Risk Factors Comparison 2024-02-23 to 2023-02-27 Form: 10-K

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You should carefully consider the following risk factors in addition to the other information included in this report. Each of these risk factors could adversely affect our business, financial condition, results of operations and ~~/ or~~ cash flows, as well as adversely affect the value of an investment in our common stock, debt securities, or preferred stock. Commodity prices fluctuate widely, and low prices for an extended period would likely have a material adverse impact on our business. Our revenues, operating results, financial condition and ability to borrow funds or obtain additional capital depend substantially on prices we receive for the oil, natural gas and NGLs that we sell. Lower commodity prices may reduce the amount of oil, natural gas and NGLs that we can produce economically, while higher commodity prices could cause us to experience periods of higher costs. Historically, commodity prices have been volatile, with prices fluctuating widely, and they are likely to continue to be volatile. Wide fluctuations in commodity prices may result from relatively minor changes in the supply of and demand for oil, natural gas and NGLs, market uncertainty and a variety of additional factors that are beyond our control, including global events or conditions that affect supply and demand, such as ~~the COVID- 19 pandemic~~ **pandemics** , the war in Ukraine **, conflict in the Middle East** and other geopolitical risks and sanctions, the actions of OPEC members and climate change. Any substantial or extended decline in future commodity prices would have a material adverse effect on our future business, financial condition, results of operations, cash flows, liquidity or ability to finance planned capital expenditures and commitments. If commodity prices decline significantly for a sustained period of time, the lower prices may cause us to reduce our planned drilling program or adversely affect our ability to make planned expenditures, raise additional capital or meet our financial obligations. Furthermore, substantial, extended decreases in commodity prices may render ~~such~~ **certain** projects uneconomic, which may result in significant downward adjustments to our estimated proved reserves and could negatively impact our ability to borrow ~~and~~ **, our** cost of capital and our ability to access capital markets, increase our costs under our revolving credit ~~facility~~ **agreement** and limit our ability to execute aspects of our business plans. ~~Refer to "~~ Future commodity price declines may result in write- downs of the carrying amount of our oil and gas properties, which could materially and adversely affect our results of operations. ~~"~~ The value of our oil and gas properties depends on commodity prices.Declines in these prices as well as increases in development costs,changes in well performance,delays in asset development or deterioration of drilling results may result in our having to make material downward adjustments to our estimated proved reserves ~~,~~ and could result in an impairment charge and a corresponding write- down of the carrying amount of our oil and gas properties.We evaluate our oil and gas properties for impairment on a field- by- field basis whenever events or changes in circumstances indicate a property' s carrying amount may not be recoverable.We compare expected undiscounted future cash flows to the net book value of the asset.If the future undiscounted expected cash flows,based on our estimate of future commodity prices,operating costs and anticipated production from proved reserves and risk- adjusted probable and possible reserves,are lower than the net book value of the asset,the capitalized cost is reduced to fair value.Commodity pricing is estimated by using a combination of assumptions management uses in its budgeting and forecasting process as well as historical and current prices adjusted for geographical location and quality differentials,as well as other factors that management believes will impact realizable prices.In the event that commodity prices decline,there could be a significant revision to the carrying amounts of oil and gas properties in the future **.** Drilling **, completing and operating** oil and natural gas wells **are** ~~is a~~ high- risk ~~activity~~ **activities** . Our growth is materially dependent upon the success of our drilling program. Drilling for oil and natural gas involves numerous risks, including the risk that no commercially productive reservoirs will be encountered. The cost of drilling, completing and operating wells is substantial and uncertain, and drilling operations may be curtailed, delayed or canceled as a result of a variety of factors beyond our control. Our future drilling activities may not be successful and, if unsuccessful, such failure will have an adverse effect on our future results of operations and financial condition. Our operations present hazards and risks that require significant ~~and continuous~~ oversight ~~,~~ and are subject to numerous possible disruptions from unexpected events. The scope and nature of our operations present a variety of significant hazards and risks, including operational hazards and risks such as explosions, fires, product spills, and cybersecurity incidents ~~and~~ **, such as** unauthorized access to data or systems, among other risks. Our operations are also subject to broader global events and conditions, including public health crises, ~~pandemic~~ **pandemics** ~~or~~ **,** ~~epidemic~~ **epidemics** , war or civil unrest, acts of terror, weather events and natural disasters, including **those** ~~weather events or natural disasters~~ that are related to or exacerbated by climate change. Such hazards and risks could impact our business in the areas in which we operate, and our business and operations may be disrupted if we fail to respond