially adversely affected** ~~disrupted by natural or human causes beyond our control~~ . Our operations are subject to disruption from natural or human causes beyond our control, including risks from extreme weather events, such as hurricanes, severe storms, floods, droughts, heat waves, winter storms, and ambient temperature **, water level,** or precipitation changes, as well as wildfires, war, accidents, civil unrest, political events, earthquakes, system failures, cyber threats, terrorist acts and epidemic or pandemic diseases, such as the COVID- 19 pandemic, any of which could result in suspension of operations (including those of our customers or suppliers) or harm to people, our assets or the natural environment. It is difficult to predict with certainty the timing, frequency or severity of such events or how such frequency or severity may change. Any such events could have a material adverse effect on our results of operations or financial condition. Moreover, any changes in ambient temperatures may impact demand for natural gas if it results in lower energy needs for, among other things, temperature control. While concerns over energy security have, in some situations, seen increased demand for natural gas, sustained concerns over energy security may result in an accelerated adoption of renewable energy and other alternative energy generation or storage, or energy efficiency, technologies. Any such accelerated adoption of alternative energy sources or energy efficiency improvements may decrease demand for our products or otherwise adversely impact our business or results of operations. In addition, our headquarters are located in Oklahoma City, Oklahoma, an area that experiences severe weather events, including tornadoes and earthquakes. Our information systems and administrative and management processes are primarily provided to our various drilling projects and producing wells throughout the United States from this location, which could be disrupted if a catastrophic event, such as a tornado, power outage or act of terror, destroyed or severely damaged our headquarters. Any such catastrophic event could harm our ability to conduct normal operations and could adversely affect our business ~~. A deterioration in general economic, political, business or industry conditions would have a material adverse effect on our results of operations, liquidity and financial condition~~ . Historically, concerns about global economic growth and international political stability have had a significant impact on global financial markets and commodity prices, including petroleum products. If the economic or political climate in the United States or abroad deteriorates, worldwide demand for petroleum products could diminish, which could impact the price at which we can sell our production, affect the ability of our vendors, suppliers and customers to continue operations and materially adversely impact our results of operations, liquidity and financial condition. The global market is also ~~currently~~ **continuing to** ~~experiencing~~ **experience** inflationary pressure, including rising fuel costs, a tightening steel market and labor and supply chain shortages, which could result in increases to our operating and capital costs that are not fixed. Military and other armed conflicts, including terrorist activities, and related price volatility and geopolitical instability **,** could materially and adversely affect our business and results of operations. Military and other armed conflicts, terrorist attacks and the threat of both, whether domestic or foreign, could cause **further** instability in the global financial and energy markets. Continued instability in **Europe and** the Middle East and the occurrence or threat of terrorist attacks in the United States or other countries could adversely affect the global economy in unpredictable ways, including the disruption of energy supplies and markets, increased volatility in commodity prices, including petroleum products, or the possibility that the infrastructure on which we rely could be a direct target or an indirect casualty of an act of terrorism, and, in turn, could materially and adversely affect our business and results of operations. For example, in late February 2022, Russia launched a military invasion against Ukraine. Sustained conflict and disruption in the region is likely in the near term, and the longer- term duration of the war is uncertain. The Russian invasion has caused, and could intensify, volatility in natural gas, oil and NGL prices, driving a sharp upward spike in the short term, and may have an impact on global growth prospects, which could in turn affect demand for natural gas and oil. **In addition, any exacerbation or spillover of the current armed conflict between Israel and Hamas into the broader region could produce similar impacts.** Any such volatility, impacts on demand and disruptions may also magnify the impact of other risk factors described in this report ~~. Financial Risks Related to our Business We have significant capital needs, and our ability to access the capital and credit markets to raise capital on favorable terms is limited by industry conditions~~ . Disruptions in the capital and credit markets, in particular with respect to the energy sector, could limit our ability to access these markets or may significantly increase our cost to borrow. In the past, low commodity prices have caused and may continue to cause lenders to increase the interest rates under upstream operators' credit facilities, enact tighter lending standards, refuse to refinance existing debt around maturity on favorable terms or at all and may reduce or cease to provide funding to borrowers. Additionally, certain financial institutions have announced their intention to cease investment banking and corporate lending activities in the North American gas and oil sector or have established climate- related funding commitments that could have the effect of limiting their investment in us or our industry. If we are unable to access the capital and credit markets on favorable terms, it could have a material adverse effect on our business, financial condition, results of operations, cash flows and liquidity and our ability to repay or refinance our debt. Additionally, challenges in the economy have led and could further lead to reductions in the demand for gas and oil, or further reductions in the prices of gas and oil, or both, which could have a negative impact on our financial position, results of operations and cash flows ~~. Restrictive covenants in certain of our debt agreements 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~~ . Our debt agreements impose operating and financial restrictions on us. These restrictions limit our ability and that of our restricted subsidiaries to, among other things: • incur additional indebtedness; • make investments or loans; • create liens; • consummate mergers and similar fundamental changes; • make restricted payments; • make investments in unrestricted subsidiaries; • enter into transactions with affiliates; and • use the proceeds of asset sales. We may be prevented from taking advantage of business opportunities that arise because of the limitations imposed on us by the restrictive covenants under certain of our debt agreements. The restrictions contained in the covenants could: • limit our ability to plan for, or react to, market conditions, to meet capital needs or otherwise to restrict our activities or business plan; and • adversely affect our ability to finance our operations, enter into acquisitions or divestitures to engage in other business activities that would be in our interest. ~~Our actual financial results after emergence from bankruptcy may not be comparable to our historical financial information as a result of the implementation of the Plan and the transactions contemplated thereby.