

Risk Factors Comparison 2024-03-04 to 2023-03-07 Form: 10-K

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

Described below are certain risks that we believe are applicable to our business and the oil and gas industry in which we operate. Investors should read carefully the following factors as well as the cautionary statements referred to in "Cautionary Statement Regarding Forward-Looking Statements" herein. If any of the risks and uncertainties described below or elsewhere in this Annual Report actually occur, the Company's business, financial condition or results of operations could be materially adversely affected. Risks related to the oil and natural gas industry and our operations Oil, natural gas and NGL prices are volatile. A sustained decline in prices could adversely affect our business, financial condition and results of operations, liquidity and our ability to meet our financial commitments or cause us to delay our planned capital expenditures. Our revenues, operating results, profitability, liquidity and ability to grow depend primarily upon the prices we receive for the oil, natural gas and NGL we sell. We require substantial expenditures to replace our oil, natural gas and NGL reserves, sustain production and fund our business plans, including our development plan. Low oil, natural gas and NGL prices resulting from reduced demand caused by the ~~conflict~~ **conflicts** in Ukraine, **Israel and the Gaza Strip**, accelerated substitution of renewable forms of energy for oil and gas, ~~the continued impact of the COVID-19 pandemic~~, actions of OPEC and other factors materially affected our revenues, particularly before the effects of commodity derivatives, operating results and cash flows in **2023 and** 2022. While oil, natural gas and NGL prices have returned to pre- pandemic levels, ~~the continued impact of the COVID-19 pandemic and the associated~~ global oil, natural gas and NGL demand may negatively affect the amount of cash available for capital expenditures and debt repayment, our ability to borrow money or raise additional capital and, as a result, could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. In addition, low prices may reduce the quantities of oil, natural gas and NGL reserves that may be economically produced and result in an impairment of our oil and natural gas properties. Historically, the markets for oil, natural gas and NGL have been volatile, and they are likely to continue to be volatile. For example, the ~~conflict~~ **conflicts** between Russia and Ukraine ~~has~~ **and Israel and Hamas have** contributed to significant increases and volatility in the price for oil and natural gas. Wide fluctuations in oil, natural gas and NGL prices may result from relatively minor changes in the supply of or demand for oil, natural gas and NGL market uncertainty and other factors that are beyond our control, including: • worldwide and regional economic conditions, including ~~rising~~ **a global recession, elevated** interest rates and associated policies of the Federal Reserve, impacting the supply and demand for oil, natural gas and NGLs, including uncertainty regarding the timing, pace and extent of an economic recovery in the United States; • changes in seasonal temperatures, including the number of heating degree days during winter months and cooling degree days during summer months; • the level of oil, natural gas and NGL exploration, development and production; • the level of oil, natural gas and NGL inventories; • the level of U. S. LNG exports; • prevailing prices, and expectations regarding future prices, on local price indexes in the areas in which we operate; • the proximity, capacity, cost and availability of gathering and transportation facilities; • localized and global supply and demand fundamentals and transportation availability; • the cost of exploring for, developing, producing and transporting reserves; • the spot price of LNG on world markets; • weather conditions and natural disasters; • technological advances affecting energy consumption; • the price and availability of alternative fuels, including the potential acceleration of the development of alternative fuels as a result of the IRA 2022 or otherwise; • speculative trading in oil and natural gas derivative contracts; • increased end- user conservation; • political and economic conditions, such as the ~~conflict~~ **conflicts** in Ukraine **and the Middle East**, in or affecting other producing regions or countries, including the Middle East, Africa, South America and Russia; • political and economic conditions in or affecting major LNG consumption regions or countries, particularly Asia and Europe; • **political** ~~the extraordinary market environment and effects~~ **economic conditions relating to the 2024 U. S. presidential election**, including ~~any economic repercussions or operational~~ **potential controversy and a potential** challenges ~~of the COVID-19 pandemic, including any resultant~~ **decline in** ~~presidential administration~~ demand for oil, natural gas and NGLs; • actions of OPEC, including the ability and willingness of the members of OPEC and other exporting nations to agree to and maintain oil price and production controls, including the anticipated increases in supply from Russia and OPEC, particularly Saudi Arabia; • U. S. trade policies and their effect on U. S. oil and natural gas exports; • expectations about future commodity prices; • the possibility of terrorist or cyberattacks and the consequences of any such attacks; and • U. S. federal, state and local ~~and non- U. S.~~ governmental regulation and taxes. We have been negatively affected and may in the future be negatively affected by a drop in commodity prices. Lower commodity prices may reduce our operating margins, cash flow and borrowing ability. If we are unable to obtain needed capital or financing on satisfactory terms, our ability to develop future reserves or make acquisitions could be adversely affected. Also, using lower prices in estimating proved reserves may result in a reduction in proved reserve volumes due to economic limits. **Any drop in commodity prices** ~~While the ongoing effects of the COVID-19 pandemic on our operations have decreased lately, any continuing or worsening impact of the COVID-19 pandemic~~ may adversely affect our drilling economics, cash flow and our ability to raise capital, which may require us to re- evaluate and postpone or substantially restrict our development program, and result in the reduction of some of our PUD reserves and related PV- 0 and PV- 10. As a result, a substantial or extended decline in commodity prices, such as what occurred in early 2020, may materially and adversely affect our future business, financial condition, results of operations, liquidity and ability to meet our financial commitments or cause us to delay our planned capital expenditures. We have consolidated our business over time through acquisitions, including through the Merger Transactions ~~and~~, the Uinta Transaction, **and the Western Eagle Ford Acquisitions** and there are risks associated with integration of all of these assets, operations and our ability to manage those risks. In addition, we may be unable to make

attractive acquisitions or successfully integrate acquired businesses, assets or properties, and any inability to do so may disrupt our business and hinder our ability to grow. We intend to pursue a strategy focused on both reinvestment and future acquisitions, which is designed to obtain the optimal risk adjusted returns through commodity cycles. Accordingly, in the future we may make acquisitions of businesses, assets or properties that we expect to complement or expand our current assets. For example, Crescent Energy Company was created through the Merger Transactions **in December 2021**, and in March 2022, we acquired certain exploration and production assets in the state of Utah pursuant to the Uinta Transaction **(as defined herein)**. **In 2023, we also acquired certain exploration and production assets in the state of Texas pursuant to the Western Eagle Ford Acquisitions**. However, we may not be able to identify attractive acquisition opportunities in the future. Even if we do identify attractive acquisition opportunities, we may not be able to complete the acquisition or do so on commercially acceptable terms. No assurance can be given that we will be able to identify additional suitable acquisition opportunities, negotiate acceptable terms, obtain financing for acquisitions on acceptable terms or successfully acquire identified targets. The success of any completed acquisition, including the ~~Uinta Transaction~~ **Western Eagle Ford Acquisitions**, will depend on our ability to integrate effectively the acquired business, asset or property into our existing operations. The process of integrating acquired businesses, assets and properties may involve unforeseen difficulties and may require a disproportionate amount of our managerial and financial resources. For example, as with other operators in the area, certain potential midstream constraints may create operational challenges for us in the Uinta Basin. The integration of acquisitions is a complex, costly and time-consuming process, and our management may face significant challenges in such process. Some of the factors affecting integration will be outside of our control, and any one of them could result in increased costs and diversion of management's time and energy, as well as decreases in the amount of expected revenue. Our failure to achieve consolidation savings, to incorporate the acquired businesses, assets and properties into our existing operations successfully or to minimize any unforeseen operational difficulties could have a material and adverse effect on our financial condition and results of operations. Reserve estimates depend on many assumptions that may turn out to be inaccurate. Any material inaccuracies in reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves. Numerous uncertainties are inherent in estimating quantities of oil and natural gas reserves. Our estimates of our SEC reserves are based upon average commodity prices over the prior 12 months, which may not reflect actual prices received for our production. For example, our reserve volumes and PV- 10 as disclosed in this Annual Report are based on assumed commodity prices of \$ **93-78 . 67-22** per Bbl of oil and \$ **6-2 . 36-64** per MMBtu of natural gas as of December 31, **2022-2023**, which, **in the case of oil**, are **substantially** higher than the five - year NYMEX forward curve range of \$ **62-61 . 76-53** to \$ **80-72 . 50-13** per Bbl of oil and, **in the case of natural gas, within the five- year NYMEX forward curve range of \$ 3-2 . 80-30** to \$ **5-4 . 30-71** per Mcf of natural gas. Accordingly, you are cautioned not to place undue weight on our reserve volumes or PV- 10 based on such pricing when evaluating our financial condition or an investment in our securities. The process of estimating oil and natural gas reserves is complex and requires significant decisions and assumptions in the evaluation of available geological, engineering and economic data for each reservoir. The reports rely upon various assumptions, including assumptions regarding future oil and natural gas prices, our drilling program, production levels, and operating and development costs. In addition, the reserves that we present herein are aggregated from several reports, which were prepared by several engineering firms and therefore may be based on slightly different assumptions and preparation and review procedures. Our ability to develop any identified drilling location is subject to various limitations and any drilling activities we are able to conduct may not be successful. As a result, our actual drilling activities may materially differ from those presently identified and could result in downward revisions of estimated proved reserves. In addition, loss of production and leasehold rights due to mechanical failure or depletion of wells and our inability to re- establish their production may occur in certain cases. Production from wellbores may be affected by nearby fracturing activities by offset operators or us, resulting in reserve revisions. As a result, estimated quantities of proved reserves and projections of future production rates and the timing of development expenditures may prove to be inaccurate. Over time, we may make material changes to reserve estimates taking into account the results of actual drilling and production. Any significant variance in our assumptions and actual results could greatly affect our estimates of reserves, the economically recoverable quantities of oil and natural gas attributable to any particular group of properties, the classifications of reserves based on risk of recovery, and estimates of the future net cash flows. Specifically, future prices received for production and costs may vary, perhaps significantly, from the prices and costs assumed for purposes of these estimates. Sustained lower prices will cause the 12- month weighted average price to decrease over time as the lower prices are reflected in the average price, which may result in the estimated quantities and present values of our reserves being reduced. Any material inaccuracies in our reserves estimates could also materially affect our borrowing base and liquidity under the Revolving Credit Facility. If the borrowing base under the Revolving Credit Facility decreases as a result of any reductions in our reserve estimates, we may have limited ability to obtain the capital necessary to sustain our operations at current and anticipated future levels. If additional capital is needed, we may not be able to obtain debt or equity financing on terms acceptable to us, if at all. The present value of future net revenues from our proved reserves, as reflected in our Standardized Measure, PV- 0 value and PV- 10 value, will not necessarily be the same as the current market value of our estimated proved oil and natural gas reserves. You should not assume that the present value of future net revenues from our proved reserves, as reflected in our Standardized Measure, PV- 0 value and PV- 10 value, is the current market value of our estimated oil and natural gas reserves. We currently base the estimated discounted future net revenues from our proved reserves on the 12- month unweighted arithmetic average of the first- day- of- the- month price for the preceding 12 months. For example, our reserve volumes, PV- 0 and PV- 10 as disclosed in this Annual Report are based on assumed commodity prices of \$ **93-78 . 67-22** per Bbl of oil and \$ **6-2 . 36-64** per MMBtu of natural gas as of December 31, **2022-2023**, which are **substantially**, **in the case of oil**, is higher than **the five - year NYMEX forward curve range of \$ 62-61 . 76-53** to \$ **80-72 . 50-13** per Bbl of oil and, **in the case of natural gas, within the five- year NYMEX forward curve range of \$ 3-2 . 80-30** to \$ **5-4 . 30-71** per Mcf of natural gas. Accordingly, you are cautioned not to place undue weight on our reserve

volumes, PV- 0 or PV- 10 based on such pricing when evaluating our financial condition or an investment in our securities. Actual future net revenues from our oil and natural gas properties will be affected by factors such as: • actual prices we receive for crude oil, natural gas and NGLs; • actual cost of development and production expenditures; • the amount and timing of actual production; • transportation and processing; and • changes in governmental regulations or taxation. The timing of both our production and ~~our incurrance of~~ expenses in connection with the development and production of, and investment in, our oil and natural gas properties will affect the timing and amount of actual future net revenues from proved reserves, and thus their actual present value. In addition, the 10 % discount factor we use when calculating discounted future net revenues at PV- 10 may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with us or the oil and natural gas industry in general. Actual future prices and costs may differ materially from those used in the present value estimates. Unless we replace our reserves with new reserves and develop those reserves, our reserves and production will decline, which may adversely affect our future cash flows and results of operations. In general, the volume of production from oil and natural gas properties declines as reserves are depleted, with the rate of decline depending on each reservoir' s characteristics. Except to the extent that we conduct successful exploration, exploitation, development or reinvestment activities or acquire properties containing proved reserves, our proved reserves will decline as reserves are produced. Our future oil and natural gas production is, therefore, highly dependent on our level of success in finding or acquiring additional reserves as well as the pace of D & C of new wells. Additionally, the business of exploring for, exploiting, developing or acquiring reserves is capital intensive. Recovery of our reserves, particularly undeveloped reserves, will require significant additional capital expenditures and successful drilling operations. To the extent cash flow from operations is reduced and external sources of capital become limited, unavailable or on terms deemed unacceptable by us, our ability to make the necessary capital investment to maintain or expand our asset base of oil and natural gas reserves or to return capital to our investors would be impaired. As part of our exploration and development operations, we have expanded, and expect to further expand, the application of horizontal drilling and multi- stage hydraulic fracture stimulation techniques as well as enhanced recovery operations. The utilization of these techniques requires substantially greater capital expenditures as compared to the completion cost of a vertical well or a horizontal well utilizing less advanced techniques and therefore may result in fewer wells being completed or recompleted in any given year. The incremental capital expenditures are generally the result of greater measured depths, additional hydraulic fracture stages in horizontal wellbores and increased volumes of water, CO2 and proppant. The unavailability or high cost of equipment, supplies, personnel and oilfield services, due to commodity price volatility or supply constraints as a result of the ~~conflict~~ **conflicts** in Ukraine ~~and the~~ **Middle East COVID-19 pandemic, rising elevated,** interest rates and associated policies of the Federal Reserve or otherwise could adversely affect our ability to execute development and exploitation plans on a timely basis and within budget, and consequently could materially and adversely affect our anticipated cash flow. We utilize third- party services to maximize the efficiency of our operation. The cost of oilfield services typically fluctuates based on demand for those services, and the increase in commodity prices and supply constraints due to the ~~conflict~~ **conflicts** in Ukraine ~~and the~~ **Middle East COVID-19 pandemic, rising elevated** interest rates and associated policies of the Federal Reserve or otherwise has increased the cost of oilfield services. While we currently have excellent relationships with oilfield service companies, there is no assurance that we will be able to contract for such services on a timely basis or that the cost of such services will remain at a satisfactory or affordable level. Shortages or the high cost of equipment, supplies or personnel could delay or adversely affect our development and exploitation operations, which could have a material and adverse effect on our business, financial condition or results of operations. Continuing or worsening inflationary issues and associated changes in monetary policy have resulted in and may result in additional increases to the cost of our goods, services and personnel, which in turn cause our capital expenditures and operating costs to rise. The U. S. inflation rate ~~began~~ **has been steadily increasing since in** 2021 ~~and into~~ **remained elevated throughout** 2023. These inflationary pressures have resulted in and may result in additional increases to the costs of our oilfield goods, services and personnel, which in turn cause our capital expenditures and operating costs to rise. Sustained levels of high inflation have likewise caused the U. S. Federal Reserve and other central banks to increase interest rates multiple times ~~, in 2022 and~~ **although** the U. S. Federal Reserve has indicated ~~its~~ **it may reduce** ~~intention to continue to raise~~ benchmark interest rates ~~in~~ **throughout the remainder of 2023-2024** ~~in an effort to curb~~ inflationary pressure on the costs of goods and services across the U. S., ~~to which could have the effects of raising the cost of capital and depressing economic growth, either of which~~ **or the combination thereof** ~~could hurt the financial and operating results of our business. To the extent~~ **such rates remain** ~~elevated inflation remains~~, we may experience further cost increases for our operations, including oilfield services, labor costs and equipment if our drilling activity increases. Higher oil and natural gas prices may cause the costs of materials and services to continue to rise. We cannot predict any future trends in the rate of inflation and a significant increase in inflation, to the extent we are unable to recover higher costs through higher oil and natural gas prices and revenues, would negatively impact our business, financial condition and results of operations. Our development projects require substantial capital expenditures. We may be unable to obtain required capital or financing on satisfactory terms or at all, which could lead to a decline in our reserves and cash flows. The oil and natural gas industry is capital intensive. We have made and expect to continue to make substantial capital expenditures in our business for the development of, and reinvestment in, oil and natural gas reserves. We have historically funded development and operating activities primarily through the sale of our oil, natural gas and NGL production. If necessary, we may also access capital through proceeds from asset dispositions, borrowings under the Revolving Credit Facility and capital markets offerings from time to time. Our cash flow from operations and access to capital are subject to a number of variables, including: • the amount of oil and natural gas we produce from existing wells; • the prices at which we sell our production; • take- away capacity; • the estimated quantities of our oil and natural gas reserves; and • our ability to acquire, locate and produce new reserves. If our revenues or the borrowing base under the Revolving Credit Facility decrease as a result of lower commodity prices, operating difficulties, production cost increases, declines in reserves or for any other reason, we may have limited ability to obtain the capital necessary to conduct our