in an appropriate manner to such hazards and risks or if we are unable to efficiently restore or replace affected operational components and capacity. Furthermore, our insurance may not **cover such, or** be adequate to compensate us for all resulting losses. The cost of insurance may increase and the availability of insurance may decrease, as a result of climate change or other factors. The occurrence of any event not **covered or** fully covered by insurance could have a material adverse effect on our financial position, results of operations and cash flows. Our proved reserves are estimates. Any material inaccuracies in our reserves estimates or underlying assumptions could cause the quantities and net present value of our reserves to be overstated or understated. Reserves engineering is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact manner. The process of estimating quantities of proved reserves is complex and inherently imprecise, and the reserves data included in this document are only estimates. The process relies on interpretations of available geologic, geophysical, engineering and production data. The extent, quality and reliability of this technical data can vary. The process also requires certain economic assumptions, some of which are mandated by the SEC, such as assumptions relating to commodity prices. Additional assumptions include drilling and operating expenses, capital expenditures, taxes and availability of funds. Furthermore, different reserve engineers may make different estimates of reserves and cash flows based on the same data. For example, our total company proved reserves decreased by approximately 17 percent year over year at December 31, 2022. For more information on such revision, refer to the Supplemental Oil and Gas Information included in Item 8. Results of drilling, testing and production subsequent to the date of a reserves estimate may justify revising the original estimate. Accordingly, initial reserves estimates often vary from the quantities of oil and natural gas that are ultimately recovered, and such variances may be material. Any significant variance could reduce the estimated quantities and present value of our reserves. You should not assume that the present value of future net cash flows from our proved reserves is the current market value of our estimated reserves. In accordance with SEC requirements, we base the estimated discounted future net cash flows from our proved reserves on the 12-month average index price for the respective commodity, calculated as the unweighted arithmetic average for the first day of the month price for each month and costs in effect on the date of the estimate, holding the prices and costs constant throughout the life of the properties, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions. Actual future prices and costs may differ materially from those used in the net present value estimate, and future net present value estimates using then current prices and costs may be significantly less than the current estimate. In addition, the 10 percent discount factor we use when calculating discounted future net cash flows for reporting requirements in compliance with the applicable accounting standards 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 gas industry in general. The value of our oil and gas...... and gas properties in the future. Our future performance depends on our ability to find or acquire additional oil and natural gas reserves that are economically recoverable. Unless we successfully replace the reserves that we produce, our reserves will decline as reserves are depleted, eventually resulting in a decrease in oil and natural gas production and lower revenues and cash flow from operations. Our future production is, therefore, highly dependent on our level of success in finding or acquiring additional reserves. We may not be able to replace reserves through our exploration, development and exploitation activities or by acquiring properties at acceptable costs. Additionally, there is no way to predict in advance of any exploration and development whether any particular location will yield sufficient quantities to recover drilling or completion costs or be economically viable. Low commodity prices may further limit the kinds of reserves that we can develop and produce economically. If we are unable to replace our current and future production, our revenues will decrease and our business, financial condition and results of operations may be adversely affected. The development of our proved undeveloped reserves may take longer and may require higher levels of capital expenditures than we currently anticipate. As of December 31, ~~2022~~ **2023** , approximately ~~24~~ **21** percent of our estimated proved reserves (by volume) were undeveloped. Developing PUD reserves requires significant capital expenditures, and the estimated future development costs associated with our PUD reserves may not equal our actual costs, development may not occur as scheduled and results of our development activities may not be as estimated. If we choose not to develop our PUD reserves, or if we are not otherwise able to develop them successfully, we will be required to remove them from our reported proved reserves. In addition, under the SEC' s reserves reporting rules, because PUD reserves generally may be recorded only if they relate to wells scheduled to be drilled within five years of the date of booking, we may be required to remove any PUD reserves that are no longer planned to be developed within this five- year time frame. Delays in the development of our PUD reserves, decreases in commodity prices and increases in costs to drill and develop such reserves may also result in some projects becoming uneconomic. Strategic determinations, including the allocation of capital and other resources to strategic opportunities, are challenging, and our failure to appropriately allocate capital and resources among