~~ In connection with the disclosure statement **,** we filed with the Bankruptcy Court, and the hearing to consider confirmation of the Plan, we prepared projected financial information to demonstrate to the Bankruptcy Court the feasibility of the Plan and our ability to continue operations upon our emergence from bankruptcy. Those projections were prepared solely for the purpose of bankruptcy proceedings and have not been, and will not be, updated on an ongoing basis and should not be relied upon by investors. At the time they were prepared, the projections reflected numerous assumptions concerning our anticipated future performance with respect to prevailing and anticipated market and economic conditions that were and remain beyond our control and that may not materialize. Projections are inherently subject to substantial and numerous uncertainties and to a wide variety of significant business, economic and competitive risks, and the assumptions underlying the projections and / or valuation estimates may prove to be incorrect in material respects. Actual results may vary significantly from those contemplated by the projections. As a result, investors should not rely on these projections. ~~Legal~~ **Chesapeake** and **Southwestern must obtain certain** ~~Regulatory~~ **regulatory approvals and clearances to consummate the Southwestern Merger, which, if delayed, not granted or granted with unacceptable conditions, could prevent, substantially delay or impair consummation of the merger, result in additional expenditures of money and resources or reduce the anticipated benefits of the merger. At any time before or after consummation of the Southwestern Merger, the U. S. Department of Justice or the Federal Trade Commission, or any state attorney general, could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including but not limited to seeking to enjoin the completion of the merger, seeking divestiture of substantial assets of the parties or requiring the parties to license, or hold separate, assets or terminate existing relationships and contractual rights. Private parties may also seek to take legal action under the antitrust laws under certain circumstances. Such conditions or changes and the process of obtaining regulatory approvals could have the effect of delaying or impeding consummation of the Southwestern Merger or of imposing**

additional costs or limitations on Chesapeake or Southwestern following completion of the merger, any of which might have an adverse effect on Chesapeake or Southwestern following completion of the merger and may diminish the anticipated benefits of the Southwestern Merger. The Southwestern Merger is subject to various closing conditions, and any delay in completing the merger may reduce or eliminate the benefits expected. The Southwestern Merger is subject to the satisfaction of a number of other conditions beyond the parties' control that may prevent, delay or otherwise materially adversely affect the completion of the merger. These conditions include, among other things, Southwestern shareholder approval of the merger agreement, Chesapeake shareholder approval of the issuance of Chesapeake common stock in connection with the merger and the expiration or termination of all applicable waiting periods (and any extensions thereof) under the HSR Act and any commitment to, or agreement (including any timing agreement) with, any governmental entity to delay the consummation of, or not to consummate before a certain date, the Southwestern Merger. Chesapeake cannot predict with certainty whether and when any of these conditions will be satisfied. Any delay in completing the Southwestern Merger could cause the combined company not to realize, or delay the realization of, some or all of the benefits that the companies expect to achieve from the Southwestern Merger. The merger agreement limits Chesapeake' s and Southwestern' s respective ability to pursue alternatives to the Southwestern Merger, which may discourage other companies from making a favorable alternative transaction proposal and, in specified circumstances, could require Chesapeake or Southwestern to pay the other party a termination fee. The merger agreement contains certain provisions that restrict each of Chesapeake' s and Southwestern' s ability to directly or indirectly solicit competing acquisition proposals or to enter into discussions concerning, or provide confidential information in connection with, any proposal or offer that constitutes, or would reasonably be expected to lead to, a competing acquisition proposal, and Chesapeake and Southwestern have each agreed to certain terms and conditions relating to their ability to engage in, continue or otherwise participate in any discussions with respect to, provide a third party confidential information with respect to or enter into any acquisition agreement with respect to certain unsolicited proposals that constitute or are reasonably likely to lead to a competing proposal. Further, even if the Chesapeake Board of Directors of Directors or the Southwestern Board of Directors of Directors changes, withdraws, modifies, or qualifies its recommendation, unless the merger agreement has been terminated in accordance with its terms, both parties will still be required to submit the proposals regarding the Southwestern Merger to a vote at their respective special meetings. In addition, Chesapeake and Southwestern generally have an opportunity to offer to modify the terms of the merger agreement in response to a competing acquisition proposal or intervening event before the board of directors of the other party may withdraw or qualify their respective recommendations. The merger agreement further provides that, under specified circumstances, including in the event that either Southwestern or Chesapeake terminates the merger agreement in response to an acquisition proposal from a third party that their respective board of directors determines constitutes a superior offer, Southwestern may be required to reimburse Chesapeake' s expenses up to approximately $ 55. 6 million or pay Chesapeake a termination fee equal to $ 260. 0 million, less any expenses previously paid, and Chesapeake may be required to reimburse Southwestern' s expenses up to approximately $ 37. 3 million or pay Southwestern a termination fee equal to $ 389. 0 million, less any expenses previously paid. These provisions could discourage a potential third- party acquirer or other strategic transaction partner that might have an interest in Chesapeake or Southwestern from considering or pursuing an alternative transaction with either party or proposing such a transaction. These provisions might also result in a potential third- party acquirer or other strategic transaction partner proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances. The market price for Chesapeake common stock following the closing may be affected by factors different from those that historically have affected or currently affect Chesapeake common stock and Southwestern common stock. Upon completion of the merger, Southwestern shareholders who receive Chesapeake common stock will become shareholders of Chesapeake. Chesapeake' s financial position may differ from its financial position before the completion of the merger, and the results of operations of the combined company may be affected by some factors that are different from those currently affecting the results of operations of Chesapeake and those currently affecting the results of operations of Southwestern. Accordingly, the market price and performance of Chesapeake common stock is likely to be different from the performance of Southwestern common stock, or Chesapeake common stock in the absence of the merger. In