operations at expected levels. The Revolving Credit Facility and the documents governing our other indebtedness may restrict our ability to obtain new debt financing. If additional capital is required, we may not be able to obtain debt and / or equity financing on terms favorable to us, or at all due to rising elevated interest rates and associated policies of the Federal Reserve or otherwise, which could result in a curtailment of our operations relating to development of our prospects, which in turn could lead to a decline in our reserves, production and cash flows, and could adversely affect our business, results of operation, financial conditions and ability to make payments on our outstanding indebtedness. The development of our estimated PUD reserves may take longer and may require higher levels of capital expenditures than we currently anticipate. Therefore, our estimated PUD reserves may not be ultimately developed or produced. Recovery of PUDs requires significant capital expenditures and successful drilling operations. At December 31, 2022-2023, approximately 112.72 MMBoe of our total estimated proved reserves were undeveloped. The reserve data included in our reserve reports assumes that substantial capital expenditures will be made to develop non- producing reserves. The calculation of our estimated net proved reserves as of December 31, 2022-2023 assumes that we will spend \$ 1.78 billion to develop our estimated PUDs. Although cost and reserve estimates attributable to our oil and natural gas reserves have been prepared in accordance with industry standards, we cannot be sure that the estimated costs are accurate. We may need to raise additional capital in order to develop our estimated PUDs, and we cannot be certain that additional financing will be available to us on acceptable terms, if at all. Additionally, extended declines in commodity prices will reduce the future net revenues of our estimated PUDs and may result in some projects becoming uneconomical. Further, our drilling efforts may be delayed or unsuccessful and actual reserves may prove to be less than current reserve estimates, which could have a material and adverse effect on our financial condition, results of operations and future cash flows. Our development opportunities are scheduled to be developed over many years, making them susceptible to uncertainties that could materially alter the occurrence or timing of such development. In addition, we may not be able to raise the substantial amount of capital that would be necessary to drill such locations. As of December 31, 2022-2023, we have undrilled locations, including both PUD drilling locations and unproved drilling locations. These drilling locations represent a meaningful part of our future development strategy. Our ability to drill and develop these drilling locations depends on a number of uncertainties, including oil and natural gas prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, drilling results, lease expirations, gathering system, marketing and transportation constraints, regulatory approvals, labor, takeaway capacity and other factors. Because of these uncertain factors, we do not know if the drilling locations will ever be developed or if we will be able to produce oil or natural gas from these drilling locations at anticipated levels or at all. In addition, unless production is established within the spacing units covering the undeveloped acreage on which some of the locations are located, the leases for such acreage will expire. Therefore, our actual development activities may materially differ from those presently contemplated. Drilling for and producing oil and natural gas are high- risk activities with many uncertainties that could adversely affect our business, financial condition or results of operations. Drilling oil and natural gas wells, including development wells, involves numerous risks, including the risk that we may not encounter commercially productive oil and natural gas reserves (including “ dry holes ”). We must incur significant expenditures to drill and complete wells, the costs of which are often uncertain. It is possible that we will make substantial expenditures on drilling and not discover reserves in commercially viable quantities. Specifically, we often are uncertain as to the future cost or timing of drilling, completing and operating wells, and our drilling operations and those of our third- party operators may be curtailed, delayed or canceled. The cost of our drilling, completion and well operations may increase and / or our results of operations and cash flows from such operations may be impacted, as a result of a variety of factors, including: • unexpected drilling conditions; • title problems; • pressure or irregularities in formations; • equipment failures or accidents; • adverse weather conditions, such as winter storms, fires, flooding and hurricanes, and changes in weather patterns; • compliance with, or changes in, environmental laws and regulations, including the IRA 2022, relating to air emissions, hydraulic fracturing and disposal of produced water, drilling fluids and other wastes, laws and regulations imposing conditions and restrictions on D & C operations and other laws and regulations, such as tax laws and regulations; • the availability and timely issuance of required governmental permits and licenses; and • the availability of, costs associated with and terms of contractual arrangements for properties, including mineral licenses and leases, pipelines, rail cars, crude oil hauling trucks and qualified drivers and related facilities and equipment to gather, process, compress, transport and market oil, natural gas, NGLs and related commodities. Our failure to recover our investment in wells, increases in the costs of our drilling operations or those of our third- party operators, and / or curtailments, delays or cancellations of our drilling operations or those of our third- party operators in each case due to any of the above factors or other factors, may materially and adversely affect our business, financial condition and results of operations. We may experience difficulty in achieving and managing future growth. Future growth may place strains on our resources and cause us to rely more on project partners and independent contractors, possibly negatively affecting our financial condition and results of operations. Our ability to grow will depend on a number of factors, including: • the results of our drilling program; • hydrocarbon prices; • our ability to develop existing prospects; • our ability to continue to retain and attract skilled personnel; • our ability to maintain or enter into new relationships with project partners and independent contracts; and • our access to capital. We may also be unable to make attractive acquisitions or asset exchanges, which could inhibit our ability to grow, or could experience difficulty integrating any acquired assets and operations. It may be difficult to identify attractive acquisition opportunities and, even if such opportunities are identified, our debt agreements (including the indentures that govern the 2026 Notes (as defined herein) and the 2028 Notes (as defined herein ; together with the 2026 Notes, the " Senior Notes") contain limitations on our ability to enter into certain transactions, which could limit our future growth. Our operations are dependent on third- party service providers. We contract with third- party service providers to support our operations. These contracted services are generally provided pursuant to master services agreements entered into between the third- party service providers and our operating subsidiaries. Although we have our own employees, our ability to conduct operations and generate revenues is dependent on the availability and performance of those third- party service providers and their compliance with the

terms of their respective master service agreements (as further described under "Part III., Item 13. Certain Relationships and Related Party Transactions and Director Independence — KKR Funds"). We cannot guarantee that we will be successful in either retaining the services of our current third- party service providers or contracting with alternative service providers in the event that our current contractors discontinue providing services to us or fail to meet their obligations under their respective master services agreements. Any failure to retain the services of our current service providers or locate alternatives will negatively affect our ability to generate revenues and continue and expand our operations. Please see "Part I., Items 1 and 2. Business and Properties — Employees" for more information. Through the Management Agreement, we depend on the Manager and its personnel to manage and operate our business, the loss of any of whom would materially and adversely affect future operations. Additionally, operational risks affecting the Manager, and our ability to work collaboratively with the Manager, including with respect to the allocation of corporate opportunities and other conflicts of interest, may impact our business and have a material effect on our business, financial results and prospects. Pursuant to our Management Agreement with the Manager, the Manager provides us with its executive management team and provides certain other management services. However, in each case such resources are not fully dedicated to our assets and operations, and the allocation of such resources is generally within the Manager's discretion. See "Part III., Item 13. Certain Relationships and Related Party Transactions and Director Independence — **Agreements Related to the Merger Transactions — Management Agreements— Agreement**." Accordingly, our success depends on the efforts, experience, diligence, skill and network of business contacts of the Manager's personnel. We can offer no assurance that the Manager will continue to provide services to us or that we will continue to have access to the Manager's personnel. The Management Agreement has an initial three- year term, **expiring December 7, 2024**, with automatic three- year renewals thereafter. Upon the written notice to the Manager at least 180 days prior to the expiration of the initial term or any automatic renewal term, we may, without cause, decline to renew the Management Agreement upon the affirmative determination of at least two- thirds of its independent directors reasonably and in good faith, that (1) there has been unsatisfactory long- term performance by the Manager that is materially detrimental to us and our subsidiaries taken as a whole or (2) the fees payable to the Manager, in the aggregate, are materially unfair and excessive compared to those that would be charged by a comparable asset manager managing assets comparable to our assets, subject to Manager's right to renegotiate the fees. If the Management Agreement is terminated and no suitable replacement is found to provide management and operating services for our oil and natural gas assets, we may not be able to execute our business plan, and our financial condition and results of operation may be materially and adversely affected. Further, our relationship with the Manager presents certain challenges relating to our ability to work collaboratively with the Manager's broader business. For example, the Manager will source investment opportunities both for our benefit and for the benefit of other KKR investment vehicles. Pursuant to the Management Agreement, **given the manager all shall ensure that available investment capital within EIGF II has been fully deployed, at least 70 % of any investment opportunities in amounts related to** upstream oil and gas **opportunities are assets will be** allocated to us. Follow- on investment amounts will be generally allocated between us and EIGF II in proportion to the relative amount such vehicle initially invested in the applicable investment. In addition, from time to time, investment opportunities outside of upstream oil and gas assets may arise that are suitable for investment by us, on the one hand, and by EIGF II (and any successor fund) or other KKR Group funds, on the other, that are (A) engaged in an investment strategy that is materially different from our investment strategy (such as distressed debt or special situations investment vehicles) and (B) have pre- existing defined allocation rights pursuant to the KKR Group's allocation policies or contractual undertakings agreed with the investors in such other KKR Group funds. In such cases, we may elect to co- invest alongside EIGF II and / or such other KKR Group funds in such investments, in which case the Manager will allocate such investment opportunities among us, on the one hand, and EIGF II and / or such other KKR Group funds, on the other hand, in a manner consistent with the priority investment rights of such KKR Group funds, taking into account such factors as the Manager deems appropriate. We shall have no obligation to make any such co- investment. In addition, other conflicts of interest may arise from time to time in connection with the investment and other activities of us and other members of the KKR Group. With respect to conflicts involving investment opportunities, the Manager will endeavor to resolve any such conflicts of interest in a fair and equitable manner in accordance with the investment allocation policy described above and its prevailing policies and procedures with respect to conflicts resolution among other members of the KKR Group. However, the Manager may have a fiduciary duty to make decisions in the best interests of the Manager's affiliates, including KKR Funds, which may be contrary to our interests. In addition, other conflicts of interest may arise between us, on the one hand, and the Manager or any other member of the KKR Group and their affiliates, including KKR Funds, on the other hand, which may not be resolved in our favor. Further, the Management Agreement provides that nothing shall prevent the Manager from taking certain actions for the sole benefit of the Manager and / or its affiliates. To the fullest extent permitted by law, the Manager and its affiliates, including but not limited to their respective directors, officers, employees, agents, managers, trustees, control persons, partners, stockholders, and equityholders, will not be liable to us or any subsidiary or any of their respective directors, officers, employees, agents, managers, trustees, control persons, partners, stockholders, and equityholders, for any acts or omissions by the Manager or its affiliates, including by their respective directors, officers, employees, agents, managers, trustees, control persons, partners, stockholders, and equityholders, performed in accordance with and pursuant to the Management Agreement, except in cases of bad faith, fraud, willful misconduct or gross negligence. The Management Agreement requires us to reimburse, indemnify and hold harmless the Manager, its affiliates, and their respective directors, officers, employees, managers, trustees, control persons, partners, stockholders, and equityholders, and directors, officers, employees, agents, managers, trustees, control persons, partners, stockholders and equityholders of the foregoing from any and all Losses (as defined in the Management Agreement) arising from any proceeding related to us or acts or omissions of the Manager or its affiliates in connection with the Management Agreement, subject to certain exceptions. However, with the exception of the Manager, no other member of the KKR Group assumes any responsibility to render services to us or to consider our interests and