our strategic opportunities may adversely affect our financial condition and reduce our growth rate. Our future growth prospects depend on our ability to identify optimal strategies for our business. In developing our business plans, we considered allocating capital and other resources to various aspects of our business including well- development (primarily drilling **and completion**), reserve acquisitions, exploratory activity, corporate items and other alternatives. We also consider our likely sources of capital. Notwithstanding the determinations made in the development of our ~~2023~~ **2024** plan, business opportunities not previously identified periodically may come to our attention, including possible acquisitions and dispositions. If we fail to identify optimal business strategies ~~,~~ or fail to optimize our capital investment and capital raising opportunities and the use of our other resources in furtherance of our business strategies, our financial condition and growth rate may be adversely affected. Moreover, economic or other circumstances may change from those contemplated by our ~~2023~~ **2024** plan, and our failure to recognize or respond to those changes may limit our ability to achieve our objectives. Our ability to sell our oil, natural gas and NGL production and ~~/ or~~ the prices we receive for our production could be materially harmed if we fail to obtain adequate services such as **gathering,** transportation and processing. The sale of our oil, natural gas and NGL production depends on a number of factors beyond our control, including the availability and capacity of **gathering,** transportation and processing facilities. We deliver the majority of our oil, natural gas and NGL production through gathering systems and pipelines that we do not own. The lack of available capacity on these systems and facilities could reduce the price offered for our production or result in the shut- in of producing wells or the delay or discontinuance of development plans for properties. Third- party systems and facilities may be unavailable due to market conditions or mechanical or other reasons, and in some cases the resulting curtailments of production could lead to payment being required where we fail to deliver oil, natural gas and NGLs to meet minimum volume commitments. In addition, construction of new pipelines and building of required infrastructure may be slow. To the extent these services are unavailable, we would be unable to realize revenue from wells served by such facilities until suitable arrangements are made to market our production. Our failure to obtain these services on acceptable terms could materially harm our business. Moreover, these availability and capacity issues are likely to occur in remote areas with less established infrastructure, such as our Permian Basin properties where we have significant oil and natural gas production. Any of these availability or capacity issues could negatively affect our operations, revenues and expenses. ~~In addition, the Marcellus Shale wells we have drilled to date have generally reported very high initial production rates. The amount of natural gas being produced in the area from these new wells,~~

~~as well as natural gas produced from other existing wells, may exceed the capacity of the various gathering and intrastate or interstate transportation pipelines currently available.~~ This could result in wells being shut in or awaiting a pipeline connection or capacity ~~and / or natural gas being sold at much lower prices than those quoted on NYMEX or than we currently project~~ , which would adversely affect our results of operations and cash flows. Acquired properties may not be worth what we pay to acquire them, due to uncertainties in evaluating recoverable reserves and other expected benefits, as well as potential liabilities. Successful property acquisitions require an assessment of a number of factors beyond our control. These factors include estimates of recoverable reserves, exploration **and development** potential, future commodity prices, operating costs, production taxes and potential environmental and other liabilities. These assessments are complex and inherently imprecise. Our review of the properties we acquire may not reveal all existing or potential problems. In addition, our review may not allow us to assess fully the potential deficiencies of the properties. We do not inspect every well, and even when we inspect a well we may not discover structural, subsurface or environmental problems that may exist or arise. There may be threatened or contemplated claims against the assets or businesses we acquire related to environmental, title, regulatory, tax, contract, litigation or other matters of which we are unaware, which could materially and adversely affect our production, revenues and results of operations. We often assume certain liabilities, and we may not be entitled to contractual indemnification for pre- closing liabilities, including environmental liabilities, and our contractual indemnification may not be effective. At times, we acquire interests in properties on an " as is " basis with limited representations and warranties and limited remedies for breaches of such representations and warranties. In addition, significant acquisitions can change the nature of our operations and business if the acquired properties have substantially different operating and geological characteristics or are in different geographic locations than our existing properties. The integration of the businesses and properties we have acquired or may in the future acquire could be difficult ~~,~~ and may divert management' s attention away from our existing operations. The integration of the businesses and properties we have acquired ~~, including via the Merger,~~ or may in the future acquire could be difficult, and may divert management' s attention and financial resources away from our existing operations. These