addition, general fluctuations in stock markets could have a material adverse effect on the market for, or liquidity of, Chesapeake common stock, regardless of Chesapeake' s actual operating performance. Completion of the Southwestern Merger may trigger change in control or other provisions in certain agreements to which Chesapeake, Southwestern or any of their respective subsidiaries or joint ventures is a party. The completion of the Southwestern Merger may trigger change in control or other provisions in certain agreements to which Chesapeake, Southwestern or any of their respective subsidiaries or joint ventures is a party. If Chesapeake or Southwestern are unable to negotiate waivers of those provisions, the counterparties may exercise their rights and remedies under such agreements, potentially terminate such agreements, or seek monetary damages. Even if Chesapeake or Southwestern are able to negotiate waivers, the counterparties may require a fee for such waivers or seek to renegotiate such agreements on terms less favorable to Chesapeake, Southwestern or the applicable subsidiary or joint venture. Chesapeake and Southwestern are expected to incur significant transaction costs in connection with the Southwestern Merger, which may be in excess of those anticipated by them. Chesapeake and Southwestern have incurred and are expected to continue to incur a number of non- recurring costs associated with negotiating and completing the Southwestern Merger, combining the operations of the two companies and achieving desired synergies. These costs have been, and will continue to be, substantial and, in many cases, will be borne by Chesapeake and Southwestern whether or not the Southwestern Merger is completed. A

substantial majority of non- recurring expenses will consist of transaction costs, including, among others, fees paid to financial, legal, accounting and other advisors, employee retention, severance and benefit costs, and filing fees. Chesapeake will also incur costs related to formulating and implementing integration plans, including facilities and systems consolidation costs and other employment- related costs. Chesapeake and Southwestern will continue to assess the magnitude of these costs, and additional unanticipated costs may be incurred in connection with the Southwestern Merger and the integration of the two companies' businesses. While Chesapeake and Southwestern have assumed that a certain level of expenses would be incurred, there are many factors beyond their control that could affect the total amount or the timing of the expenses. The elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may not offset integration- related costs and achieve a net benefit in the near term, or at all. The costs described above and any unanticipated costs and expenses, many of which will be borne by Chesapeake or Southwestern even if the Southwestern Merger is not completed, could have an adverse effect on Chesapeake' s or Southwestern' s financial condition and operating results. The Merger Agreement subjects Chesapeake and Southwestern to restrictions on their respective business activities prior to the effective time of the Southwestern Merger. The merger agreement subjects Chesapeake and Southwestern to restrictions on their respective business activities prior to the effective time. The merger agreement obligates each of Chesapeake and Southwestern to generally conduct its businesses in the ordinary course until the effective time and to use its reasonable best efforts to preserve substantially intact its present business organization, goodwill and assets, to keep available the services of its current officers and employees and preserve its existing relationships with governmental entities and its significant customers, suppliers, licensors, licensees, distributors, lessors and others having significant business dealings with it. These restrictions could prevent Chesapeake and Southwestern from pursuing certain business opportunities that arise prior to the effective time and are outside the ordinary course of business. Uncertainties associated with the Southwestern Merger may cause a loss of management personnel and other key employees of Chesapeake and Southwestern, which could adversely affect the future business and operations of the combined company following the merger. Chesapeake and Southwestern are dependent on the experience and industry knowledge of their respective officers and other key employees to execute their business plans. The combined company' s success after the Southwestern Merger will depend in part upon its ability to retain key management personnel and other key employees of both Chesapeake and Southwestern. Current and prospective employees of Chesapeake and Southwestern may experience uncertainty about their roles within the combined company following the Southwestern Merger or other concerns regarding the timing and completion of the merger or the operations of the combined company following the merger, any of which may have an adverse effect on the ability of Chesapeake and Southwestern to retain or attract key management and other key personnel. If Chesapeake and Southwestern are unable to retain personnel, including key management, who are critical to the future operations of the companies, Chesapeake and Southwestern could face disruptions in their operations, loss of existing customers, loss of key information, expertise or know- how and unanticipated additional recruitment and training costs. In addition, the loss of key personnel could diminish the anticipated benefits of the Southwestern Merger. No assurance can be given that the combined company, following the Southwestern Merger, will be able to retain or attract key management personnel and other key employees to the same extent that Chesapeake and Southwestern have previously been able to retain or attract their own employees. The Southwestern Merger may not be completed, and the merger agreement may be terminated in accordance with its terms. Failure to complete the Southwestern Merger could negatively impact Chesapeake' s stock and have a material adverse effect on our results of operations, cash flows and financial position. Chesapeake or Southwestern may elect to terminate the merger agreement in accordance with its terms in certain circumstances as further detailed in the merger agreement. If the Southwestern Merger is not completed for any reason, including as a result of failure to obtain all requisite regulatory approvals or if the Chesapeake shareholders or Southwestern shareholders fail to approve the applicable proposals, the ongoing businesses of Chesapeake and Southwestern may be materially adversely affected and, without realizing any of the benefits of having completed the merger, Chesapeake and Southwestern would be subject to a number of risks, including the following: • Chesapeake may experience negative reactions from the financial markets, including negative impacts on its stock price; • Chesapeake and its subsidiaries may experience negative reactions from customers, suppliers, vendors, landlords, joint venture partners and other business partners; • Chesapeake will still be required to pay certain significant costs relating to the Southwestern Merger, such as legal, accounting, financial advisor and printing fees; • Chesapeake may be required to pay a termination fee as required by the merger agreement; • the merger agreement places certain restrictions on the conduct of the respective businesses pursuant to the terms of the merger agreement, which may delay or prevent Chesapeake from undertaking business opportunities that, absent the merger agreement, may have been pursued; • matters relating to the Southwestern Merger (including integration planning) require substantial commitments of time and resources by each company' s management, which may have resulted in the distraction of each company' s management from ongoing business operations and pursuing other opportunities that could have been beneficial to the companies; and • litigation related to any failure to complete the Southwestern Merger or related to any enforcement proceeding commenced against Chesapeake to perform its obligations pursuant to the merger agreement. If the Southwestern Merger is not completed, the risks described above may materialize, which may have a material adverse effect on Chesapeake' s results of operations, cash flows, financial position and stock price. Litigation relating to the Southwestern Merger could result in an injunction preventing completion of the merger, substantial costs to Chesapeake and Southwestern and / or may adversely affect the combined company' s business, financial condition or results of operations following the merger. Securities class action lawsuits and derivative lawsuits are often brought against public companies that have entered into acquisition, merger or other business combination agreements. Even if