our stakeholders in making any investment or other decisions. Our certificate of incorporation contains a provision that, to the maximum extent permitted under the law of the State of Delaware, we renounce any interest or expectancy in, or in being offered an opportunity to participate in, business opportunities that are from time to time presented to our officers, directors, the Preferred Stockholder or any partner, manager, member, director, officer, stockholder, employee or agent or affiliate of any such holder. We believe that this provision, which is intended to provide that certain business opportunities are not subject to the “corporate opportunity” doctrine, is appropriate, as the Preferred Stockholder and its affiliates invest in a wide array of companies, including companies with businesses similar to us. As a result of this provision, we may be not be offered certain corporate opportunities which could be beneficial to us and our stockholders. Properties we have recently acquired or may acquire in the future may not produce as projected, and we may be unable to determine reserve potential, identify liabilities associated with such properties or obtain protection from sellers against such liabilities. Acquiring oil and natural gas properties requires us to assess reservoir and infrastructure characteristics, including recoverable reserves, future oil and gas prices and their applicable differentials, development and operating costs, and potential liabilities, including environmental liabilities. In connection with these assessments, we perform a review of the subject properties that we believe to be generally consistent with industry practices. Such assessments are inexact and inherently uncertain. In connection with the assessments, we perform a review of the subject properties, but such a review may not reveal all existing or potential problems. In the course of due diligence, we may not review every well, pipeline or associated facility. We cannot necessarily observe structural and environmental problems, such as pipe corrosion or groundwater contamination, when a review is performed. We may be unable to obtain contractual indemnities from the seller for liabilities created prior to our purchase of the property. We may be required to assume the risk of the physical condition of the properties in addition to the risk that the properties may not perform in accordance with its expectations. For these reasons, the properties we will acquire in connection with any future acquisitions may not produce as expected, which could have a material and adverse effect on our financial condition and results of operations. Events beyond our control, including **any future global or domestic health crisis, may result in unexpected adverse operating and financial results. The impact of future outbreaks of disease may materially and adversely affect our business, operating and financial results and liquidity, due to governmental restrictions, associated repercussions and operational challenges to supply and demand for oil and natural gas and the economy generally. While the ongoing effects of the COVID- 19 pandemic or any other future global or domestic health crisis, may result in unexpected adverse operating and recovery financial results. The continuing or worsening impact of the COVID- 19 pandemic or future outbreaks of disease may materially and adversely affect our business, operating and financial results and liquidity, due to governmental restrictions, associated repercussions and operational challenges to supply and demand for oil and natural gas and the economy generally. The continued impact of the COVID- 19 pandemic is uncertain and hard to predict. While the ongoing effects of the COVID- 19 pandemic on our operations have decreased, recently, this pandemic has had a material negative impact on our financial results. Although there has been economic recovery and higher oil prices in 2022 and gradual declines in commodity prices** through the year ended December 31, ~~2022~~ **2023**, such negative impact may continue well beyond the containment of the pandemic. While we have seen oilfield activity improve considerably and global inventories rapidly normalize with continued demand growth since the low point experienced in 2020, ~~an considerable uncertainty remains. An~~ extended period of global supply chain and economic disruption, as well as significantly decreased demand for oil and gas, due to ~~the COVID- 19 pandemic~~, any future outbreak of diseases or otherwise, could materially affect our business, results of operations, access to sources of liquidity and financial condition. Future commodity price declines may result in write- downs of our asset carrying values. We follow the successful efforts method of accounting for our oil and gas operations. Under this method, all property acquisition cost and cost of exploratory and development wells are capitalized when incurred, pending determination of whether proved reserves have been discovered. If proved reserves are not discovered with an exploratory well, the ~~cost-costs~~ of drilling the well are expensed. The capitalized costs of our oil and natural gas properties, on a depletion pool basis, cannot exceed the estimated undiscounted future net cash flows of that depletion pool. If net capitalized costs exceed undiscounted future net revenues, we generally must write down the costs of each depletion pool to the estimated fair value (discounted future net cash flows of that depletion pool). Any such charge will not affect our cash flow from operating activities or liquidity, but will reduce our earnings and investors’ equity. We may also at times record reporting unit goodwill in connection with a business combination. Goodwill has an indefinite useful life but is tested by us for impairment annually, or more frequently if there are changes in future commodity prices, amongst other factors, that may indicate that the fair value of the reporting unit may have been reduced below its carrying value. If the carrying value of the reporting unit exceeds the fair value, we generally must write down goodwill to the estimated fair value of that reporting unit. Any such charge will not affect our cash flow from operating activities or liquidity but will reduce our earnings and investors’ equity. A decline in future oil or natural gas prices, or other factors, could cause an impairment write- down of capitalized costs, including goodwill, and a non- cash charge against future earnings. For example, ~~in connection with our annual goodwill impairment test during the year ended December 31, 2023~~, we recorded ~~an~~ impairment charges expense of \$ ~~142-153.95~~ million, including \$ ~~77-149.67~~ million related to Goodwill and \$ ~~65.2~~ million related to Oil and natural gas properties that were determined ~~to not to~~ be recoverable ~~and \$ 3.9 million related to Investments in equity affiliates~~, for and during the year ended December 31, 2022, in connection with our annual goodwill impairment test, we recorded impairment charges of \$ 142.9 million, including \$ 77.7 million related to Goodwill and \$ 65.2 million related to Oil and natural gas properties that were determined to not be recoverable. Additionally, as of December 31, 2023, certain of our conventional assets in Wyoming had limited cushion between their carrying value and estimated undiscounted cash flows. As a result, a ~~Further further~~, because of declines- ~~decline in of future~~ commodity prices, we recorded ~~or a decrease in estimates of oil and natural gas reserves for these assets would likely result in~~ an impairment charge of \$ 247.2 million to Oil and natural gas properties for the year ended December 31, 2020. Once incurred, a write- down of our assets cannot be reversed at a later date, even if oil or natural gas prices increase. Our

business is subject to operational risks that will not be fully insured. If any of the operational risks materialize our financial condition or results of operations could be materially and adversely affected. Our business activities are subject to operational risks, including, but not limited to: • damages to equipment caused by natural disasters such as earthquakes, and adverse weather conditions, including tornadoes, hurricanes, extreme weather events and flooding; • facility or equipment malfunctions; • pipeline ruptures or spills; • surface fluid spills, produced water contamination and salt water, surface or groundwater contamination resulting from petroleum constituents or hydraulic fracturing chemical additions; • fires, blowouts, craterings and explosions; and • uncontrollable flows of oil, natural gas or well fluids. Any of these events could adversely affect our ability to conduct operations or cause substantial losses, including personal injury or loss of life, damage to or destruction of property, natural resources and equipment, pollution or other environmental contamination, loss of wells, regulatory penalties, suspension or termination of operations, and attorney' s fees and other expenses incurred in the prosecution or defense of litigation. As is customary in the industry, we maintain insurance against some but not all of these risks. Additionally, we may elect not to obtain insurance if we believe that the cost of available insurance is excessive relative to the perceived risks presented. Losses could therefore occur for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. The occurrence of an event that is not fully covered by insurance could have a material and adverse effect on our business, financial condition and results of operations. We may be unable to compete effectively with larger companies, which may adversely affect our ability to generate sufficient revenues. The oil and natural gas industry is intensely competitive, and we compete with other companies that have greater resources than us, particularly following recent consolidation within the industry. Our ability to acquire additional properties and to discover reserves in the future will be dependent upon our ability to evaluate and select suitable properties to consummate transactions in a highly competitive market. Many of our larger competitors not only drill for and produce oil and natural gas, but they also engage in refining operations and market petroleum and other products on a regional, national or worldwide basis. Our competitors may be able to pay more for oil and natural gas properties, and evaluate, bid for and purchase a greater number of properties than our financial or human resources permit. In addition, these companies may have a greater ability to continue drilling activities during periods of low oil and natural gas prices, to contract for drilling equipment, to secure trained personnel, and to absorb the burden of present and future federal, state, local and other laws and regulations. The oil and natural gas industry has periodically experienced shortages of drilling rigs, equipment, pipelines and personnel, which has delayed development drilling and other exploitation activities and has caused significant price increases. Competition has been strong in hiring experienced personnel, particularly in the engineering and technical, accounting and financial reporting, tax and land departments. In addition, competition is strong for attractive oil and natural gas properties, oil and natural gas companies, and drilling rights. Our inability to compete effectively with our competitors could have a material and adverse impact on our business activities, financial condition and results of operations. Deficiencies of title to our leased interests could materially and adversely affect our financial condition. If an examination of the title history of a property reveals that an oil or natural gas lease or other developed rights has been purchased in error from a person who is not the owner of the mineral interest desired, our interest would substantially decline in value. In such cases, the amount paid for such oil or natural gas lease or leases or other developed rights would be lost. It is management' s practice, in acquiring oil and natural gas leases or undivided interests in oil and natural gas leases or other developed rights, not to incur the expense of retaining lawyers to examine the title to the mineral interest to be acquired. Rather, we rely upon the judgment of oil and natural gas lease brokers or landmen who perform the fieldwork in examining records in the appropriate governmental or county clerk' s office before attempting to acquire a lease or other developed rights in a specific mineral interest. Prior to drilling an oil or natural gas well, however, it is the normal practice in the oil and natural gas industry for the person or company acting as the operator of the well to obtain a preliminary title review of the spacing unit within which the proposed oil or natural gas well is to be drilled to ensure there are no obvious deficiencies in title to the leasehold. Frequently, as a result of such examinations, certain curative work must be done to correct deficiencies in the marketability of the title, such as obtaining affidavits of heirship or causing an estate to be administered. Such curative work entails expense, and it may happen, from time to time, that the operator may elect to proceed with a well despite defects to the title identified in the preliminary title opinion. Our failure to obtain perfect title to our leaseholds may adversely impact our ability in the future to increase production and reserves. Certain of our properties are subject to land use restrictions, which could limit the manner in which we conduct our business. Certain of our properties are subject to land use restrictions, including city ordinances, which could limit the manner in which we conduct our business. Such restrictions could affect, among other things, our access to and the permissible uses of our properties as well as the manner in which we produce oil and natural gas and may restrict or prohibit drilling in general. The costs we incur to comply with such restrictions may be significant and our development and production activities may be delayed, curtailed or precluded by such restrictions. Part of our business strategy will involve using some of the latest available horizontal D & C techniques, which involve risks and uncertainties in their application. Our operations will involve utilizing some of the latest D & C techniques as developed by us and our service providers. The difficulties we may face drilling horizontal wells include: • landing our wellbore in the desired drilling zone; • staying in the desired drilling zone while drilling horizontally through the formation; • running our casing through the entire length of the wellbore; and • being able to run tools and other equipment consistently through the horizontal wellbore. The difficulties that we will likely face while completing wells include the following: • the ability to fracture stimulate the planned number of stages; • the ability to run tools the entire length of the wellbore during completion operations; and • the ability to successfully clean out the wellbore after completion of the final fracture stimulation stage. Use of new technologies may not prove successful and could result in significant cost overruns or delays or reductions in production, and, in extreme cases, the abandonment of a well. In addition, certain of the new techniques we adopt may cause irregularities or interruptions in production due to offset wells being shut in and the time required to drill and complete multiple wells before any such wells begin producing. Furthermore, the results of drilling in new or emerging formations are more uncertain initially than drilling results in areas that are more developed and have a longer history of established production. Newer and emerging

formations and areas have limited or no production history and, consequently, we will be more limited in assessing future drilling results in these areas. If its drilling results are less than anticipated, the return on investment for a particular project may not be as attractive as anticipated, and we could incur material write-downs of unevaluated properties and the value of undeveloped acreage could decline in the future. We may encounter obstacles to marketing our oil and natural gas, which could materially and adversely affect our revenues. The marketability of our production depends in part upon the availability and capacity of oil and natural gas gathering systems, pipelines and other transportation facilities owned by third parties. Transportation space on the gathering systems and pipelines we utilize is occasionally limited or unavailable due to repairs or improvements to facilities, weather-related operational issues, or due to space being utilized by other companies that have priority transportation agreements. Additionally, new fields may require the construction of gathering systems and other transportation facilities. These facilities may require us to spend significant capital that would otherwise be spent on drilling. The availability of markets is beyond our control. If market factors dramatically change, the impact on our revenues could be substantial and could adversely affect our ability to produce and market oil and natural gas. Our access to transportation options can also be affected by U. S. federal and state regulation of oil and natural gas production and transportation, general economic conditions and changes in supply and demand. In addition, the amount of oil and natural gas that can be produced and sold may be subject to curtailment in certain other circumstances outside of our or our operators' control, such as pipeline interruptions due to maintenance, excessive pressure, inability of downstream processing facilities to accept unprocessed gas, physical damage to the gathering system or transportation system or lack of contracted capacity on such systems. The curtailments arising from these and similar circumstances may last from a few days to several months. In many cases, we and our operators are provided with limited notice, if any, as to when these curtailments will arise and the duration of such curtailments. Any such shut in or curtailment, or an inability to obtain favorable terms for delivery of the oil and natural gas produced from our acreage, could materially and adversely affect our financial condition, results of operations and cash available for distribution. We depend upon ~~two one~~ significant purchasers- ~~purchaser~~ purchaser for the sale of a substantial portion of our oil and natural gas production. The loss of these ~~this~~ purchasers- ~~purchaser~~ purchaser or other third parties on which we rely could, among other factors adversely affect our revenues. We depend upon ~~two one~~ significant purchasers- ~~purchaser~~ purchaser for the sale of a substantial portion of our oil and natural gas production, and our contracts with these ~~this~~ customers- ~~customer~~ customer are on a month- to- month basis. For example, for the year ended December 31, ~~2022~~ 2023, Shell Trading US Company and ConocoPhillips represented approximately ~~18 21 % and 15 %~~, respectively, of our consolidated revenues. The loss of these ~~this~~ customers- ~~customer~~ customer could materially and adversely affect our revenues and have a material and adverse effect on our financial condition and results of operations. We are not the operator on all of our acreage or drilling locations, and, therefore, we will not be able to control the timing of exploration or development efforts, associated costs, or the rate of production of any non- operated assets and could be liable for certain financial obligations of the operators or any of our contractors to the extent such operator or contractor is unable to satisfy such obligations. Some of the properties in which we have an interest are operated by other companies and involve third- party working interest owners. We do not operate 100 % of the total net undrilled locations, and there is no assurance that we will operate all of our other future drilling locations. As a result, we have limited ability to influence or control the operation or future development of certain of these properties, including compliance with environmental, safety and other regulations, or the amount of capital expenditures that we will be required to fund with respect to such properties, subject to certain of our election rights. Moreover, we are dependent on the other working interest owners of such projects to fund their contractual share of the capital expenditures of such projects. In addition, a third- party operator could also decide to shut- in or curtail production from wells, or plug and abandon marginal wells, on properties in which we own an interest during periods of lower crude oil or natural gas prices. Furthermore, the success and timing of development activities operated by our partners will depend on a number of factors that will be largely outside of our control, including: • the timing and amount of capital expenditures; • the operator' s expertise and financial resources; • the approval of other participants in drilling wells; • the selection of technology; and • the rate of production of reserves, if any. This limited ability to exercise control over the operations and associated costs of some of our drilling locations could prevent the realization of targeted returns on capital in development or acquisition activities. Further, we may be liable for certain financial obligations of the operator of a well in which we own a working interest to the extent such operator becomes insolvent and cannot satisfy such obligations. Similarly, we may be liable for certain obligations of contractors to the extent such contractor becomes insolvent and cannot satisfy their obligations. The satisfaction of such obligations could have a material and adverse effect on our financial condition. For more information, see" Items 1 and 2. Business and Properties" and" Part II., Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations." Risks related to regulatory matters The Inflation Reduction Act of 2022 could accelerate the transition to a low carbon economy and will impose new costs on our operations. On August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 (" IRA 2022 ") into law pursuant to the budget reconciliation process. The IRA 2022 contains hundreds of billions of dollars in incentives for the development of renewable energy, clean hydrogen, clean fuels, electric vehicles and supporting infrastructure and carbon capture and sequestration, amongst other provisions. These incentives could further accelerate the transition of the U. S. economy away from the use of fossil fuels towards lower- or zero- carbon emissions alternatives, which could decrease demand for the oil and gas we produce and consequently materially and adversely affect our business and results of operations. In addition, the IRA 2022 imposes the first ever federal fee on the emission of GHGs through a methane emissions charge. The IRA 2022 amends the federal CAA to impose a fee on the emission of methane from sources required to report their GHG emissions to the EPA, including those sources in the onshore petroleum and natural gas production and gathering and boosting source categories. The methane emissions charge ~~will start~~ **is expected to be collected in 2025 based on the** calendar year 2024 **emissions** at \$ 900 per ton of methane, **increase to \$ 1, 200 in 2025,** and **be set at \$ 1, 500 for 2026 and each year thereafter.** Calculation of the fee is based on certain thresholds established in the IRA 2022. The methane emissions charge could increase our operating costs and adversely affect our business and results of