difficulties include: • the challenge of integrating the acquired businesses and properties while carrying on the ongoing operations of our business; • the inability to retain key employees of the acquired business; • the challenge of inconsistencies in standards, controls, procedures and policies of the acquired business; • potential unknown liabilities, unforeseen expenses or higher- than- expected integration costs; • an overall post- completion integration process that takes longer than originally anticipated; • potential lack of operating experience in a geographic market of the acquired properties; and • the possibility of faulty assumptions underlying our expectations. If management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, our business could suffer. Our future success will depend, in part, on our ability to manage our expanded business, which may pose substantial challenges for management. We may also face increased scrutiny from governmental authorities as a result of the increase in the size of our business. There can be no assurances that we will be successful in our integration efforts. We have limited control over the activities on properties we do not operate. Other companies operate some of the properties in which we have an interest. As of December 31, ~~2022~~ **2023** , non- operated wells represented approximately 51 percent of our total owned gross wells, or ~~13~~ **12** percent of our owned net wells. We have limited ability to influence or control the operation or future development of these non- operated properties and ~~on~~ **of** properties we operate in joint ventures in which we may share control with third parties, including compliance with environmental, safety and other regulations or the amount of capital expenditures that we are required to fund with respect to them. **An** ~~The failure of an~~ operator of our wells or ~~joint venture participant to adequately perform operations, an operator' s breach of the applicable agreements or an operator' s failure to act in ways that are in our best interest could reduce our production and revenues. Our dependence on the operator and other working interest owners, including~~ a joint venture participant **may not adequately perform** ~~, for these projects and our limited ability to influence or control the operation~~ **operations , may breach applicable agreements or may fail to act in ways that are in our best interest, which could reduce our production** and ~~future development of~~ **revenues and expose us to liabilities. Our dependence on** ~~these~~ -- **the** ~~properties~~ **operator or a joint venture participant** could materially adversely affect the realization of our targeted returns on capital in drilling or acquisition activities and lead to unexpected future costs. Many of our properties are in areas that may have been partially depleted or drained by offset **(i. e., neighboring)** wells and certain of our wells may be adversely affected by actions other operators may take when drilling, completing or operating wells that they own. Many of our properties are in areas that may have been partially depleted or drained by earlier **drilled** offset ~~drilling~~ **wells** . We have no control over offsetting operators ~~,~~ who could take actions ~~,~~ such as drilling and completing ~~additional~~ **nearby** wells, ~~which~~ **that** could adversely affect our operations. When a new **offset** well is completed and produced, the pressure differential in the vicinity of the wellbore causes the migration of reservoir fluids toward the new wellbore (and potentially away from existing wellbores), which could cause a depletion of our proved reserves and may inhibit our ability to further develop our proved reserves. The possibility for these impacts may increase with respect to wells that are shut in as a response to lower commodity prices or the lack of pipeline and storage capacity. In addition, completion operations and other activities conducted on other nearby wells could cause us, in order to protect our existing wells, to shut in production for indefinite periods of time. Shutting in our wells and damage to our wells from offset completions could result in increased costs and could adversely affect the reserves and re- commenced production from such shut in wells. We may lose leases if production is not established within the time periods specified in the leases or if we do not maintain production in paying quantities. We could lose leases under certain circumstances if we do not maintain production in paying quantities or meet other lease requirements, and the amounts we spent for those leases could be lost. If we shut in wells in response to lower commodity prices or a lack of pipeline and storage capacity, we may face claims that we are not complying with lease provisions. In addition, the **government** ~~Biden administration~~ also may impose new restrictions and regulations affecting our ability to drill, conduct hydraulic fracturing operations, and obtain necessary rights- of- way on federal lands, which could, in turn, result in the loss of federal leases. **As of December 31, 2023,** ~~The combined net acreage expiring over the next three years~~