such a lawsuit is without merit, defending against these claims can result in substantial costs and divert management time and resources. An adverse judgment could result in monetary damages, which could have a negative impact on Chesapeake' s and Southwestern' s respective liquidity and financial condition. Lawsuits that may be brought against Chesapeake, Southwestern or their respective directors could also seek, among other things, injunctive relief or other equitable relief, including a request to rescind parts of the merger agreement already implemented and to otherwise enjoin the parties from consummating the Southwestern Merger. One of the conditions to the closing of the Southwestern Merger is that no injunction by any court or other tribunal of competent jurisdiction has been entered and continues to be in effect and no law has been adopted or is effective, in either case that prohibits or makes illegal the closing of the merger. Consequently, if a plaintiff is successful in obtaining an injunction prohibiting completion of the Southwestern Merger, that injunction may delay or prevent the merger from being completed within the expected timeframe or at all, which may adversely affect Chesapeake' s and Southwestern' s respective business, financial position and results of operation. There can be no assurance that any of the defendants will be successful in the outcome of any pending or any potential future lawsuits. The defense or settlement of any lawsuit or claim that remains unresolved at the time the Southwestern Merger is completed may adversely affect Chesapeake' s and Southwestern' s business, financial condition, results of operations and cash flows. Risks ~~We~~ **Relating to the Combined Company Following the Merger The combined company may be unable to integrate the businesses of Chesapeake and Southwestern successfully or realize the anticipated benefits of the Southwestern Merger. The Southwestern Merger involves the combination of two companies that currently operate as independent public companies. The combination of two independent businesses is complex, costly and time consuming, and each of Chesapeake and Southwestern will be required to devote significant management attention and resources to integrating the business practices and operations of Southwestern into Chesapeake. Potential difficulties that Chesapeake and Southwestern may encounter as part of the integration process include the following: • the inability to successfully combine the business of Chesapeake and Southwestern in a manner that permits the combined company to achieve, on a timely basis, or at all, the enhanced revenue opportunities and cost savings and other benefits anticipated to result from the Southwestern Merger; • complexities associated with managing the combined businesses, including difficulty addressing possible differences in operational philosophies and the challenge of integrating complex systems, technology, networks and other assets of each of the companies in a seamless manner that minimizes any adverse impact on customers, suppliers, employees and other constituencies; • the assumption of contractual obligations with less favorable or more restrictive terms; and • potential unknown liabilities and unforeseen increased expenses or delays associated with the Southwestern Merger. In addition, Chesapeake and Southwestern have operated and, until the completion of the Southwestern Merger, will continue to operate, independently. It is possible that the integration process could result in: • diversion of the attention of each company' s management; and • the disruption of, or the loss of momentum in, each company' s ongoing businesses or inconsistencies in standards, controls, procedures and policies. Any of these issues could adversely affect each company' s ability to maintain relationships with customers, suppliers, employees and other constituencies or achieve the anticipated benefits of the Southwestern Merger or could reduce each company' s earnings or otherwise adversely affect the business and financial results of the combined company following the merger. The market price for Chesapeake common stock following the closing may be affected by factors different from those that historically have affected or currently affect Chesapeake common stock. Upon completion of the Southwestern Merger, Southwestern shareholders who receive Chesapeake common stock will become shareholders of Chesapeake. Chesapeake' s financial position may differ from its financial position before the completion of the Southwestern Merger, and the results of operations of the combined company may be affected by some factors that** are ~~subject~~ **different from those currently affecting the results of operations of Chesapeake and those currently affecting the results of operations of Southwestern. Accordingly, the market price and performance of Chesapeake common stock is likely** to ~~extensive~~ **be different from the performance of Chesapeake common stock in the absence of the merger. The synergies attributable to the Southwestern Merger may vary from expectations. The combined company may fail to realize the anticipated benefits and synergies expected from the Southwestern Merger, which could adversely affect the combined company' s business, financial condition and operating results. The success of the merger will depend, in significant part, on the combined company' s ability to successfully integrate the acquired business, grow the revenue of the combined company and realize the anticipated strategic and financial performance benefits and synergies from the combination. However, achieving these benefits requires, among other things, realization of the targeted cost and commercial synergies expected from the merger. This growth and the anticipated benefits of the transaction may not be realized fully or at all or may take longer to realize than expected. Actual operating, technological, strategic and revenue opportunities, if achieved at all, may be less significant than expected or may take longer to achieve than anticipated. If the combined company is not able to achieve these objectives and realize the anticipated benefits and synergies expected from the Southwestern Merger within the anticipated timing or at all, the combined company' s business, financial condition and operating results may be adversely affected, the combined company' s earnings per share may be diluted, the accretive effect of the merger may decrease or be delayed and the share price of the combined company may be negatively impacted. The future results of the combined company following the Southwestern Merger will suffer if the combined company does not effectively manage its expanded operations. Following the Southwestern Merger, the size of the business of the combined company will increase significantly. The combined company' s future success will depend, in part, upon its ability to manage this expanded business, which will pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. The combined company may also face increased scrutiny from** governmental ~~regulation~~ **authorities as a result of the significant increase in the size of its**