operations. Our drilling and production programs may not be able to obtain access on commercially reasonable terms or otherwise to truck transportation, pipelines, transmission, storage and processing facilities to market our production, and our initiatives to expand our access to midstream and operational infrastructure may be unsuccessful. The marketing of oil and natural gas production depends in large part on the availability, proximity and capacity of pipelines and storage facilities, gathering systems and other transportation, processing, fractionation, refining and export facilities, as well as the existence of adequate markets. Transportation space on the gathering systems and pipelines we utilize is occasionally limited or unavailable due to repairs or improvements to facilities or due to space being utilized by other companies that have priority transportation agreements. Additionally, new fields may require the construction of gathering systems and other transportation facilities. These facilities may require us to spend significant capital that would otherwise be spent on drilling. We rely, and expect to rely in the future, on facilities developed and owned by third parties in order to store, process, transmit and sell our production. Our plans to develop and sell our reserves could be materially and adversely affected by the inability or unwillingness of third parties to provide sufficient facilities and services to us on commercially reasonable terms or otherwise. If these facilities are unavailable to us on commercially reasonable terms or otherwise, we could be forced to shut in some production or delay or discontinue drilling plans and commercial production following a discovery of hydrocarbons. The availability of markets is beyond our control. If market factors dramatically change, the impact on our revenues could be substantial and could materially and adversely affect our ability to produce and market oil and natural gas. Our access to transportation options can also be affected by U. S. federal and state regulation of oil and natural gas production and transportation, general economic conditions and changes in supply and demand. The interstate transportation and sale for resale of natural gas are subject to federal regulation, including regulation of the terms, conditions and rates for interstate transportation, storage and various other matters, primarily by FERC. Federal and state regulations govern the price and terms for access to natural gas pipeline transportation. FERC's regulations for interstate natural gas transmission in some circumstances may also affect the intrastate transportation of natural gas. FERC regulates the rates, terms and conditions applicable to the interstate transportation of natural gas by pipelines under the NGA as well as under Section 311 of the NGPA. Since 1985, FERC has implemented regulations intended to increase competition within the natural gas industry by making natural gas transportation more accessible to natural gas buyers and sellers on an open-access, nondiscriminatory basis. Our sales of oil and NGLs are also affected by the availability, terms and costs of transportation. The rates, terms, and conditions applicable to the interstate transportation of oil and NGLs by pipelines are regulated by FERC under the Interstate Commerce Act. FERC has implemented a simplified and generally applicable ratemaking methodology for interstate oil and NGL pipelines to fulfill the requirements of Title XVIII of the Energy Policy Act of 1992 comprised of an indexing system to establish ceilings on interstate oil and NGL pipeline rates. Intrastate oil pipeline transportation rates are subject to regulation by state regulatory commissions. The basis for intrastate oil pipeline regulation, and the degree of regulatory oversight and scrutiny given to intrastate oil pipeline rates, varies from state to state. Insofar as effective interstate and intrastate rates are equally applicable to all comparable shippers, we believe that the regulation of oil transportation rates will not affect our operations in any materially different way than such regulation will affect the operations of our competitors. Further, interstate and intrastate common carrier oil pipelines must provide service on a non-discriminatory basis. Under this open access standard, common carriers must offer service to all shippers requesting service on the same terms and under the same rates. When oil pipelines operate at full capacity, access is governed by prorationing provisions set forth in the pipelines' published tariffs. Accordingly, we believe that access to oil pipeline transportation services generally will be available to us to the same extent as to our competitors. As an alternative to pipeline transportation, any transportation of our crude oil and NGLs by rail will also be subject to regulation by the PHMSA and the FRA of the DOT under the Hazardous Materials Regulations at 49 CFR Parts 171- 180, including Emergency Orders by the FRA and new regulations being proposed by the PHMSA, arising due to the consequences of train accidents and the increase in the rail transportation of flammable liquids. Our operations are substantially dependent on the availability of water. Restrictions on our ability to obtain water may have a material and adverse effect on our financial condition, results of operations and cash flows. Water is an essential component of both the drilling and hydraulic fracturing processes. Historically, we have been able to purchase water from local land owners and other sources for use in our operations. Some areas in which we have operations have experienced drought conditions that could result in restrictions on water use. If we are unable to obtain water to use in our operations from local sources, we may be unable to economically produce oil and natural gas in the affected areas, which could have a material and adverse effect on our financial condition, results of operations and cash flows. We may face unanticipated water and other waste disposal costs. We may be subject to regulation that restricts our ability to discharge water produced as part of our production operations. Productive zones frequently contain water that must be removed in order for the oil and natural gas to produce, and our ability to remove and dispose of sufficient quantities of water from the various zones will determine whether we can produce oil and natural gas in commercial quantities. The produced water must be transported from the leasehold and / or injected into disposal wells. The availability of disposal wells with sufficient capacity to receive all of the water produced from our wells may affect our ability to produce our wells. Also, the cost to transport and dispose of that water, including the cost of complying with regulations concerning water disposal, may reduce our profitability. Where water produced from our projects fails to meet the quality requirements of applicable regulatory agencies, our wells produce water in excess of the applicable volumetric permit limits, the disposal wells fail to meet the requirements of all applicable regulatory agencies, or we are unable to secure access to disposal wells with sufficient capacity to accept all of the produced water, we may have to shut in wells, reduce drilling activities, or upgrade facilities for water handling or treatment. The costs to dispose of this produced water may increase if any of the following occur: • we cannot obtain future permits from applicable regulatory agencies; • water of lesser quality or requiring additional treatment is produced; • our wells produce excess water; • new laws and regulations require water to be disposed in a different manner; or • costs to transport the produced water to the disposal wells increase. The disposal of fluids gathered from oil and natural gas producing operations in underground disposal wells has been pointed to by some groups

and regulators as a potential cause of increased induced seismic events in certain areas of the country, particularly in Oklahoma, Texas, Colorado, Kansas, New Mexico and Arkansas. Several states have adopted or are considering adopting laws and regulations that may restrict or otherwise prohibit oilfield fluid disposal in certain areas or underground disposal wells, and state agencies implementing those requirements may issue orders directing certain wells in areas where seismic incidents have occurred to restrict or suspend disposal well operations or impose standards related to disposal well construction and monitoring. For example, in September 2021 the TRC issued a notice to operators in the Midland area to reduce daily injection volumes following multiple earthquakes above a 3.5 magnitude over an 18 month period. The notice also required disposal well operators to provide injection data to TRC staff to further analyze seismicity in the area. Subsequently, the TRC ordered the indefinite suspension of all deep oil and gas produced water injection wells in the area, effective December 31, 2021. The response area has since been expanded to cover an additional 17 wells, following another earthquake in December 2022. Relatedly, in March 2022, the TRC began implementation of its Northern Culberson- Reeves Response Area Plan to address injection- induced seismicity with the goal to eliminate 3.5 magnitude or greater earthquakes no later than December 31, **2023. 23 deep disposal well permits were suspended in this Response Area in December** 2023. Similarly, in Oklahoma, the Oklahoma Corporation Commission has at times limited drilling or ordered wells to be shut down in response to seismic activity. In November 2021, New Mexico implemented protocols requiring operators to take various actions within a specified proximity of certain seismic activity, including a requirement to limit injection rates if a seismic event is of a certain magnitude. While we cannot predict the ultimate outcome of these actions, any action that temporarily or permanently restricts the availability of disposal capacity for produced water or other oilfield fluids may increase our costs or have other adverse impacts on our operations. A change in the jurisdictional characterization of some of our assets by federal, state or local regulatory agencies or a change in policy by those agencies may result in increased regulation of our assets, which may cause our revenues to decline and operating expenses to increase. Section 1 (b) of the NGA exempts natural gas gathering facilities from regulation by FERC as a natural gas company as defined under that statute. We believe that the Springfield Gathering System, Lost Creek Gathering System, and DJ Basin Erie Hub Gathering System in which we own interests meet the traditional tests FERC has used to establish a pipeline's status as a gathering pipeline not subject to regulation by FERC. However, the distinction between FERC- regulated transmission services and federally unregulated gathering services is fact intensive and the subject of ongoing litigation, so the classification and regulation of our gathering facilities may be subject to change based on future determinations by FERC, the courts or the U. S. Congress. If FERC were to consider the status of the gathering system and determine that it is subject to FERC regulation, the rates for, and terms and conditions of, services provided by that gathering system would be subject to modification by FERC under the NGA or the NGPA. Such regulation could decrease revenue, increase operating costs, and adversely affect our business, financial condition, and results of operations. Our natural gas gathering operations may be subject to certain FERC reporting and posting requirements in a given year. Gathering service, which occurs on pipeline facilities located upstream of FERC- jurisdictional interstate transmission services, is regulated by the states onshore and in state waters. Depending on changes in the function performed by particular pipeline facilities, FERC has in the past reclassified certain FERC- jurisdictional transportation facilities as non- jurisdictional gathering facilities, and FERC has reclassified certain non- jurisdictional gathering facilities as FERC- jurisdictional transportation facilities. Any such changes could result in an increase to our costs. Other FERC regulations may indirectly affect our businesses and the markets for products derived from these businesses. FERC's policies and practices across the range of its natural gas and liquids regulatory activities, including, for example, its policies on open access transportation, natural gas quality, ratemaking, capacity release and market center promotion, may indirectly affect the intrastate natural gas and liquids markets. In recent years, FERC has pursued pro-competitive policies in its regulation of interstate natural gas and liquids pipelines. However, we cannot assure you that FERC will continue this approach as it considers matters such as pipeline rates and rules and policies that may affect rights of access to transportation capacity. We have an interstate liquids pipeline that is considered a common carrier pipeline subject to regulation by FERC under the ICA. Unless we obtain a waiver of the applicable provisions, the ICA requires that we maintain tariffs on file with FERC for interstate movements of liquids on our pipelines. Those tariffs set forth the rates we charge for providing transportation services as well as the rules and regulations governing these services. The ICA requires, among other things, that rates on interstate common carrier pipelines be "just and reasonable" and non- discriminatory. Further, FERC's scrutiny of transportation service agreements between an ICA jurisdictional pipeline and affiliated shippers or marketers under the just and reasonable and non- discriminatory standard is evolving. The ICA permits interested persons to challenge proposed new or changed rates or rules, and authorizes FERC to investigate such changes and to suspend their effectiveness for a period of up to seven months. Upon completion of such an investigation, FERC may require refunds of amounts collected above what it finds to be a just and reasonable level, together with interest. FERC may also investigate, upon complaint or on its own motion, rates and related rules that are already in effect, and may order a carrier to change them prospectively. Upon an appropriate showing, a shipper may obtain reparations (including interest) for damages sustained for a period of up to two years prior to the filing of its complaint. Changes in FERC's methodologies for approving rates and the treatment of agreements with affiliated shippers could adversely affect us. Further, challenges to our regulated rates could be filed with FERC and future decisions by FERC regarding our regulated rates and agreements with affiliated shippers could adversely affect our cash flows. We cannot predict the rates we will be allowed to charge in the future for transportation services by such pipelines. For more information, see "Items 1 and 2. Business and Properties — Legislative and regulatory environment." The classification of some of our gathering facilities, transportation pipelines, and purchase and sale transactions as FERC- jurisdictional or non- jurisdictional may be subject to change based on future determinations by FERC, the courts or Congress, in which case, our operating costs could increase and we could be subject to enforcement actions under the EP Act of 2005. In addition, the pipelines used to gather and transport natural gas being produced by us are also subject to regulation by the DOT through PHMSA. PHMSA has established a risk- based approach to determine which gathering pipelines are subject to regulation and what safety standards regulated

gathering pipelines must meet. These standards may be revised by PHMSA over time. For example, in October 2019, PHMSA published three final rules that create or expand reporting, inspection, maintenance, and other pipeline safety obligations. As part of the Consolidated Appropriations Act of 2021, the U. S. Congress reauthorized PHMSA through 2023 and directed the agency to move forward with several regulatory actions, including but not limited to the issuance of final regulations to require operators of non- rural gas gathering lines and new and existing transmission and distribution pipeline facilities to conduct certain leak detection and repair programs and to require facility inspection and maintenance plans to align with those regulations. A rule to address certain of these requirements was issued in November 2021, which modified pipeline repair criteria, increased monitoring and reporting obligations, and expanded regulatory safety requirements to certain gathering lines in rural areas. An additional rule was finalized in August 2022, which adjusted repair criteria and strengthened integrity management assessment requirements, among other items. **In 2023, PHMSA published a notice of proposed rulemaking to address the management of methane emissions through more stringent leak detection and repair requirements, among other matters, for which PHMSA is in the process of analyzing comments.** PHMSA is continuing to work on developing additional regulations related to safety oversight of gas gathering pipelines, and additional future regulatory action expanding PHMSA’ s jurisdiction and imposing stricter integrity management requirements is possible. The adoption of laws or regulations that apply more comprehensive or stringent safety standards could require us to install new or modified safety controls, pursue new capital projects, or conduct maintenance programs on an accelerated basis, all of which could require us to incur increased operating costs that could be significant. In addition, should we fail to comply with PHMSA or comparable state regulations, we could be subject to substantial fines and penalties. As of ~~March 21, 2022~~ **December 28, 2022-2023**, the maximum civil penalties PHMSA can impose are \$ ~~239-266, 142-015~~ per violation per day, with a maximum of \$ ~~2, 391-660, 412-135~~ for a related series of violations. Should we fail to comply with all applicable FERC administered statutes, rules, regulations and orders, we could be subject to substantial penalties and fines. Under the Domenici- Barton Energy Policy Act of 2005 (" EPAAct 2005"), FERC has civil penalty authority under the NGA and the NGPA to impose penalties for current violations of up to \$ ~~1, 496-544, 035-521~~ per day (adjusted annually for inflation) for each violation and disgorgement of profits associated with any violation. While our operations have not been regulated by FERC as a natural gas company under the NGA, FERC has adopted regulations that may subject certain of our otherwise non- FERC jurisdictional operations to FERC annual reporting and posting requirements. We also must comply with the anti- market manipulation rules enforced by FERC. The EPAAct 2005 also authorized FERC to impose civil penalties for violations of the ICA and FERC regulations thereunder, up to a maximum amount that is adjusted annual for inflation, which for ~~2023-2024~~ equals \$ ~~15-16, 662-170~~ per day, per violation. Additional rules and legislation pertaining to those and other matters may be considered or adopted by FERC from time to time. Failure to comply with those regulations in the future could subject us to civil penalty liability, as described in “ Items 1 and 2. Business and Properties – Legislative and regulatory environment. ” Our sales of oil and natural gas, and any hedging activities related to such energy commodities, expose us to potential regulatory risks. Sales of oil natural gas and NGLs are not currently regulated and are made at negotiated prices. However, the federal government historically has been active in the area of oil and natural gas sales regulation. We cannot predict whether new legislation to regulate oil and natural gas sales might be proposed, what proposals, if any, might actually be enacted by the U. S. Congress or the various state legislatures, and what effect, if any, the proposals might have on our operations. Additionally, FERC, the FTC and the CFTC hold statutory authority to monitor certain segments of the physical and futures energy commodities markets relevant to our business. These agencies have imposed broad regulations prohibiting fraud and manipulation of such markets. With regard to our physical sales of oil and natural gas, and any hedging activities related to these energy commodities, we are required to observe the market- related regulations enforced by these agencies, which hold substantial enforcement authority. These agencies have substantial enforcement authority, including the ability to impose penalties for current violations of \$ ~~1, 496-544, 035-521~~ per day (adjusted annually for inflation) by FERC, \$ ~~1, 404-450, 520-040~~ (adjusted annually for inflation) by the CFTC, and \$ ~~1, 426-472, 319-546~~ (adjusted annually for inflation) by the FTC, for each violation. The FERC has also imposed requirements related to reporting of natural gas sales volumes that may impact the formation of prices indices. Additional rules and legislation pertaining to these and other matters may be considered or adopted from time to time. Our failure to comply with these or other laws and regulations administered by these agencies could subject us to criminal and civil penalties, as described in" Items 1 and 2. Business and Properties — Legislative and regulatory environment." Failure to comply with such regulations, as interpreted and enforced, could materially and adversely affect our financial condition or results of operations. The adoption of derivatives legislation and regulations by the U. S. Congress related to derivative contracts could have a material and adverse effect on our ability to hedge risks associated with our business. Title VII of Dodd- Frank establishes federal oversight and regulation of over- the- counter (“ OTC ”) derivatives and requires the CFTC and the SEC to enact further regulations affecting derivative contracts, including the derivative contracts we use to hedge our exposure to price volatility through the OTC market. Although the CFTC and the SEC have issued final regulations in certain areas, final rules in other areas and the scope of relevant definitions and / or exemptions still remain to be finalized. In one of its rulemaking proceedings still pending under Dodd- Frank, the CFTC issued on January 30, 2020, a re- proposed rule imposing position limits for certain futures and option contracts in various commodities (including oil and natural gas) and for swaps that are their economic equivalents. Under the proposed rules on position limits, certain types of hedging transactions are exempt from these limits on the size of positions that may be held, provided that such hedging transactions satisfy the CFTC’ s requirements for certain enumerated “ bona fide hedging ” transactions or positions. A final rule has not yet been issued. The CFTC has also adopted final rules regarding aggregation of positions, under which a party that controls the trading of, or owns 10 % or more of the equity interests in, another party will have to aggregate the positions of the controlled or owned party with its own positions for purposes of determining compliance with position limits unless an exemption applies. The CFTC’ s aggregation rules are now in effect, though CFTC staff have granted relief — until August 12, 2025 — from various conditions and requirements in the final aggregation rules. With the implementation of the final