~~represents~~ less than one percent of our ~~total~~ net undeveloped acreage ~~as of December 31, 2022~~ **in our core operating areas will expire over the next three years** . Our actual drilling activities may materially differ from those presently identified, which could adversely affect our business. Cyber- attacks targeting our systems, the oil and gas industry systems and infrastructure or the systems of our third- party service providers could adversely affect our business. Our business ~~and~~ **, like** the oil and gas industry in general ~~have~~ **, has** become increasingly dependent on ~~digital~~ data, ~~computer networks~~ **information systems,** and **digitally** connected infrastructure, including technologies ~~that are~~ managed by third- party providers on whom we rely to help us collect, host or process information. We depend on this technology to **, for example,** record and store **information like** financial data, estimate quantities of oil and natural gas reserves, analyze and share operating data **,** and communicate internally and externally. ~~Computers~~ **Information and operational technology systems** control nearly all of the oil and gas distribution systems in the U. S., which are necessary to transport our products to market. ~~Computers~~ **These systems** also enable communications and provide a host of other support services for our business. In recent years (and, in large part, due to the COVID- 19 pandemic), we have increased the use of remote networking and online conferencing services and technologies that enable employees to work outside of our corporate infrastructure, which exposes us to additional cybersecurity risks, including unauthorized access to **proprietary, confidential, or other** sensitive information ~~as a result of increased remote access and other cybersecurity related incidents~~ . Cyber- attacks are becoming more sophisticated and **can** include, but are not limited to, **the use of** malicious software, phishing **scams** , ransomware, attempts to gain unauthorized access to **systems or** data ~~and~~ **, or** other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information **, such as personal information of our employees,** and corruption of data. Unauthorized access to our seismic data, reserves information, customer or employee data or other proprietary or commercially sensitive information could lead to data ~~corruption~~ **integrity issues** , communication interruption or other disruptions in our exploration or production operations or planned business transactions, any of which could have a material adverse impact on our business and operations. If our information **or operational** technology systems cease to function properly or are breached, we could suffer disruptions to our normal operations, which may include drilling, completion, production and corporate functions. A cyber- attack involving our information **or operational technology** systems and related infrastructure, or that of our business associates **or partners** , could result in supply chain disruptions that delay or prevent the transportation and marketing of our production, equipment damage, fires, explosions or environmental releases, non- compliance leading to regulatory fines or penalties, loss or disclosure of, or damage to, our or any of our customer' s or supplier' s data or confidential information that could harm our business by damaging our reputation, subjecting us to potential financial or legal liability and requiring us to incur significant costs, including costs to repair or restore our systems and data or to take other remedial steps. In addition, certain cyber incidents, such as ~~surveillance~~ **reconnaissance campaigns** , may remain undetected for an extended period, and our systems and insurance coverage for protecting against such cybersecurity risks may be costly and may not be sufficient. As cyber- attackers become more sophisticated, we may be required to expend significant additional resources to continue to protect our business or remediate the damage from cyber- attacks. Furthermore, the continuing and evolving threat of cyber- attacks has resulted in increased regulatory focus on prevention, **mitigation, and notification,** and we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. To the extent we face increased regulatory requirements, we may be required to expend significant additional resources to meet such requirements. Risks Related to our Indebtedness, Hedging Activities and Financial Position We have substantial capital requirements, and we may not be able to obtain needed financing on satisfactory terms, if at all. We make and expect to make substantial capital expenditures in connection with our development and production projects. We rely on access to both our revolving credit ~~facility~~ **agreement** and longer- term capital markets as sources of liquidity for any capital requirements not satisfied by cash flow from operations or other sources. Adverse economic and market conditions, ~~such as actions of the Federal Reserve to raise the target federal funds rate,~~ could adversely affect our ability to access such sources of liquidity. Future challenges in the global financial system may adversely affect the terms on which we are able to obtain financing, which could impact our business, financial condition and access to capital. Our ability to access the capital markets may be restricted at a time when we **want** ~~desire,~~ or need ~~,~~ to raise capital, which could have an impact on our flexibility to react to changing economic and business conditions. Additionally, such adverse economic and market conditions could impact our counterparties, including our receivables and our hedging counterparties, who may **,** as a result of such conditions **,** be unable to perform their obligations. Risks associated with our debt and the provisions of our debt agreements could adversely affect our business, financial position and results of operations. Our indebtedness ~~as a result of the Merger and related transactions~~ could have adverse effects on our business, financial condition, results of operations and cash flows, including by requiring us to use a substantial portion of our cash flow to make debt service payments, which ~~will~~ **would** reduce the funds that would otherwise be available for operations, returning cash flow from operations to stockholders and future business opportunities. As a result, our ability to sell assets, engage in strategic transactions or obtain additional financing for working capital, capital expenditures, general corporate and other purposes may be adversely impacted. Our ability to make payments