business. There can be no assurances that the combined company will be successful or that it will realize the expected operating efficiencies, cost savings, revenue enhancements or other benefits currently anticipated from the Southwestern Merger. The Southwestern Merger may result in a loss of customers, suppliers, vendors, landlords, joint venture partners and other business partners and may result in the termination of existing contracts. Following the Southwestern Merger, some of the customers, suppliers, vendors, landlords, joint venture partners and other business partners of Chesapeake or Southwestern may terminate or scale back their current or prospective business relationships with the combined company. In addition, Chesapeake and Southwestern have contracts with customers, suppliers, vendors, landlords, joint venture partners and other business partners that may require Chesapeake or Southwestern to obtain consents from these other parties in connection with the Southwestern Merger , which ~~can change~~ **may not be obtained on favorable terms or at all. If relationships with customers, suppliers, vendors, landlords, joint venture partners** and **other business partners are adversely affected by the Southwestern Merger, or if the combined company, following the merger, loses the benefits of the contracts of Chesapeake or Southwestern, the combined company' s business and financial performance could suffer. The combined company will have a significant amount of indebtedness, which will limit its liquidity and financial flexibility, and any downgrade of its credit rating** could adversely impact **the combined company. The combined company may also incur additional indebtedness in the future. As of September 30, 2023, Chesapeake and Southwestern had total long- term indebtedness of approximately $ 2. 0 billion and $ 4. 1 billion, respectively. Accordingly, the combined company will have substantial indebtedness following completion of the Southwestern Merger. In addition, subject to the limits contained in the documents governing such indebtedness, the combined company may be able to incur substantial additional debt from time to time to finance working capital, capital expenditures, investments** ~~our~~ **or acquisitions or for other purposes. The combined company' s indebtedness and other financial commitments have important consequences to its** business **, including, but not limited to: • making it more difficult for the company to satisfy its obligations with respect to senior notes and other indebtedness due to the increased debt- service obligations, which could, in turn, result in an event of default on such other indebtedness or the senior notes; • requiring the combined company to dedicate a substantial portion of its cash flows from operations to debt service payments, thereby limiting its ability to fund working capital, capital expenditures, investments or acquisitions and other general corporate purposes; • increasing the combined company' s vulnerability to general adverse economic and industry conditions, including low commodity price environments; • limiting the combined company' s ability to obtain additional financing due to higher costs and more restrictive covenants; • limiting the combined company' s flexibility in planning for, or reacting to, changes in its business and the industry in which it operates; and • placing the combined company at a competitive disadvantage compared with its competitors that have proportionately less debt and fewer guarantee obligations. In addition, Chesapeake and Southwestern receive credit ratings from rating agencies in the U. S. with respect to their indebtedness. Any credit downgrades resulting from the Southwestern Merger or otherwise could adversely impact the combined company' s ability to access financing and trade credit, require the combined company to provide additional letters of credit or other assurances under contractual arrangements and increase the combined company' s interest rate under any credit facility borrowing as well as the cost of any other future debt** . Our operations are subject to extensive federal, state, local and other laws, rules and regulations, including with respect to environmental matters, worker health and safety, wildlife conservation, the gathering and transportation of gas, oil and NGL, conservation policies, reporting obligations, royalty payments, unclaimed property and the imposition of taxes, and tribal laws for a minor portion of our acreage. Such regulations include requirements for permits to drill and to conduct other operations and for provision of financial assurances (such as bonds) covering drilling, completion and well operations. If permits are not issued, or if unfavorable restrictions or conditions are imposed on our drilling or completion activities, we may not be able to conduct our operations as planned. **Moreover** ~~For example, on January 27, 2021, President Biden issued an executive order indefinitely suspending new natural gas and oil leases on public lands or in offshore waters pending completion of a comprehensive review and reconsideration of federal gas and oil permitting and leasing practices. The federal district court in Louisiana issued a permanent injunction against the executive order on August 18, 2022, limited to the thirteen plaintiff states, Louisiana, Alabama, Alaska, Arkansas, Georgia, Mississippi, Missouri, Montana, Nebraska, Oklahoma, Texas, Utah, and West Virginia. In response to the January 27, 2021 executive order, the U. S. Department of the Interior released its " Report On The Federal Oil And Gas Leasing Program " in November 2021, which assessed the current state of gas and oil leasing on federal lands and proposed several reforms, including raising royalty rates and implementing stricter standards for entities seeking to purchase gas and oil leases. Although we do not expect this ruling to impact the availability of onshore federal gas and oil lease sales~~ , the Biden Administration' s increased focus on the climate change impacts of federal ~~projects~~ **actions** could result in ~~similar~~ **additional** restrictions surrounding onshore drilling, onshore federal lease availability, and restrictions on the ability to obtain required permits, which could have a material adverse impact on our operations. ~~In addition~~ **For example** , ~~we~~ **in January 2024, the Biden administration announced a temporary pause on the DOE' s review of pending applications for authorization to export LNG to non- Free Trade Agreement countries until the DOE updates its underlying analyses for such decisions using more current data to account for considerations like potential energy cost increases for consumers and manufacturers or the latest assessment of the impact of GHG emissions. The temporary pause is not expected to affect LNG exports that have already been authorized. While this pause may not directly impact our exploration, production, and development activities, it may affect the demand for our products, which could have a material adverse effect on our business and financial position and impact our future business strategy. We** may be required to make large, sometimes unexpected, expenditures to comply with applicable governmental laws, rules, regulations, permits or orders. In