aggregation rules and upon the adoption and effectiveness of final CFTC position limits rules, our ability to execute our hedging strategies described above could be limited. It is uncertain at this time whether, when and in what form the CFTC's proposed new position limits rules may become final and effective. The CFTC issued a final rule on the amount of capital certain swap dealers and major swap participants are required to set aside with respect to their swap business on July 22, 2020. This rule may require our swap dealer counterparties to post additional capital as a result of entering into uncleared financial derivatives with us, which could increase the costs to us of future financial derivatives transactions. The CFTC issued a final rule on margin requirements for uncleared swap transactions on January 6, 2016, which includes an exemption from any requirement to post margin to secure uncleared swap transactions entered into by commercial end-users to hedge commercial risks affecting their business. In addition, the CFTC has issued a final rule authorizing an exemption from the otherwise applicable mandatory obligation to clear certain types of swap transactions through a derivatives clearing organization and to trade such swaps on a regulated exchange, which exemption applies to swap transactions entered into by commercial end-users to hedge commercial risks affecting their business. The mandatory clearing requirement currently applies only to certain interest rate swaps and credit default swaps, but the CFTC could act to impose mandatory clearing requirements for other types of swap transactions. Dodd-Frank also imposes recordkeeping and reporting obligations on counterparties to swap transactions and other regulatory compliance obligations. All of the above regulations could increase the costs to us of entering into financial derivative transactions to hedge or mitigate our exposure to commodity price volatility and other commercial risks affecting our business. The Volcker Rule provisions of Dodd-Frank may also require our current bank counterparties that engage in financial derivative transactions to spin off some of their derivatives activities to separate entities, which separate entities may not be as creditworthy as the current bank counterparties. Under such rules, other bank counterparties may cease their current business as hedge providers. These changes could reduce the liquidity of the financial derivatives markets thereby reducing the ability of entities like us, as commercial end-users, to have access to financial derivatives to hedge or mitigate our exposure to commodity price volatility. As a result, Dodd-Frank and any new regulations issued thereunder could significantly increase the cost of derivative contracts (including through requirements to post cash collateral), which could adversely affect our capital available for other commercial operations purposes, materially alter the terms of future swaps relative to the terms of our existing bilaterally negotiated financial derivative contracts and reduce the availability of derivatives to protect against commercial risks we encounter. If we reduce our use of derivative contracts as a result of the new requirements, our results of operations may become more volatile and cash flows less predictable, which could adversely affect our ability to plan for and fund capital expenditures. Finally, the legislation was intended, in part, to reduce the volatility of oil, natural gas and NGL prices, which some legislators attributed to speculative trading in derivatives and commodity instruments related to oil, natural gas and NGL. Our revenues could therefore be adversely affected if a consequence of the legislation and regulations is to lower commodity prices. Any of these consequences could have a material and adverse effect on our consolidated financial condition, results of operations or cash flows. Our ability to pursue our business strategies may be adversely affected if we incur costs and liabilities due to a failure to comply with environmental laws or regulations or a release of hazardous substances or other wastes into the environment. We may incur significant costs and liabilities as a result of environmental requirements applicable to the operation of our wells, gathering systems and other facilities. These costs and liabilities could arise under a wide range of federal, state and local environmental laws and regulations, including, for example, the following federal laws and their state counterparts, as amended from time to time: • the CAA, which restricts the emission of air pollutants from many sources, imposes various pre-construction, monitoring and reporting requirements and is relied upon by the EPA as authority for adopting climate change regulatory initiatives relating to GHG emissions; • the CWA, which regulates discharges of pollutants from facilities to state and federal waters and establish the extent to which waterways are subject to federal jurisdiction and rulemaking as protected waters of the United States; • the OPA, which imposes liabilities for removal costs and damages arising from an oil spill into waters of the United States; • the SDWA, which protects the quality of the nations' public drinking water through adoption of drinking water standards and control over the subsurface injection of fluids into belowground formations; • the RCRA, which imposes requirements for the generation, treatment, storage, transport disposal and cleanup of non-hazardous and hazardous wastes; • the CERCLA, which imposes liability without regard for fault on generators, transporters and arrangers of hazardous substances at sites where hazardous substance releases have occurred or are threatening to occur, as well as on present and certain past owners and operators of sites where hazardous substance releases have occurred or are threatening to occur; • the Emergency Planning and Community Right-to-Know Act, which requires facilities to implement a safety hazard communication program and disseminate information to employees, local emergency planning committees and response departments about toxic chemical uses and inventories; and • the ESA, which restricts activities that may affect federally identified endangered and threatened species or their habitats through the implementation of operating limitations or restrictions or a temporary, seasonal or permanent ban on operations in affected areas. Similar protections are afforded to migratory birds under the MBTA. These U.S. laws and their implementing regulations, as well as state counterparts, generally restrict the level of pollutants emitted to ambient air, discharges to surface water, and disposals or other releases to surface and below-ground soils and ground water. Failure to comply with these laws and regulations may result in the assessment of sanctions, including administrative, civil and criminal penalties, the imposition of investigatory, remedial and corrective actions obligations, the incurrence of capital expenditures, the occurrence of delays in the permitting, development or expansion of projects and the issuance of orders enjoining some or all of our future operations in a particular area. Compliance with more stringent standards and other environmental regulations could restrict our ability to obtain permits for operations or require us to install additional pollution control equipment, the costs of which could be significant. Certain environmental laws and analogous state laws and regulations impose strict joint and several liability, without regard to fault or legality of conduct, for costs required to clean up and restore sites where hazardous substances or other wastes have been disposed of or otherwise released. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the

release of hazardous substances, wastes or other materials into the environment. In addition, these laws and regulations may restrict the rate of oil or natural gas production. Historically, our environmental compliance costs have not had a material and adverse effect on our results of operations; however, there can be no assurance that such costs will not be material in the future or that such future compliance will not have a material and adverse effect on our business and operating results. Moreover, public interest in the protection of the environment has increased dramatically in recent years. The trend of more expansive and stringent environmental legislation and regulations applied to the oil and natural gas industry could continue, resulting in increased costs of doing business and consequently affecting profitability. To the extent laws are enacted or other governmental action is taken that restricts drilling or imposes more stringent and costly operating, waste handling, disposal and cleanup requirements, our business, prospects, financial condition or results of operations could be materially and adversely affected. See" Items 1 and 2. Business and Properties — Legislative and regulatory environment." We are subject to complex federal, state, local and other laws and regulations that could materially and adversely affect the cost, manner or feasibility of conducting our operations. Our oil and natural gas operations are subject to complex and stringent laws and regulations. In order to conduct our operations in compliance with these laws and regulations, we must obtain and maintain numerous permits, approvals and certificates from various federal, state and local governmental authorities. Failure or delay in obtaining regulatory approvals or drilling permits could have a material and adverse effect on our ability to develop our properties, and receipt of drilling permits with onerous conditions could increase our compliance costs. In addition, regulations regarding conservation practices and the protection of correlative rights affect our operations by limiting the quantity of oil and natural gas we may produce and sell. We are subject to federal, state and local laws and regulations as interpreted and enforced by governmental authorities possessing jurisdiction over various aspects of the exploration, production and transportation of oil and natural gas. The possibility exists that new laws, regulations or enforcement policies could be more stringent and significantly increase our compliance costs. If we are not able to recover the resulting costs through insurance or increased revenues, our financial condition could be materially and adversely affected. For example, the TRC has adopted rules and regulations implementing legislation mandating certain clean- up activities for inactive wells and additional requirements related to the approval of plugging extensions. Failure to comply can result in administrative penalties and the loss of an operator' s ability to conduct operations in Texas. A major component of the law is Rule 15, which requires a well operator to comply with certain inactive well clean- up activities, including the disconnection of electricity, purging of all production fluids from inactive lines and tanks and removal of surface equipment for wells that have not produced oil or gas during the preceding year. Noncompliance with Rule 15 could result in administrative penalties of up to \$ 10, 000 per violation per day and the loss of an operator' s ability to conduct operations in Texas. Our access to transportation options can also be affected by U. S. federal and state regulation of oil and natural gas production and transportation, general economic conditions and changes in supply and demand. Various proposals and proceedings that might affect the petroleum industry are pending before the U. S. Congress, FERC, various state legislatures and the courts. The industry historically has been heavily regulated and we cannot provide assurance that the less stringent regulatory approach recently pursued by FERC and the U. S. Congress will continue nor can we predict what effect such proposals or proceedings may have on our operations. Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, technological advances in fuel economy and energy generation devices, and passage of incentives or funding for renewable energy projects such as those contained in IRA 2022 could reduce demand for oil and natural gas. The impact of the changing demand for oil and natural gas may have a material and adverse effect on our business, financial condition, results of operations and cash flows. Our operations are subject to a series of risks arising from climate change. Climate change continues to attract considerable public and scientific attention. As a result, our operations as well as the operations of our non- operated assets are subject to a series of regulatory, political, litigation, and financial risks associated with the production and processing of fossil fuels and emission of GHG. At the federal level, no comprehensive climate change law or regulation has been implemented to date, though the IRA 2022 advances numerous climate related objectives. The EPA has, however, adopted regulations that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources, and together with DOT, implement GHG emissions limits on vehicles manufactured for operation in the United States. The federal regulation of methane emissions from oil and gas facilities has been subject to controversy in recent years. For more information, see" Items 1 and 2. Business and Properties — Legislative and regulatory environment — Air emissions." Additionally, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas as GHG cap and trade programs, carbon taxes, reporting and tracking programs, and restriction of GHG emissions. For example, California, through CARB, has implemented a cap and trade program for GHG emissions that sets a statewide maximum limit on covered GHG emissions, and this cap declines annually to reach 40 % below 1990 levels by 2030. Covered entities must either reduce their GHG emissions or purchase allowances to account for such emissions. Separately, California has implemented LCFS and associated tradable credits that require a progressively lower carbon intensity of the state' s fuel supply than baseline gasoline and diesel fuels. Such programs work alongside increased regulation by California seeking to reduce both the supply and demand for fossil fuels in the state, to include, for example, the phasing out of the sale of vehicles with internal combustion engines. CARB has also promulgated regulations regarding monitoring, leak detection, repair and reporting of methane emissions from both existing and new oil and gas production facilities. Similar regulations applicable to oil and gas facilities have been promulgated in Colorado . **Colorado has begun to increasingly regulate oil and gas operations with consideration towards GHG emissions and cumulative impacts. In January 2024, the Colorado Energy and Carbon Management Commission released draft rules that, if finalized as proposed, would require regulators to consider cumulative impacts of oil and gas operations in permitting decisions and increase scrutiny on the project' s proximity to other industrial sites, residential and school areas, " disproportionately impacted communities, " and " cumulatively impacted communities. " The draft rules would also set GHG emissions intensity targets for oil and gas operators and**