on and to refinance our indebtedness will depend on our ability to generate cash in the future from operations, financings or asset sales. If we fail to make required payments or otherwise default on our debt, the lenders who hold such debt also could accelerate amounts due, which could potentially trigger a default or acceleration of other debt. Our debt agreements also require compliance with covenants to maintain specified financial ratios. If commodity prices deteriorate from current levels, it could lead to reduced revenues, cash flow and earnings, which in turn could lead to a default under such agreements due to lack of covenant compliance. Because the calculations of the financial ratios are made as of certain dates, the financial ratios can fluctuate significantly from period to period. A prolonged period of lower commodity prices could further increase the risk of our inability to comply with covenants to maintain specified financial ratios. In order to provide a margin of comfort with regard to these financial covenants, we may seek to ~~reduce~~ **modify** our capital ~~expenditures~~ **program** , sell non- strategic assets or opportunistically modify or increase our derivative instruments ~~to the extent permitted under our debt agreements~~ . In addition, we may seek to refinance or restructure all or a portion of our indebtedness. We cannot provide assurance that we will be able to successfully execute any of these strategies, and such strategies may be unavailable on favorable terms or at all. For more information about our debt agreements, please read " Management' s Discussion and Analysis of Financial Condition and Results of Operations- Financial Condition- Liquidity and Capital Resources. " We may have hedging arrangements that expose us to risk of financial loss and limit the benefit to us of increases in prices for oil and natural gas. **We** ~~From time to time, when we believe that market conditions are favorable, we~~ use financial derivative instruments to manage **commodity** price risk ~~associated with our oil and natural gas production~~ . While there are many different types of derivatives available, we generally utilize collar, swap and basis swap agreements to manage price risk more effectively. While these derivatives reduce the impact of declines in commodity prices, these derivatives conversely limit the benefit to us of increases in prices. In addition, these arrangements expose us to risks of financial loss in a variety of circumstances, including when: • there is an adverse change in the expected differential between the underlying price in the derivative instrument and actual prices received for our production; • production is less than expected; or • a counterparty is unable to satisfy its obligations. ~~The~~ **In addition, the** CFTC has promulgated regulations to implement statutory requirements for derivatives transactions, including swaps. Although we believe that our use of swap transactions exempts us from certain regulatory requirements, the changes to the derivatives market regulation affect us directly and indirectly. These changes, as in effect and as continuing to be implemented, **as well as a reduced liquidity in oil and gas derivative market,** could increase the cost of derivative contracts, limit the availability of derivatives to protect against risks that we encounter, reduce our ability to monetize or restructure our existing derivative contracts and increase our exposure to less creditworthy counterparties. If we reduce our use of swaps, our results of operations may become more volatile **,** and our cash flows may be less predictable. In addition, the use of financial derivative instruments involves the risk that the counterparties will be unable to meet the financial terms of such transactions. We are unable to predict changes in a counterparty' s creditworthiness or ability to perform, and even if we could predict such changes accurately, our ability to negate such risk may be limited depending on market conditions and the contractual terms of the instruments. If any of our counterparties were to default on its obligations under our financial derivative instruments, such a default could (1) have a material adverse effect on our results of operations, (2) result in a larger percentage of our future production being subject to commodity price changes and (3) increase the likelihood that our financial derivative instruments may not achieve their intended strategic purposes. We will continue to evaluate the benefit of utilizing derivatives in the future. Please read " Management' s Discussion and Analysis of Financial Condition and Results of Operations " in Item 7 and " Quantitative and Qualitative Disclosures about Market Risk " in Item 7A for further discussion concerning our use of derivatives. Legal, Regulatory and Governmental Risks ESG concerns and negative public perception regarding us and ~~/ or~~ our industry could adversely affect our business operations and the price of our common stock, debt securities and preferred stock. Businesses across all industries are facing increasing scrutiny from investors, governmental authorities, regulatory agencies and the public related to their ESG practices, including practices and disclosures related to climate change, sustainability, diversity, equity and inclusion initiatives, and heightened governance standards. Failure, or a perceived failure, to adequately respond to or meet evolving investor, stockholder or public ESG expectations, concerns and standards may cause a business entity to suffer reputational damage and materially and adversely affect the entity' s business, financial condition, or stock and ~~/ or~~ debt prices. In addition, organizations that provide ESG information to investors have developed ratings processes for evaluating a business entity' s approach to ESG matters. Although currently no universal rating standards exist, the importance of sustainability