addition, changes in public policy have affected, and in the future could further affect, our operations. At both the federal and state level, for example, there are an increasing number of legislative initiatives and proposals that may lead to reduced demand for fossil fuels such as oil and gas. These include certain tax advantages and other subsidies to support alternative energy sources or that mandate the use of specific fuels or technologies, in addition to the promotion of research into new technologies to reduce the cost and increase the scalability of alternative energy sources. The IRA, signed by President Biden in August 2022, provides significant funding and incentives for research, development and implementation of low- carbon energy production methods, carbon capture, and other programs directed at addressing climate change. The IRA also includes a methane emissions reduction program that amends the Clean Air Act 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 natural gas and oil sources that are already required to report under EPA' s Greenhouse Gas Reporting Program **. The EPA released its proposed rule in January 2024 to implement the methane emissions fee with a proposed effective date in 2025 for reporting year 2024 emissions** . Regulatory developments could, among other things, restrict production levels, impose price controls, change environmental protection requirements with respect to the treatment of hazardous waste, air emissions, or water discharges, and increase taxes, royalties and other amounts payable to the government. Our operating and compliance costs could increase further if existing laws and regulations are revised, reinterpreted, or if new laws and regulations become applicable to our operations. We do not expect that any of these laws and regulations will affect our operations materially differently than they would affect other companies with similar operations, size and financial strength. Although we are unable to predict changes to existing laws and regulations, such changes could significantly impact our profitability, financial condition and liquidity. This is particularly true of changes related to pipeline safety, hydraulic fracturing and climate change, as discussed below. Pipeline Safety. The pipeline assets in which we own interests are subject to stringent and complex regulations related to pipeline safety and integrity management. The ~~Pipeline and Hazardous Materials Safety Administration (~~ PHMSA ~~)~~ has established a series of rules that require pipeline operators to develop and implement integrity management programs for gas, NGL and condensate transmission pipelines as well as for certain low stress pipelines and gathering lines transporting hazardous liquids, such as oil, that, in the event of a failure, could affect " high consequence areas. " Recent PHMSA rules have also extended certain requirements for integrity assessments and leak detections beyond high consequence areas and impose a number of reporting and inspection requirements on regulated pipelines. In November 2021, **the** PHMSA issued a final rule that expands certain federal pipeline safety requirements to all onshore gas gathering pipelines, regardless of size or location. The final rule establishes two new types of onshore gas gathering pipelines subject to varying degrees of regulation: all onshore gathering line operators are now subject to PHMSA' s annual reporting and incident reporting requirements, and certain previously unregulated rural gas gathering lines must now comply with PHMSA damage prevention and, depending on the size of the pipeline, construction and operational requirements. The final rule became effective on May 16, 2022. Further, legislation funding **the** PHMSA through 2023 requires the agency to engage in additional rulemaking to amend the integrity management program, emergency response plan, operation and maintenance manual, and pressure control recordkeeping requirements for gas distribution operators; to create new leak detection and repair program obligations; and to set new minimum federal safety standards for onshore gas gathering lines **. In May 2023, the PHMSA issued a proposed rule that would require pipelines, underground natural gas storage facilities, and liquefied natural gas facilities to update leak detection and repair programs to require companies to use commercially available technologies to find and fix methane leaks from pipelines and other facilities** . At this time, we cannot predict the cost of these requirements or other potential new or amended regulations, but they could be significant. Moreover, violations of pipeline safety regulations can result in the imposition of significant penalties. Hydraulic Fracturing. Several states have adopted or are considering adopting regulations that could impose more stringent permitting, public disclosure and / or well construction requirements on hydraulic fracturing operations. State and federal regulatory agencies have also recently focused on a possible connection between the operation of injection wells used for natural gas and oil waste disposal and seismic activity **, which has caused some states, such as New Mexico and Texas, to implement seismicity response programs that allow state regulators to modify, suspend, or terminate injection well permits if the state regulator determines that the injection well is contributing to seismic activity** . We cannot predict whether additional federal, state or local laws or regulations applicable to hydraulic fracturing will be enacted in the future and, if so, what actions any such laws or regulations would require or prohibit. If additional levels of regulation or permitting requirements were imposed on hydraulic fracturing operations, our business and operations could be subject to delays, increased operating and compliance costs and potential bans. Additional regulation could also lead to greater opposition to hydraulic fracturing, including litigation. Climate Change. Continuing political and social attention to the issue of climate change has resulted in legislative, regulatory and other initiatives to reduce **GHG** ~~greenhouse gas~~ emissions, such as carbon dioxide and methane. Policy makers at both the U. S. federal and state levels have ~~introduced legislation and proposed new regulations~~ **adopted, or are considering adopting, rules** designed to quantify and limit the emission of **GHGs** ~~greenhouse gases~~ through inventories, limitations and / or taxes on **GHG** ~~greenhouse gas~~ emissions. The EPA and the BLM have issued regulations for the control of methane emissions, which also include leak detection and repair requirements, for the gas and oil industry and are likely to create additional regulations regarding such matters. For example, ~~on~~ **in** November ~~15,~~ 2021, the EPA proposed new regulations to establish comprehensive standards of performance and emission guidelines for methane and volatile organic compound (VOC) emissions from new and existing operations in the gas and oil sector, including the exploration and production, transmission, processing, and storage segments. The EPA issued a supplemental proposed rule ~~on~~ **in** November ~~15,~~ 2022 to update, strengthen and expand its November 2021 proposed rule. ~~The supplemental proposed~~ **In December 2023, the EPA issued the final** rule ~~would~~ **, which** ~~impose~~ **imposes** more stringent requirements on the natural gas and oil industry ~~. The rule is expected~~ **, including phasing out routine flaring of natural gas from new oil wells, requiring all well sites and compressor stations** to be ~~finalized~~ **routinely monitored for leaks and eliminating or minimizing emissions from common pieces of equipment used** in ~~2023~~ **oil and gas operations, such as process controllers, pumps, and storage tanks. This and other rules may require us to incur additional costs or otherwise**