require regulators to consider such targets in their cumulative impacts analysis, as well as the potential to restrict operations during the summer in Ozone Nonattainment Areas. Furthermore, we have been and could be impacted in the future by the effects of winter weather and the weatherization of our facility equipment and the equipment of counterparties in anticipation of future climactic events. For example, in the winter of 2022, certain of our surface facilities in South Texas were impacted by abnormal winter conditions that temporarily adversely affected our production. In addition, in response to Winter Storm Uri, the TRC was directed to adopt rules requiring certain natural gas processing, storage, and pipeline facility operators experiencing major or repeated weather-related forced interruptions of service to, among other things, engage an independent party to assess the operator's weatherization plans, procedures and operations, and submit the assessment to the TRC. In August 2022, the TRC adopted the Weather Emergency Preparedness Standards Rule, which requires critical gas facilities on the state's Electricity Supply Chain, including natural gas processing, storage, and pipeline facilities, to (i) weatherize to help ensure sustained operations during a weather emergency; (ii) correct known issues that caused weather-related forced stoppages; and (iii) contact the TRC if a facility sustains a weather-related forced stoppage during a weather emergency. In addition, weather-related forced stoppages at processing, storage and pipeline facilities operated by counterparties with which we contract for services may also adversely affect our operations and financial results. Internationally, the United Nations-sponsored "Paris Agreement" requires member states to individually determine and submit non-binding emission reduction targets every five years after 2020. Although the United States had withdrawn from the agreement, President Biden has signed executive orders recommitting the United States to the agreement and, in April 2021, announced a target of reducing the United States' emissions by 50- 52 % below 2005 levels by 2030. In November 2021, the international community gathered again in Glasgow at the COP26, during which multiple announcements were made, including a call for parties to eliminate certain fossil fuel subsidies and pursue further action on non- CO2 GHGs. Relatedly, the United States and European Union jointly announced the launch of the "Global Methane Pledge," which aims to cut global methane pollution at least 30 % by 2030 relative to 2020 levels, including "all feasible reductions" in the energy sector. At COP27 in November 2022, countries reiterated the agreements from COP26 and were called upon to accelerate efforts toward the phase out of inefficient fossil fuel subsidies. The United States also announced, in conjunction with the European Union and other partner countries, that it would develop standards for monitoring and reporting methane emissions to help create a market for low methane-intensity natural gas. **At COP28, the parties entered into an agreement to transition away from fossil fuels in energy systems and increase renewable capacity.** Although no firm commitment or timeline to phase out or phase down all fossil fuels was made at COP27 or COP28, there can be no guarantees that countries will not seek to implement such a phase out in the future. **However, these agreements could result in increased pressure among financial institutions and various stakeholders to reduce or otherwise impose more stringent limitations on funding for and increase opposition to production and use of fossil fuels.** The impacts of these orders, pledges, agreements any legislation or regulation promulgated to fulfill the United States' commitments under the Paris Agreement, COP26, COP27 or other international conventions cannot be predicted at this time. Governmental, scientific, and public concern over the threat of climate change arising from GHG emissions has resulted in increasing political risks in the United States, including climate change related pledges made by the recently elected administration. These have included promises to limit emissions and curtail the production of oil and gas on federal lands, such as through the cessation of leasing public land for hydrocarbon development. For example, President Biden has issued several executive orders focused on addressing climate change, including items that may impact our costs to produce, or demand for, oil and gas. Additionally, in November 2021, the Biden Administration released "The Long-Term Strategy of the United States: Pathways to Net-Zero Greenhouse Gas Emissions by 2050," which establishes a roadmap to net zero emissions in the United States by 2050 through, among other things, improving energy efficiency; decarbonizing energy sources via electricity, hydrogen, and sustainable biofuels; and reducing non- CO2 GHG emissions, such as methane and nitrous oxide. The Biden Administration is also considering revisions to the leasing and permitting programs for oil and gas development on federal lands. For more information, see our regulatory disclosure in "Items 1 and 2. Business and Properties — Legislative and regulatory environment — Hydraulic fracturing. Other actions that could be pursued by the Biden Administration may include the imposition of more restrictive requirements for the establishment of pipeline infrastructure or the permitting of LNG export facilities, as well as more restrictive GHG emission limitations for oil and gas facilities. **For example, the Biden Administration has recently temporarily paused pending decisions on new exports of LNG to countries that the United States does not have free trade agreements with.** Litigation risks are also increasing, as a number of parties have sought to bring suit against oil and natural gas companies in state or federal court, alleging, among other things, that such companies created public nuisances by producing fuels that contributed climate change or alleging that companies have been aware of the adverse effects of climate change for some time but defrauded their investors or customers by failing to adequately disclose those impacts. There are also increasing financial risks for fossil fuel producers as shareholders currently invested in fossil-fuel energy companies may elect in the future to shift some or all of their investments into non-fossil fuel related sectors. Institutional lenders who provide financing to fossil-fuel energy companies also have become more attentive to sustainable lending practices and some of them may elect not to provide funding for fossil fuel energy companies. For example, at COP26, the GFANZ announced that commitments from over 450 firms across 45 countries had resulted in over \$ 130 trillion in capital committed to net zero goals. The various sub-alliances of GFANZ generally require participants to set short-term, sector-specific targets to transition their financing, investing, and / or underwriting activities to net zero emissions by 2050. There is also a risk that financial institutions will be required to adopt policies that have the effect of reducing the funding provided to the fossil fuel sector. Recently, President Biden signed an executive order calling for the development of a "climate finance plan" and, separately, in late 2020, the Federal Reserve announced that it had joined the NGFS, a consortium of financial regulators focused on addressing climate-related risks in the financial sector. In September 2022, the Federal Reserve announced that six of the U. S.' largest banks would participate in a pilot climate scenario analysis exercise, to enhance the

ability of firms and supervisors to measure and manage climate-related financial risk. **Released in January. Taking place throughout 2023**, the pilot exercise is designed to analyze the impact of both physical and transition risks related to climate change on specific assets of the banks' portfolio. Limitation of investments in and financings for fossil fuel energy companies could result in the restriction, delay or cancellation of drilling programs or development or production activities. Additionally, the SEC published a proposed rule requiring climate-related disclosures from registrants, including data on Scope 1 and 2 GHG emissions and, in some cases, Scope 3 emissions, as well as any set climate-related targets and goals. A final rule is expected to be released in **the second quarter of 2023-2024**. Although the final form and substance of these requirements is not yet known, this may result in additional costs to comply with any such disclosure requirements. We also cannot predict how such disclosures may be considered by financial institutions and investors when making investments decisions, and it is possible that we could face increased costs or restrictions on our access to capital. The adoption and implementation of new or more stringent international, federal or state legislation, regulations or other regulatory initiatives that impose more stringent standards for GHG emissions from oil and natural gas producers, such as ourselves or our operators, or otherwise restrict the areas in which we may produce oil and natural gas or generate GHG emissions could result in increased costs of compliance or costs of consuming, and thereby reduce demand for or erode value for, the oil and natural gas that we produce. Additionally, political, litigation, and financial risks may result in our restricting or canceling oil and natural gas production activities, incurring liability for infrastructure damages as a result of climatic changes, or impairing our ability to continue to operate in an economic manner. Moreover, climate change may also result in various physical risks, such as the increased frequency or intensity of extreme weather events (including storms, wildfires, and other natural disasters) or changes in meteorological and hydrological patterns, that could adversely impact our operations, as well as those of our operators and their supply chains. Such physical risks may result in damage to our facilities or otherwise adversely impact our operations, such as if we become subject to water use curtailments in response to drought, or demand for our products, such as to the extent warmer winters reduce the demand for energy for heating purposes. Such physical risks may also impact our supply chain or infrastructure on which we rely to produce or transport our products. One or more of these developments could have a material adverse effect on our business, financial condition and results of operation. Federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing as well as governmental reviews of such activities could result in increased costs and additional operating restrictions or delays in the completion of oil and natural gas wells and adversely affect our production. Hydraulic fracturing is an important and common practice that is used to stimulate production of oil, natural gas and NGLs from dense subsurface rock formations. We and the operators of our properties regularly use hydraulic fracturing as part of our operations. Hydraulic fracturing involves the injection of water, sand or alternative proppant and chemicals under pressure into targeted geological formations to fracture the surrounding rock and stimulate production. The U. S. Congress from time to time has considered legislation to amend the SDWA to remove the exemption currently available to hydraulic fracturing, which would place additional regulatory burdens upon hydraulic fracturing operations including requirements to obtain a permit prior to commencing operations adhering to certain construction requirements, to establish financial assurance, and to require reporting and disclosure of the chemicals used in those operations. This legislation has not passed. Hydraulic fracturing (other than that using diesel) is currently generally exempt from regulation under the SDWA's UIC program and is typically regulated by state oil and natural gas commissions or similar agencies. However, several federal agencies have asserted regulatory authority or pursued investigations over certain aspects of the process. For example, in June 2016, the EPA published an effluent limitations guideline final rule prohibiting the discharge of wastewater from onshore unconventional oil and natural gas extraction facilities to publicly owned wastewater treatment plants. Also, in December 2016, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources, concluding that "water cycle" activities associated with hydraulic fracturing may impact drinking water resources under certain limited circumstances. To date, EPA has taken no further action in response to the December 2016 report. In addition, the BLM finalized a rule in March 2015 for hydraulic fracturing activities on federal and Tribal lands that requires public disclosure of chemicals used in hydraulic fracturing, confirmation that the wells used in fracturing operations meet proper construction standards and development of plans for managing related flowback water. While the BLM rescinded these regulations in 2017, which rescission was upheld, these regulations may be reconsidered by the Biden Administration. **The BLM is also currently considering revisions to the fiscal terms of oil and gas leases on federal lands and the criteria BLM considers when determining whether to lease nominated land. The** Biden Administration may also pursue further restriction of hydraulic fracturing and other oil and gas development on federal lands; for more information, see our regulatory disclosure in "Items 1 and 2. Business and Properties — Legislative and regulatory environment — Hydraulic fracturing." In addition, some states, including Texas, have adopted, and other states are considering adopting, regulations that restrict or could restrict hydraulic fracturing in certain circumstances and that require the disclosure of the chemicals used in hydraulic fracturing operations. Further, state and local governmental entities have exercised the regulatory powers to regulate, curtail or in some cases prohibit hydraulic fracturing. For example, Colorado has adopted more stringent setbacks for oil and gas development. In California, Senate Bill No. 1137 was signed into law on September 16, 2022, which establishes 3,200 feet as the minimum distance between new oil and gas production wells and certain sensitive receptors such as home, schools or parks effective January 1, 2023. However, on February 3, 2023, the Secretary of State of California certified a requisite number of signatures collected by proponents of a voter referendum, thereby qualifying the Bill for the November 2024 ballot. Accordingly, Senate Bill No. 1137 is stayed until it is put to a vote. **However, Colorado has begun to increasingly regulate oil and gas operations generally with consideration towards GHG emissions and their cumulative impacts, including releasing draft rules in 2024 that would apply increased scrutiny to a project's location within 2,000 feet of impacted communities and other developments**. New laws or regulations that impose new obligations on, or significantly restrict hydraulic fracturing, could make it more difficult or costly for us to perform hydraulic fracturing activities and thereby affect our determination of whether a well is commercially viable and increase our cost of doing business. Such increased costs and any delays or

curtailments in our production activities could have a material and adverse effect on our business, prospects, financial condition, results of operations and liquidity. Restrictions on drilling activities intended to protect certain species of wildlife may adversely affect our ability to conduct drilling activities in some of the areas where we operate. Oil and natural gas operations in our operating areas can be adversely affected by seasonal or permanent restrictions on drilling activities designed to protect various wildlife, such as those restrictions imposed under the federal ESA and MBTA. Seasonal restrictions may limit our ability to operate in protected areas and can intensify competition for drilling rigs, oilfield equipment, services, supplies and qualified personnel, which may lead to periodic shortages when drilling is allowed. These constraints and the resulting shortages or high costs could delay our operations and materially increase our operating and capital costs. Permanent restrictions imposed to protect endangered species could prohibit drilling in certain areas or require the implementation of expensive mitigation measures. We may conduct operations on oil and natural gas leases in areas where certain species that are listed as threatened or endangered are known to exist and where other species, such as the dunes sagebrush lizard, lesser prairie chicken, and greater sage grouse, that potentially could be listed as threatened or endangered under the ESA may exist. A review is currently pending to determine whether the dunes sagebrush lizard should be listed and, in November 2022, the FWS listed two distinct population segments of the lesser prairie-chicken under the ESA. Additionally, the Biden Administration has taken action to broaden enforcement under the ESA, including expanding the definition of “critical habitat.” The designation of previously unprotected species in areas where we operate as threatened or endangered, a recategorization of a species from threatened to endangered, or an expansion of areas designated as “critical habitat” could cause us to incur increased costs arising from species protection measures or could result in limitations on our exploration, development and production activities that could have an adverse impact on our ability to develop and produce our reserves. To the extent species are listed **or critical habitats are designated** under the ESA or similar laws, or previously unprotected species are designated as threatened or endangered in areas where our properties are located, operations on those properties could incur increased costs arising from species protection measures and face delays or limitations with respect to production activities thereon. Increased attention to **ESG-sustainability-related** matters and conservation measures may adversely impact our business. Increasing attention to climate change, societal expectations on companies to address climate change, investor and societal expectations regarding voluntary **ESG-sustainability** disclosures, and consumer demand for alternative forms of energy may result in increased costs, reduced demand for our products, reduced profits, increased investigations and litigation, and negative impacts on our stock price and access to capital markets. Increasing attention to climate change and environmental conservation, for example, may result in demand shifts for oil and natural gas products and additional governmental investigations and private litigation against us or our operators. To the extent that societal pressures or political or other factors are involved, it is possible that such liability could be imposed without regard to our causation of or contribution to the asserted damage, or to other mitigating factors. Moreover, while we may create and publish voluntary disclosures regarding **ESG-sustainability-related** matters from time to time, many of the statements in those voluntary disclosures are based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many **ESG-sustainability-related** matters. We may also announce participation in, or certification under, various third-party **ESG-sustainability or climate-related** frameworks in an attempt to improve our **ESG-sustainability** profile, but such participation or certification may be costly and may not achieve the desired results. Additionally, while we may announce various voluntary **ESG-climate or sustainability-related** targets, such targets are aspirational. We may not be able to meet such targets in the manner or on such a timeline as initially contemplated, including but not limited to as a result of unforeseen costs or technical difficulties associated with achieving such results. To the extent we meet such targets, it may be achieved through various contractual arrangements, including the purchase of various credits or offsets that may be deemed to mitigate our **ESG-environmental** impact instead of actual changes in our **ESG-environmental** performance. However, we cannot guarantee that there will be sufficient offsets available for purchase given the increased demand from numerous businesses implementing net zero goals, or that offsets we do purchase will successfully achieve the emissions reductions they represent. Also, despite these aspirational goals and any other actions taken, we may receive pressure from investors, lenders, or other groups to adopt more aggressive climate or other **ESG-sustainability-related** goals, but we cannot guarantee that we will be able to implement such goals because of potential costs or technical or operational obstacles. In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings and recent activism directed at shifting funding away from companies with energy-related assets could lead to increased negative investor sentiment toward us and our industry and to the diversion of investment to other industries, which could have a negative impact on our access to and costs of capital. Also, institutional lenders may decide not to provide funding for fossil fuel energy companies based on climate change related concerns, which could affect our access to capital for potential growth projects. Additionally, to the extent **ESG-sustainability-related** matters negatively impact our reputation, we may not be able to compete as effectively to recruit or retain employees, which may adversely affect our operations. **ESG-sustainability-related** matters may also impact our suppliers and customers, which may ultimately have adverse impacts on our operations. Furthermore, public statements with respect to **ESG-sustainability** matters, such as emissions reduction goals, other environmental targets, or other commitments addressing certain social issues, are becoming increasingly subject to heightened scrutiny from public and governmental authorities related to the risk of potential “greenwashing,” i. e., misleading information or false claims overstating potential **ESG**-benefits. For example, in March 2021, the SEC established the Climate and ESG Task Force in the Division of Enforcement to identify and address potential **ESG**-related misconduct, including greenwashing. Certain non-governmental organizations and other private actors have also filed lawsuits under various securities and consumer