evaluations is becoming more broadly accepted by investors and stockholders, with some using these ratings to inform investment and voting decisions. Additionally, certain investors use these scores to benchmark businesses against their peers and, if a business entity is perceived as lagging, these investors may engage with the entity to ~~require~~ **demand** improved ESG disclosure or performance. Moreover, certain members of the broader investment community may consider a business entity' s sustainability score as a reputational or other factor in making an investment decision. Consequently, a low sustainability score could result in exclusion of our securities from consideration by certain investment funds, engagement by investors seeking to improve such scores and a negative perception of our operations by certain investors. In addition, efforts in recent years aimed at the investment community to generally promote the divestment of fossil fuel equities and to limit or curtail activities with companies engaged in the extraction of fossil fuel reserves could limit our ability to access capital markets. These initiatives by activists and banks, including certain banks who are parties to the credit agreement providing for our revolving credit ~~facility~~ **agreement** , could interfere with our business activities, operations and ability to access capital. Further, negative public perception regarding us and ~~/ or~~ our industry resulting from, among other things, concerns raised by advocacy groups about climate change impacts of methane and other greenhouse gas emissions, hydraulic fracturing, oil spills, and pipeline explosions coupled with increasing societal expectations on businesses to address climate change and potential consumer use of substitutes to carbon- intensive energy commodities may result in increased costs, reduced demand for our oil, natural gas and NGL production, reduced profits, increased regulation, regulatory investigations and litigation, and negative impacts on our stock and debt prices and access to capital markets. These factors could also cause the permits we need to conduct our operations to be challenged, withheld, delayed, or burdened by requirements that restrict our ability to profitably conduct our business. Federal, state and local laws and regulations, judicial actions and regulatory initiatives related to oil and gas development and the use of hydraulic fracturing could result in increased costs and operating restrictions or delays and adversely affect our business, financial condition, results of operations and cash flows. Our operations are subject to extensive federal, state and local laws and regulations, including drilling and environmental and safety laws and regulations, which increase the cost of planning, designing, drilling, installing and operating oil and natural gas facilities. New laws and regulations or revisions or reinterpretations of existing laws and regulations could further increase these costs, could increase our liability risks, and could result in increased restrictions on oil and gas exploration and production activities, which could have a material adverse effect on us and the oil and gas industry as a whole. Risk of substantial costs and liabilities related to environmental and safety matters in particular, including compliance issues, environmental contamination and claims for damages to persons or property, are inherent in oil and natural gas operations. Failure to comply with applicable environmental and safety laws and regulations also may result in the suspension or termination of our operations and subject us to administrative, civil and criminal penalties as well as the imposition of corrective action requirements and orders. In addition, applicable laws and regulations require us to obtain many permits for the operation of various facilities. The issuance of required permits is not guaranteed and, once issued, permits are subject to revocation, modification and renewal. Failure to comply with applicable laws and regulations can result in fines and penalties or require us to incur substantial costs to remedy violations. For additional information, please read " Business and Properties — Other Business Matters — Regulation of Oil and Natural Gas Exploration and Production, " " — Regulation of Natural Gas Marketing, Gathering and Transportation, " and " — Environmental and Safety Regulations " in Items 1 and 2. Oil and natural gas production operations, especially those using hydraulic fracturing, are substantially dependent on the availability of water. Our ability to produce oil and natural gas economically and in commercial quantities could be impaired if we are unable to acquire adequate supplies of water for our operations or are unable to dispose of or recycle the water we use economically and in an environmentally safe manner. Water is an essential component of oil and natural gas production during the drilling process. In particular, we use a significant amount of water in the hydraulic fracturing process. Our inability to locate sufficient amounts of water, or dispose of or recycle water used in our exploration and production operations, could adversely impact our operations. Compliance with environmental regulations and permit requirements governing the withdrawal, storage and use of surface water or groundwater necessary for hydraulic fracturing of wells may increase our operating costs and cause delays, interruptions or termination of our operations, the extent of which cannot be predicted, all of which could have an adverse effect on our operations and financial condition. For additional information, please read " Business and Properties — Other Business Matters — Environmental and Safety Regulations — Clean Water Act " in Items 1 and 2. The adoption of climate change legislation or regulations restricting emission of greenhouse gases could result in increased operating costs and reduced demand for the oil