impact the economics of certain of our operations . Additionally, ~~on~~ **in** November ~~30,~~ 2022, the BLM issued a proposed rule to reduce the methane waste from venting, flaring, and leaks during oil and gas production activities on Federal and Indian leases. **Because** ~~Once finalized,~~ these regulations **, and any other similar proposed regulations,** are likely to be subject to legal challenge ~~. As a result~~ , we cannot predict the scope of any final methane regulatory requirements or the cost to comply with such requirements. However, given the long- term trend toward increasing regulation, **additional** future federal GHG regulations of the gas and oil industry remain a significant possibility. In addition, several states in which we operate have imposed limitations designed to reduce methane emissions from gas and oil exploration and production activities. Legislative and state initiatives to date have generally focused on the development of renewable energy standards and / or cap- and- trade and / or carbon tax programs. Renewable energy standards (also referred to as renewable portfolio standards) require electric utilities to provide a specified minimum percentage of electricity from eligible renewable resources, with potential increases to the required percentage over time. The development of a federal renewable energy standard, or the development of additional or more stringent renewable energy standards at the state level could reduce the demand for gas and oil, thereby adversely impacting our earnings, cash flows and financial position. In addition, federal or state carbon taxes or fees could directly increase our costs of operation and similarly incentivize consumers to shift away from fossil fuels. In addition, **several policymakers and governmental agencies, including** the SEC ~~has~~ **, have** issued proposed rules that would mandate extensive disclosure of climate- related risks and other information, including risk management, GHG emissions, financial impacts, and related governance and strategy. In addition to potential costs, these disclosures may be used by some activists for potential litigation or to pressure capital providers to restrict or eliminate investments or other funding. For more information see our risk factor titled " Negative public perception regarding us or our industry could have an adverse effect on our operations. " These various legislative, regulatory and other activities addressing **GHG** ~~greenhouse gas~~ emissions could adversely affect our business, including by imposing reporting obligations on, or limiting emissions of **GHGs** ~~greenhouse gases~~ from, our equipment and operations, which could require us to incur costs to reduce emissions of **GHGs** ~~greenhouse gases~~ associated with our operations. Limitations on **GHG** ~~greenhouse gas~~ emissions could also adversely affect demand for gas and oil, which could lower the value of our reserves and have a material adverse effect on our profitability, financial condition and liquidity ~~. Environmental matters and related costs can be significant~~ . As an owner, lessee or operator of gas and oil properties, we are subject to various federal, state, tribal and local laws and regulations relating to discharge of materials into, and protection of, the environment. These laws and regulations may, among other things, impose liability on us for the cost of remediating pollution that results from our operations. Environmental laws may impose strict, joint and several liability, and failure to comply with environmental laws and regulations can result in the imposition of administrative, civil or criminal fines and penalties, as well as injunctions limiting operations in affected areas. Any future costs associated with these matters are uncertain and will be governed by several factors, including future changes to regulatory requirements. Changes in or additions to public policy regarding the protection of the environment could have a significant impact on our operations and profitability. In recent years, increasing attention has been given to corporate activities related to ESG matters in public discourse and the investment community. Expectations regarding voluntary ESG initiatives and disclosures and consumer demand for more sustainable products, including alternative forms of energy, may result in increased costs (including but not limited to increased costs related to compliance, stakeholder engagement, contracting and insurance), changes in demand for certain products, increased availability of (and competition from) alternative energy sources and technologies, increased development of and demand for products that do not use fossil fuels or their derivatives, enhanced compliance or disclosure obligations, or other adverse impacts to our business, financial condition, or results of operations. Additionally, **such expectations** ~~a number of advocacy groups, both domestically~~ and ~~internationally, have campaigned for governmental and private action to promote change at public companies~~ related ~~to ESG matters, including through the investment and voting practices of investment advisers, public pension funds, activist~~ **activism** ~~investors, universities and other members of the investing community. These activities include increasing attention and demands for action related to climate change, advocating for changes to companies' boards of directors, and promoting the use of energy-saving building materials. These activities~~ may result in demand shifts for natural gas, oil and NGL in addition to potentially impacting our access to, and costs of, capital. While we may at times engage in voluntary initiatives (such as voluntary disclosures, certifications, or targets, among others) or commitments to improve our ESG profile and / or products or to respond to stakeholder expectations, such initiatives or achievement of such commitments may be costly and may not have the desired effect. For example **, while we are exploring initiatives related to various energy- related technologies, such as carbon capture and sequestration, this may require us to incur significant costs, and there is no guarantee that markets will develop, either in the manner we anticipate or at all, for the technologies we invest in. Separately** , expectations around management of ESG matters continues to evolve rapidly, in many instances due to factors that are out of our control. In addition, we may commit to certain initiatives or goals, and we may not ultimately be able to achieve such commitments or goals, either on the timeframes or costs initially anticipated or at all, due to factors that are within or outside of our control. Moreover, actions or statements that we may take based on expectations, assumptions, or third- party information that we currently believe to be reasonable may subsequently be determined to be erroneous or be subject to misinterpretation. Even if this is not the case, our current actions may subsequently be determined to be insufficient by various stakeholders, and we may be subject to investor or regulator engagement on our ESG initiatives and disclosures, even if such initiatives are currently voluntary. Any failure to comply with investor ~~or~~ **,** customer **or other stakeholder** expectations and standards, which are evolving, or if we are perceived to not have responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, could cause reputational harm to our business, increase our risk of litigation, and could have a material adverse effect on our results of operations. For example, plaintiffs have brought litigation against various companies, including those in