protection laws alleging that certain ESG- statements, goals or standards were misleading, false or otherwise deceptive. As a result, we may face increased litigation risk from private parties and governmental authorities related to our **ESG-sustainability-related** efforts. In addition, any alleged claims of greenwashing against us or others in our industry may lead to further negative sentiment and diversion of investments. In addition, certain institutions have also undertaken anti- ESG initiatives focused around their view of the politicization of ESG issues. We could face increasing costs as we attempt to comply with and navigate further regulatory **ESG-sustainability** - related focus and scrutiny. Risks related to our indebtedness We are partially dependent on our Revolving Credit Facility and continued access to capital markets to successfully execute our operating strategies. If we are unable to make capital expenditures or acquisitions because we are unable to obtain capital or financing on satisfactory terms, we may experience a decline in our oil and gas production rates and reserves. We are partially dependent on external capital sources to provide financing for certain projects. The availability and cost of these capital sources is cyclical, and these capital sources may not remain available, or we may not be able to obtain financing at a reasonable cost in the future. For example, due to the high levels of inflation in the U. S., the Federal Reserve and other central banks increased interest rates multiple times in 2022 and 2023 ~~and have indicated that such increases will continue~~. Such ~~increased~~ **elevated** interest rates may increase the cost of capital and prevent us from being able to obtain debt financing at favorable rates, or at all, which would materially impact our operations. In addition, conditions in the global capital markets have been volatile due to the **conflict** **conflicts** in Ukraine, **Israel and the Gaza Strip**, the COVID- 19 pandemic **and recovery** or otherwise, making terms for certain types of financing difficult to predict, and in certain cases, resulting in certain types of financing being unavailable. If our revenues decline as a result of lower oil, gas or NGL prices, operating difficulties, declines in production or for any other reason, we may have limited ability to obtain the capital necessary to sustain our operations at current levels. Our failure to obtain additional financing could result in a curtailment of our operations or not make acquisitions, which in turn could lead to a possible reduction in our oil or gas production, reserves and revenues, not having sufficient liquidity to meet future financial obligations and could negatively impact our results of operations. We have incurred significant additional indebtedness during recent periods, which may impair our ability to raise further capital or impact our ability to service our debt. We have incurred significant additional indebtedness during recent periods. Our additional indebtedness may impair our ability to raise further capital, including to expand our business, pursue strategic investments, and take advantage of financing or other opportunities that we believe to be in the best interests of the Company and our shareholders. Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, curtailing spending, restructuring debt, or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. Our additional indebtedness may also impact our ability to service our debt and to comply with financial covenants and the other terms of our relevant credit arrangements, in which case our lenders might pursue available remedies up to and including terminating our credit arrangements and foreclosing on available collateral. A reduction in the borrowing base under our Revolving Credit Facility as a result of periodic borrowing base redeterminations or otherwise may negatively impact our ability to fund our operations. Our primary sources of liquidity are borrowings under our Revolving Credit Facility ~~and~~, cash from operations **and proceeds from equity and debt offerings**. The borrowing base under our Revolving Credit Facility is subject to semi- annual redeterminations which occur on or about April 1 and Oct 1 of each year. During a borrowing base redetermination, the lenders can unilaterally adjust the borrowing base and the borrowings permitted to be outstanding under our Revolving Credit Facility. The borrowing base depends on, among other things, projected revenues from, and asset values of, the oil and natural gas properties securing our loan, many of which factors are beyond our control. If we experience liquidity concerns, we could face a downgrade in our debt ratings which could restrict our access to, and negatively impact the terms of, current or future financings or trade credit. Our ability to obtain financings and trade credit and the terms of any financings or trade credit is, in part, dependent on the credit ratings assigned to our debt by independent credit rating agencies. We cannot provide assurance that any of our current ratings will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances so warrant. Factors that may impact our credit ratings include debt levels, planned asset purchases or sales and near- term and long- term production growth opportunities, liquidity, asset quality, cost structure, product mix and commodity pricing levels. A ratings downgrade could adversely impact our ability to access financings or trade credit and increase our borrowing costs. The borrowings under our Revolving Credit Facility expose us to interest rate risk. We are exposed to interest rate risk associated with borrowings under our Revolving Credit Facility. Borrowings under the Revolving Credit Facility bear interest at either a U. S. dollar alternative base rate (based on the prime rate, the federal funds effective rate or an adjusted SOFR (as defined below)), plus an applicable margin or SOFR, plus an applicable margin, at the election of the borrowers. As a result of our variable interest debt, our results of operations could be adversely affected by increases in interest rates. Risks related to our common stock If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial reporting, which would harm our business and the trading price of our Class A Common Stock. Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. We cannot be certain that our efforts to maintain internal controls will be successful, that we will be able to maintain adequate controls over our financial processes and reporting in the future or that we will be able to comply with our obligations under Section 404 of the Sarbanes- Oxley Act of 2002. Any failure to maintain effective internal controls, or difficulties encountered in implementing or improving internal controls, could harm our operating results or cause us to fail to meet our reporting obligations. Ineffective

internal controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our Class A Common Stock. An active, liquid and orderly trading market for our Class A Common Stock may not be maintained. Our Class A Common Stock trades on the NYSE under the ticker "CRGY." However, an active, liquid and orderly trading market for our Class A Common Stock may not be maintained. Active, liquid and orderly trading markets usually result in less price volatility and more efficiency in carrying out investors' purchase and sale orders. Consequently, you may not be able to sell shares of our Class A Common Stock at prices equal to or greater than the assumed price attributable to such shares. The stock markets in general have experienced extreme volatility that has often been unrelated or disproportionate to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our Class A Common Stock. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. Such litigation, if instituted against us could result in very substantial costs, divert management's attention and resources and harm our business, operating results and financial condition. Future sales of our Class A Common Stock in the public market, or the perception that such sales may occur, could reduce the price of our Class A Common Stock, and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership in us. We may sell additional shares of our Class A Common Stock in subsequent offerings. In addition, subject to certain limitations and exceptions, OpCo Unit Holders may redeem their OpCo Units (together with a corresponding number of shares of our Class B Common Stock) for shares of our Class A Common Stock (on a one-for-one basis, subject to conversion rate adjustments for stock splits, stock dividends and reclassification and other similar transactions) and then sell those shares of our Class A Common Stock. At December 31, 2022, we have 48,911, 282,608, 163,800 outstanding shares of Class A Common Stock and 118,881, 645,048, 323,124 outstanding shares of Class B Common Stock. Independence's former owners own all of the outstanding shares of our Class B Common Stock, representing approximately 71.49% of our total outstanding common stock. In January 2023, all such shares may be sold into the market in the future. For example, we recently registered the offer and sale of up to an aggregate of \$700 million of our securities and the resale of 128,927,826 shares of our Class A Common Stock (including shares of Class A Common Stock to be issued upon redemption of a corresponding number of Class B Common Stock) by certain selling stockholders, including Independence's former owners, pursuant to the Registration Rights Agreement. In addition to sales pursuant to such registration by selling stockholders, certain of our significant stockholders, including such selling stockholders, may have distributed shares of our securities that they hold to their investors who themselves may then sell into the public market. Any sales of such securities may depress the price of our shares. Furthermore, we filed a registration statement with the SEC on Form S-8 providing for the registration of 947,348, 672,404 shares of our Class A Common Stock issued or reserved for issuance under the Equity Incentive Plan. Subject to the satisfaction of vesting conditions, the expiration of lock-up agreements and the requirements of Rule 144 under the Securities Act of 1933, as amended, shares registered under the registration statement on Form S-8 have been made available for resale immediately in the public market without restriction. We cannot predict the size of future issuances of our Class A Common Stock or securities convertible into Class A Common Stock or the effect, if any, that future issuances and sales of shares of our Class A Common Stock will have on the market price of our Class A Common Stock. Sales of substantial amounts of our Class A Common Stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our Class A Common Stock. If securities or industry analysts do not continue to publish research or reports about our business, if they adversely change their recommendations regarding our Class A Common Stock or if our operating results do not meet their expectations, the trading price of our Class A Common Stock could decline. The trading market for our Class A Common Stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover us downgrades our Class A Common Stock or if our operating results do not meet their expectations, the trading price of our Class A Common Stock could decline. Risks related to our financial condition Our hedging activities could result in financial losses or could reduce our net income. We enter into derivative instrument contracts for a significant portion of our existing production. We plan to continue the practice of entering into hedging arrangements to reduce near-term exposure to commodity prices, protect cash flow and returns and maintain our liquidity. Our hedging contracts may result in substantial gains or losses. For example, we had realized commodity derivative losses of \$779,153,377 million in 2022-2023; however, there can be no assurance that we will not realize additional future losses due to our hedging activities. In addition, if we enter into any hedging contracts and experience a sustained material interruption in our production, we might be forced to satisfy all or a portion of our hedging obligations without the benefit of the cash flows from our sale of the underlying physical commodity, resulting in a substantial diminution of our liquidity. Our ability to use hedging transactions to protect us from future oil and natural gas price declines will be dependent upon oil and natural gas prices at the time we enter into future hedging transactions and our future levels of hedging and, as a result, our future net cash flows may be more sensitive to commodity price changes. In the future, we may be unable to hedge anticipated production volumes on attractive terms or at all, which would subject us to further potential commodity price uncertainty and could adversely affect our net cash provided by operating activities, financial condition and results of operations. Our price hedging strategy and future hedging transactions will be determined at our discretion. The prices at which we hedge our production in the future will be dependent upon commodities prices at the time we enter into these transactions, which may be substantially higher or lower than current prices. Accordingly, our price hedging strategy may not protect us from significant declines in prices received for our future production. Conversely, our hedging strategy may limit our ability to realize cash flows from commodity price increases. It is also possible that a substantially larger percentage of our future production will not be hedged as compared with the next few years, which would result in our oil and natural gas revenues becoming more sensitive to commodity price fluctuations. Our hedging

transactions could expose us to counterparty credit risk. Our hedging transactions expose us to risk of financial loss if a counterparty fails to perform under a derivative contract. This risk of counterparty non-performance is of particular concern given the historical disruptions that have occurred in the financial markets and the significant decline in oil and natural gas prices which could lead to sudden changes in a counterparty's liquidity, and impair their ability to perform under the terms of the derivative contract. We are unable to predict sudden changes in a counterparty's creditworthiness or ability to perform. Even if we do accurately predict sudden changes, our ability to negate the risk may be limited depending upon market conditions. Furthermore, the bankruptcy of one or more of our hedge providers or some other similar proceeding or liquidity constraint, might make it unlikely that we would be able to collect all or a significant portion of amounts owed to us by the distressed entity or entities. During periods of falling commodity prices, our hedge receivable positions increase, which increases our exposure. If the creditworthiness of our counterparties deteriorates and results in their nonperformance, we could incur a significant loss. Our cash flow will be entirely dependent upon the ability of our operating subsidiaries to make cash distributions to us, the amount of which will depend on various factors. We currently anticipate that the only source of our earnings will be cash distributions from our operating subsidiaries. The amount of cash that our operating subsidiaries can distribute each quarter to their owners principally depends upon the amount of cash they generate from their operations, which will fluctuate from quarter to quarter based on, among other things: • the amount of oil and natural gas our operating subsidiaries produce from existing wells; • market prices of oil, natural gas and NGLs; • any restrictions on the payment of distributions contained in covenants in the Revolving Credit Facility; • our operating subsidiaries' ability to fund their drilling and development plans; • the levels of investments in each of our operating subsidiaries, which may be limited and disparate; • the levels of operating expenses, maintenance expenses and general and administrative expenses; • regulatory action affecting: (i) the supply of, or demand for, oil, natural gas, and NGLs, and (ii) operating costs and operating flexibility; • prevailing economic conditions; and • adverse weather conditions and natural disasters. In addition, we do not wholly own all of our operating subsidiaries. As a result, if such operating subsidiaries make distributions, including tax distributions, they will also have to make distributions to their noncontrolling interest owners. Certain employees of our operating subsidiaries have profits interests that may require substantial payouts and result in substantial accounting charges. Certain employees of our operating subsidiaries have profits interests that may require substantial payouts, particularly upon liquidation of any such operating subsidiary or a disposition of assets, and may result in substantial accounting charges. Such payouts are linked to the achievement of certain return thresholds and would be paid in the event of such liquidation or disposition in a proportionate amount to the amount of cash received in respect of such liquidation or disposition. For additional information, please read "Part II., Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — General and Administrative Expense" and NOTE 13 – **Incentive Equity- Based Compensation Arrangements Awards** in the notes to our audited financial statements for the year ended December 31, ~~2022~~ **2023** included herein. Our only principal asset is our interest in OpCo; accordingly, we will depend on distributions **and other payments** from OpCo to pay taxes, make payments under the Management Agreement and cover our corporate and other overhead expenses. We are a holding company and have no material assets other than our ownership interest in OpCo. We will have no independent means of generating revenue or cash flow. To the extent OpCo has available cash and subject to the terms of any current or future indebtedness agreements, we intend to cause OpCo (i) to make pro rata cash distributions to holders of OpCo Units, including us, in an amount sufficient to allow us to pay our taxes and to make payments under the Management Agreement and (ii) to **make payments to us to** reimburse us for our corporate and other overhead expenses. We generally expect OpCo to fund such distributions **and payments** out of available cash. When OpCo makes distributions, the holders of OpCo Units will be entitled to receive proportionate distributions based on their interests in OpCo at the time of such distribution. To the extent that we need funds and OpCo or its subsidiaries are restricted from making such distributions or payments under applicable law or regulation or under the terms of any current or future indebtedness agreements, or are otherwise unable to provide such funds, our liquidity and financial condition could be materially adversely affected. Moreover, because we have no independent means of generating revenue, our ability to make tax payments and payments under the Management Agreement is dependent on the ability of OpCo to make distributions to us in an amount sufficient to cover our tax obligations and obligations under the Management Agreement. This ability, in turn, may depend on the ability of OpCo's subsidiaries to make distributions to it. The ability of OpCo, its subsidiaries and other entities in which it directly or indirectly holds an equity interest to make such distributions will be subject to, among other things, (i) the applicable provisions of Delaware law (or other applicable jurisdiction) that may limit the amount of funds available for distribution and (ii) restrictions in relevant debt instruments issued by OpCo or its subsidiaries and other entities in which it directly or indirectly holds an equity interest. Risks related to our governance structure We are a "controlled company" within the meaning of NYSE rules and, as a result, qualify for and rely on exemptions from certain corporate governance requirements. Because the Preferred Stockholder is the sole owner of our Non- Economic Series I Preferred Stock and accordingly has the exclusive right to appoint our Board of Directors, we are a controlled company under the Sarbanes- Oxley Act and NYSE rules. A controlled company does not need its board of directors to have a majority of independent directors or to form an independent compensation or nominating and corporate governance committee. As a controlled company, we will remain subject to rules of the Sarbanes- Oxley Act and the NYSE that require us to have an audit committee composed entirely of independent directors. If at any time we cease to be a controlled company, we will take all action necessary to comply with the Sarbanes- Oxley Act and NYSE rules, including **by appointing ensuring that our Board of Directors has** a majority of independent directors ~~to the our Board of Directors~~ and ensuring **that our** we have a **compensation Compensation committee Committee** and a **nominating Nominating &** and corporate governance **Governance committee Committee** ~~are~~ each composed entirely of independent directors, subject to a permitted "phase- in" period. Our Certificate of Incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by stockholders, which could limit our stockholders' ability to obtain a favorable