the fossil fuel sector, alleging that such companies created public nuisances by producing, handling or marketing fuels that contributed to climate change or that the companies have been aware of the adverse effects of climate change for some time but failed to adequately disclose those impacts. While we are not currently parties to any such litigation, the ultimate outcomes of such litigation and its impact to us are uncertain; we could incur substantial legal costs associated with defending against these or similar lawsuits in future. In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings systems for evaluating companies on their approach to ESG matters. These ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings may 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. To the extent ESG matters negatively affect our reputation, it may also harm our ability to attract or retain employees or customers. **Simultaneously, there are efforts by some stakeholders to reduce companies' efforts on certain ESG- related matters. Both advocates and opponents to certain ESG matters are increasingly resorting to a range of activism forms, including media campaigns and litigation, to advance their perspectives. To the extent we are subject to such activism, it may require us to incur costs or otherwise adversely impact our business.** We expect there will likely be increasing levels of regulation, disclosure- related and otherwise, with respect to ESG matters, which will likely lead to increased compliance costs as well as scrutiny that could heighten all of the risks identified in this risk factor. Such ESG matters may also impact our suppliers or customers, which could augment existing, or cause additional, impacts to our business or operations. **To date** ~~The taxation of independent producers is subject to change~~ , ~~and changes in tax law could increase our~~ **we have not incurred material ESG- related** ~~cost~~ **costs** ~~of doing business~~ **, but we cannot guarantee that we will not incur such costs in the future** . We are subject to taxation by various governmental authorities at the federal, state and local levels in the jurisdictions in which we do business. New legislation could be enacted by any of these governmental authorities making it more costly for us to produce natural gas and oil by increasing our tax burden. The IRA was enacted on August 16, 2022, and includes, among other things, a 15 % corporate **alternative** minimum tax **(" CAMT ")** on adjusted financial statement income and a 1 % excise tax on stock buybacks. ~~Although~~ **Based on our book income in the past three years,** we do not believe we **are** ~~will be~~ subject to the **CAMT** ~~corporate minimum tax~~ in 2023 **. However** , we may become subject to ~~it~~ **the CAMT** in future years. Additionally, the Biden administration has called for changes to fiscal and tax policies **,** which could lead to comprehensive tax reform. For example, federal legislation has been proposed that, if enacted, would impact federal income tax law applicable to the deduction of intangible drilling and development costs, percentage depletion and, the expensing of geological, geophysical, exploration and development costs. Other proposals changing federal income tax law could include an increase to the corporate tax rate, an increase to the excise tax on stock buybacks and the elimination of certain tax credits. If enacted, certain of these proposals could have a correlative impact on state income taxes. In addition, state and local authorities could enact new legislation that would increase various taxes such as sales, severance and ad valorem taxes as well as accelerate the collection of such taxes. ~~Trading in our New Common Stock, additional issuances of New Common Stock, and certain other stock transactions could lead to a second, potentially more restrictive annual limitation on the utilization of our tax attributes reducing their ability to offset future taxable income, which may result in an increase to income tax liabilities.~~ Upon emergence from bankruptcy on February 9, 2021, the Company experienced an ownership change under Section 382 of the Internal Revenue Code of 1986, as amended (the " Code " **and such change, a " Section 382 Ownership Change "**), as all of the common stock and preferred stock of the Predecessor, or the old loss corporation, was canceled and replaced with New Common Stock of the Successor, or the new loss corporation (the " First Ownership Change "). As such, an annual limitation was computed based on the fair market value of the new equity immediately after emergence multiplied by the long- term tax- exempt rate in effect for the month of February 2021. This annual limitation will restrict the future utilization of our net operating loss (NOL) carryforwards, disallowed business interest carryforwards and tax credits that existed at the time of emergence. **We anticipate the completion of the Southwestern Merger will result in a Section 382 Ownership Change for purposes of both Southwestern' s tax attributes as well as for our own. Moreover,** ~~Trading~~ **trading** in our stock, additional issuances, and other stock transactions occurring subsequent to the emergence from Bankruptcy could lead to a ~~second~~ **further Section 382** ~~ownership~~ **Ownership** ~~change~~ **Change** . In the event of **any additional Section 382 Ownership Change, including as** a ~~second ownership change~~ **result of the Southwestern Merger** , a ~~second~~ **new** annual limitation would be determined at such time ~~which~~ **that** could be more restrictive than the limitation of the First Ownership Change. Depending on the market conditions and **our** ~~the Company' s~~ tax basis, ~~a second~~ **an additional Section 382** ~~ownership~~ **Ownership** ~~change~~ **Change** may result in a net unrealized built- in loss. The annual limitation in such a case would additionally be applied to certain of **our** ~~the Company' s~~ tax items other than just NOL carryforwards, disallowed business interest carryforwards and tax credits. For example, a portion of tax depreciation, depletion and amortization would also be subject to the annual limitation for a five- year period following the **Section 382** ~~ownership~~ **Ownership** ~~change~~ **Change** but only to the extent of the net unrealized built- in loss existing at the time of the ~~second~~ **additional Section 382** ~~ownership~~ **Ownership** ~~change~~ **Change** . Whether the new annual limitation would be more restrictive would depend on the value of our stock and the long- term tax- exempt rate in effect at the time of **such Section 382 Ownership Change. Assuming that generally higher long- term tax- exempt rates continue to apply as compared to prior years, we believe that the annual limitation on the utilization of our tax attributes expected to result from the Southwestern Merger will be less restrictive than the First Ownership Change. As** a ~~second~~ **result, the new limitation would generally only apply to those tax attributes generated subsequent to the First Ownership Change. However, if the value of our common stock or long- term tax- exempt rates have decreased at the time the additional Section 382 Ownership Change occurs, such** ownership change **may be** ~~. If the new annual limitation is~~ more restrictive ~~it~~ **than the First Ownership Change and** would apply to certain of the tax attributes existing at the time of the ~~second~~ **additional Section 382** ~~ownership~~ **Ownership** ~~change~~ **Change ,** including those remaining from the time of the First Ownership Change. Some states impose similar limitations on tax attribute utilization upon experiencing an **additional Section 382** ~~ownership~~ **Ownership** ~~change~~ **Change** .