judicial forum for disputes with us or ~~its~~ **our** directors, officers, employees or agents. Our Certificate of Incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our Certificate of Incorporation or our Bylaws, or (iv) any action asserting a claim against us that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and consented to, the provisions of our restated Certificate of Incorporation described in the preceding sentence. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find these provisions of our certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations. Our Preferred Stockholder's significant voting power limits the ability of holders of our common stock to influence our business. Our Preferred Stockholder is the sole holder of our Non-Economic Series I Preferred Stock and is expected to retain its ownership of our Non-Economic Series I Preferred Stock until such time as it ceases to own **a number of more than 14,369,367** shares of ~~our common stock equal to or greater than 50% of the shares of our Class A Common Stock and our Class B Common Stock it owns~~, subject to certain exceptions. Our Non-Economic Series I Preferred Stock entitles the holder thereof to appoint our entire Board of Directors and to certain other to approval rights with respect to certain fundamental corporate actions, including debt incurrence in excess of 10% of then outstanding indebtedness, significant equity raises, preferred equity issuances, adoption of a shareholder rights plan, amendments of our certificate of incorporation and certain sections of its bylaws, a sale of all or substantially all of our assets, mergers involving us, removals of our Chief Executive Officer and the liquidation or dissolution of us. Unlike common equity in traditional corporate structures, holders of our common stock will not vote for the election of directors. As a result, holders of our common stock will have less ability to influence our business than would the holders of common equity in a traditional corporate structure. The Preferred Stockholder's controlling ownership position may have the effect of delaying or preventing changes in control or changes in management and may adversely affect the trading price of our Class A Common Stock to the extent investors perceive a disadvantage in owning stock of a company with a controlling shareholder. Given its ownership of ~~the~~ our Non-Economic Series I Preferred Stock, the Preferred Stockholder would have to approve any potential acquisition of us. The existence of a controlling shareholder may have the effect of deterring hostile takeovers, delaying or preventing changes in control or changes in management, or limiting the ability of our other shareholders to approve transactions that they may deem to be in our best interests. Moreover, the Preferred Stockholder's controlling ownership position may adversely affect the trading price of our Class A Common Stock to the extent investors perceive a disadvantage in owning stock of a company with a controlling shareholder, whether due to a decreased likelihood of a sale of us at a premium to the then-existing trading price of our Class A Common Stock or otherwise. Our Certificate of Incorporation provides that the Preferred Stockholder is, to the fullest extent permitted by law, under no obligation to consider the separate interests of the other stockholders and will contain provisions limiting the liability of the Preferred Stockholder. To the fullest extent permitted by applicable law, our Certificate of Incorporation contains provisions limiting the duties owed by the Preferred Stockholder and contain provisions allowing the Preferred Stockholder to favor its own interests and the interests of its controlling persons over us and the holders of our common stock. Our Certificate of Incorporation contains provisions stating that the Preferred Stockholder is under no obligation to consider the separate interests of the other stockholders (including the tax consequences to such stockholders) in deciding whether or not to authorize us to take (or decline to authorize us to take) any action as well as provisions stating that the Preferred Stockholder shall not be liable to the other stockholders for damages or equitable relief for any losses, liabilities or benefits not derived by such stockholders in connection with such decisions. Our Certificate of Incorporation contains a provision renouncing our interest and expectancy in certain corporate opportunities that may prevent us from receiving the benefit of certain corporate opportunities. The "corporate opportunity" doctrine provides that corporate fiduciaries, as part of their duty of loyalty to the corporation and its stockholders, may not take for themselves an opportunity that in fairness should belong to the corporation. As such, a corporate fiduciary may generally not pursue a business opportunity which the corporation is financially able to undertake and which, by its nature, falls into the line of the corporation's business and is of practical advantage to it, or in which the corporation has an actual or expectant interest, unless the opportunity is disclosed to the corporation and the corporation determines that it is not going to pursue such opportunity. Section 122 (17) of the DGCL, however, expressly permits a Delaware corporation to renounce in its certificate of incorporation any interest or expectancy of the corporation in, or in being offered an opportunity to participate in, specified business opportunities or specified classes or categories of business opportunities that are presented to the corporation or its officers, directors or stockholders. Our Certificate of Incorporation contains a provision that, to the maximum extent permitted under the law of the State of Delaware, we renounce any interest or expectancy in, or in being offered an opportunity to participate in, business opportunities that are from time to time presented to its officers, directors, the Preferred Stockholder or any partner, manager, member, director, officer, stockholder, employee or agent or affiliate of any such holder. We believe that this provision, which is intended to provide that certain business opportunities are not subject to the "corporate opportunity" doctrine, is appropriate, as the Preferred Stockholder and its affiliates invest in a wide array of companies, including companies with businesses similar to us. As a result of this provision, we may be not be offered certain corporate opportunities which could be beneficial to us and our stockholders. Tax risks If OpCo were to become a publicly traded partnership taxable as a corporation for U. S. federal income tax purposes,

we and OpCo might be subject to potentially significant tax inefficiencies. We intend to operate such that OpCo does not become a publicly traded partnership taxable as a corporation for U. S. federal income tax purposes. A “publicly traded partnership” is a partnership the interests of which are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof. Under certain circumstances, redemptions of OpCo Units pursuant to the Redemption Right or other transfers of OpCo Units could cause OpCo to be treated as a publicly traded partnership. Applicable U. S. Treasury regulations provide for certain safe harbors from treatment as a publicly traded partnership, and we intend to operate such that redemptions or other transfers of OpCo Units qualify for one or more such safe harbors. For example, we intend to limit the number of holders of OpCo Units, and the OpCo LLC Agreement, provides for limitations on the ability of holders of OpCo Units to transfer their OpCo Units and provides us, as the managing member of OpCo, with the right to impose restrictions (in addition to those already in place) on the ability of holders of OpCo Units to redeem their OpCo Units pursuant to the Redemption Right to the extent we believe it is necessary to ensure that OpCo will continue to be treated as a partnership for U. S. federal income tax purposes. If OpCo were to become a publicly traded partnership taxable as a corporation for U. S. federal income tax purposes, significant tax inefficiencies might result for us and OpCo, including as a result of our inability to file a consolidated U. S. federal income tax return with OpCo. Changes to applicable tax laws and regulations **may or exposure to additional income tax liabilities could** adversely affect our business, results of operations, financial condition and cash **flow flows**. **We are subject to various complex evolving U. S. federal, state and local and non-tax laws.** U. S. **federal, state and local** tax laws, policies, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us, in each case, possibly with retroactive effect, **and may have an adverse effect on our business, results of operations, financial condition and cash flows**. In the past, legislation has been proposed that, if enacted into law, would make significant changes to U. S. federal and state income tax laws affecting the oil and natural gas industry, including (i) eliminating the immediate deduction for intangible drilling and development costs, (ii) the repeal of the percentage depletion allowance for oil and natural gas properties; and (iii) an extension of the amortization period for certain geological and geophysical expenditures. No accurate prediction can be made as to whether any such legislative changes will be proposed or enacted in the future or, if enacted, what the specific provisions or the effective date of any such legislation would be. **Any These proposed changes in the U. S. tax law laws, if adopted, any significant variance in or our other similar interpretation of current tax laws or a successful changes-challenge that of one or more of our positions by any taxing authority would could impose result in additional tax taxes** on our activities **or reduce or eliminate deductions currently available with respect to natural gas and oil exploration, which development or similar activities,** could adversely affect our business, results of operations, financial condition and cash **flow flows**. A change of control could limit our use of net operating losses. As of December 31, 2022, we had a net operating loss, or NOL, carry forward of approximately \$ 121 million for federal and state income tax purposes, most of which is already limited by Section 382 of the Code. If we were to experience a further “ownership change,” as determined under Section 382 of the Code, our ability to offset taxable income arising after the ownership change with NOLs generated prior to the ownership change would be limited, possibly substantially. In general, an ownership change would establish an annual limitation on the amount of our pre-change NOLs that we could utilize to offset our taxable income in any future taxable year to an amount generally equal to the value of our stock immediately prior to the ownership change multiplied by an interest rate periodically promulgated by the IRS referred to as the long-term tax-exempt rate. In general, an ownership change will occur if there is a cumulative increase in the ownership of our stock totaling more than 50 percentage points by one or more “5% shareholders” (as defined in the Code) at any time during a rolling three-year period. General risks Loss, failure or disruption of our and our operators’ information and computer systems could adversely affect our business. We are heavily dependent on our information systems and computer based programs, including with respect to our well operations information, seismic data, electronic data processing and accounting data, and the availability and integrity of these programs and systems are essential for us to conduct our business and operations. If any of such programs or systems were to be subject to a cyberattack, to fail or to create erroneous information in our hardware or software network infrastructure, whether due to telecommunications failures, human error, natural disaster, fire, sabotage, hardware or software malfunction or defects, computer viruses, intentional acts of vandalism or terrorism or similar acts or occurrences, possible consequences include our loss of communication links, inability to find, produce, process and sell oil and natural gas and inability to automatically process commercial transactions or engage in similar automated or computerized business activities. Any such consequence could have a material and adverse effect on our business. A terrorist attack or armed conflict or associated economic sanctions resulting therefrom could harm our business. Terrorist activities, anti-terrorist efforts and other armed conflicts involving the United States or other countries may adversely affect the United States and global economies and could prevent us from meeting our financial and other obligations. If any of these events occur, the resulting political instability and societal disruption could reduce overall demand for oil and natural gas, potentially putting downward pressure on demand for our services and causing a reduction in our revenues. **For example, on October 7, 2023, Hamas, a U. S. designated terrorist organization, launched a series of coordinated attacks from the Gaza Strip onto Israel. On October 8, 2023, Israel formally declared war on Hamas, and the armed conflict is ongoing as of the date of this filing**. Oil and natural gas related facilities could be direct targets of terrorist attacks, and our operations could be adversely impacted if infrastructure integral to our customers’ operations is destroyed or damaged. Furthermore, beginning in February 2022, the United States and other countries began imposing meaningful sanctions targeting Russia as a result of actions taken by Russia in Ukraine. These sanctions and actions by Russia in response thereto may cause disruptions in international supply chains, financial activities and operations, the full costs, burdens, and limitations of which are currently unknown and may become significant. Costs for insurance and other security may increase as a result of these threats, and some insurance coverage may become more difficult to obtain, if available at all. Our business could be negatively affected by security threats, including cyber security threats, and other disruptions and is subject to complex and evolving laws and regulations regarding privacy and data protection. We face various security threats, including cyber security threats to gain

unauthorized access to sensitive information or to render data or systems unusable; threats to the security of our facilities and infrastructure or third-party facilities and infrastructure, such as processing plants and pipelines, and threats from terrorist or criminal actors. The potential for such security threats has subjected our operations to increased risks that could have a material and adverse effect on our business. In particular, our implementation of various procedures and controls to monitor and mitigate security threats and to increase security for our information, facilities and infrastructure may result in increased capital and operating costs. Moreover, there can be no assurance that such procedures and controls will be sufficient to prevent security breaches from occurring, particularly given the unpredictability of the timing, nature, and scope of IT breaches, attacks, disruptions and other incidents. If any of these incidents were to occur, they could lead to losses of sensitive information, critical infrastructure or capabilities essential to our operations and could have a material adverse effect on our reputation, financial position, results of operations or cash flows. Cyber security attacks in particular are becoming more sophisticated and include, but are not limited to, installation of malicious software, attempts to gain unauthorized access to data and systems, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. For example, in May 2021, Colonial Pipeline's digital systems were infected by a ransomware attack that caused the shutdown of the pipeline for several days and the payment of an approximate \$ 4. 4 million ransom. The U. S. government also has issued public warnings that indicate that energy assets might be specific targets of cybersecurity threats. These events could damage our reputation and lead to financial losses from remedial actions, loss of business or potential liability. While we maintain insurance that covers certain security and privacy breaches, we may not carry appropriate insurance or maintain sufficient coverage to compensate for all potential liability, and such insurance may not continue to be available to us on reasonable terms, if at all. The regulatory environment surrounding data privacy and protection is constantly evolving and can be subject to significant change. New laws and regulations governing data privacy and the unauthorized disclosure of personal or confidential information pose increasingly complex compliance challenges and could potentially elevate our costs. Any failure to comply with these laws and regulations could result in significant penalties and legal liability. We continue to monitor and assess the impact of these laws, which in addition to penalties and legal liability, could impose significant costs for investigations and compliance, require us to change our business practices and carry significant potential liability for our business should we fail to comply with any such applicable laws. We may be unable to protect our intellectual property rights or be subject to litigation if another party claims that we have infringed upon its intellectual property rights. We rely on certain intellectual property rights in the operation of our business. The market success of our operations will depend, in part, on our ability to obtain and enforce our proprietary rights in certain technologies, to preserve rights in our trade secret and non- public information, and to operate without infringing the proprietary rights of others. We may not be able to successfully preserve these intellectual property rights in the future and these rights could be invalidated, circumvented, or challenged. If any of our intellectual property rights are determined to be invalid or unenforceable, our competitive advantages could be significantly reduced, allowing competition for our customer base to increase. The failure of our Company to protect our proprietary information and any successful intellectual property challenges or infringement proceedings against us could adversely affect our competitive position. The tools, techniques, methodologies, programs, and components we use in the operation of our business may infringe, or be alleged to infringe, upon the intellectual property rights of others. Infringement claims generally result in significant legal and other costs, and may distract management from running our core business. Royalty payments under a license from third parties, if available, or an obligation to redesign our operations, would increase our costs. Any of these developments could have a material adverse effect on our business, financial condition, and results of operations. From time to time, we may be involved in legal proceedings that could result in substantial liabilities. Similar to many oil and natural gas companies, we are from time to time involved in various legal and other proceedings, such as title, royalty or contractual disputes, regulatory compliance matters and personal injury or property damage matters, in the ordinary course of our business. Such legal proceedings are inherently uncertain and their results cannot be predicted. Regardless of the outcome, such proceedings could have a material and adverse impact on us because of legal costs, diversion of management and other personnel and other factors. In addition, resolution of one or more such proceedings could result in liability, loss of contractual or other rights, penalties or sanctions, as well as judgments, consent decrees or orders requiring a change in our business practices. Accruals for such liability, penalties or sanctions may be insufficient, and judgments and estimates to determine accruals or range of losses related to legal and other proceedings could change from one period to the next, and such changes could be material. The inability of one or more of our customers to meet their obligations may materially and adversely affect our financial results. We are subject to risk of loss resulting from nonpayment or nonperformance by our customers. Substantially all of our accounts receivable result from our oil and natural gas sales to a small number of third parties in the energy industry. This concentration of customers may affect our overall credit risk in that these entities may be similarly affected by changes in economic and other conditions. Furthermore, some of our customers may be highly leveraged and subject to their own operating and regulatory risks. If any of our key customers default on their obligations to us, our financial results could be materially and adversely affected. We may be unable to dispose of non- strategic assets on attractive terms and may be required to retain liabilities for certain matters. We regularly review our asset base to assess the market value versus holding value of existing assets with a view to optimizing returns on deployed capital. Our ability to dispose of assets could be affected by various factors, including the availability of buyers willing to purchase assets at prices acceptable to us. Sellers typically retain certain liabilities or agree to indemnify buyers for certain matters. The magnitude of any such retained liability or indemnification obligation may be difficult to quantify at the time of the transaction and ultimately may be material. Also, as is typical in divestiture transactions, third parties may be unwilling to release us from guarantees or other credit support provided prior to the sale of the divested assets. As a result, after a sale, we may remain secondarily liable for the obligations guaranteed or supported to the extent that the buyer of the assets fails to perform these obligations. Our operations are subject to catastrophic losses, operational hazards and unforeseen interruptions and other disruptive risks for which we may not be

adequately insured. Our operations are subject to catastrophic losses, operational hazards, unforeseen interruptions and other disruptive risks such as natural disasters, adverse weather, accidents, maritime disasters (including those involving marine vessels / terminals), fires, explosions, hazardous materials releases, terror or cyberattacks, domestic vandalism, power failures, mechanical failures and other events beyond our control. These events could result in an injury, loss of life, property damage or destruction, as well as a curtailment or an interruption in our operations and may affect our ability to meet marketing commitments.