and gas we produce. Studies have found that emission of certain gases, commonly referred to as ~~greenhouse gases (" GHG~~ **GHGs** ~~"),~~ impact the earth' s climate. The U. S. Congress and various states have been evaluating, and in some cases implementing, climate- related legislation and other regulatory initiatives that restrict **GHG** emissions ~~of GHGs~~ . These actions as well as any future laws or regulations that regulate or limit **GHG** emissions ~~of GHGs~~ from our equipment and operations could require us to develop and implement new practices aimed at reducing GHG emissions, such as emissions control technologies, and **to** monitor and report GHG emissions associated with our operations, any of which could increase our operating costs and could adversely affect demand for the oil and gas that we produce. At this time, it is not possible to quantify the impact of such future laws and regulations on our business. For additional information, please read " Business and Properties — Other Business Matters — Environmental and Safety Regulations — Greenhouse Gas and Climate Change Laws and Regulations " in Items 1 and 2. We are subject to various climate- related risks. The following is a summary of potential climate- related risks that could adversely affect us: Transition Risks. Transition risks are related to the transition to a lower- carbon economy and include policy and legal, technology, and market risks. Policy and Legal Risks. Policy risks include actions that seek to lessen activities that contribute to adverse effects of climate change or to promote adaptation to climate change. Examples of policy actions that would increase the costs of our operations or lower demand for our oil and gas include implementing carbon- pricing mechanisms, shifting energy use toward lower emission sources, adopting energy- efficiency solutions, encouraging greater water efficiency measures, and promoting more sustainable land- use practices. Policy actions also may include restrictions or bans on oil and gas activities, which could lead to write- downs or impairments of our assets or may incentivize the use of alternative or renewable sources of energy that could reduce the demand for our products. For example, the IRA contains tax inducements and other provisions that incentivize investment, development and deployment of alternative energy sources and technologies **, and at COP28 in December 2023, more than 190 governments reached a non- binding agreement to transition away from fossil fuels and encourage the growth and expansion of renewable energy** . Legal risks include potential lawsuits or regulations regarding the impacts of climate change, failure to adapt to climate change, and the insufficiency of disclosure around material financial risks. For example, the SEC in ~~2021~~ **2022** proposed rules on climate change disclosure requirements for public companies which, if adopted as proposed, could result in substantial compliance costs **, and in September of 2023, California passed climate- related disclosure mandates that are broader than the SEC' s proposed rules** . Furthermore, we could also face an increased risk of climate - related litigation or " greenwashing " suits with respect to our operations, disclosures, or products. Claims have been made against certain energy companies alleging that GHG emissions from oil, gas and NGL operations constitute a public nuisance under federal and state law. Private individuals or public entities also could attempt to enforce environmental laws and regulations against us and could seek personal injury and property damages or other remedies. Additionally, governments and private parties are also increasingly filing suits, or initiating regulatory action, based on allegations that certain public statements regarding ESG- related matters by companies are false and misleading " greenwashing " campaigns that violate deceptive trade practices and consumer protection statutes or that climate- related disclosures made by companies are inadequate. Similar issues can also arise when aspirational statements such as net- zero or carbon neutrality targets are made without clear plans. Although we are not a party to any such climate- related or " greenwashing " litigation currently, unfavorable rulings against us in any such case brought against us in the future could significantly impact our operations and could have an adverse impact on our financial condition. Technology Risks. Technological improvements or innovations that support the transition to a lower- carbon, more energy efficient economic system may have a significant impact on us. The development and use of emerging technologies in renewable energy, battery storage, and energy efficiency may lower demand for oil and gas, resulting in lower prices and revenues, and higher costs. In addition, many automobile manufacturers have announced plans to shift production from internal combustion engine to electric powered vehicles, and states and foreign countries have announced bans on sales of internal combustion engine vehicles beginning as early as 2025, which would reduce demand for oil. Market Risks. Markets could be affected by climate change through shifts in supply and demand for certain commodities, especially carbon- intensive commodities such as oil and gas and other products dependent on oil and gas. Lower demand for our oil and gas production could result in lower prices and lower revenues. Market risk also may take the form of limited access to capital as investors shift investments to less carbon- intensive industries and alternative energy industries. In addition, investment advisers, banks, and certain sovereign wealth, pension, and endowment funds recently have been promoting divestment of investments in fossil fuel companies and pressuring lenders to limit funding to companies engaged in the extraction, production, and sale of oil and gas. For additional information, please read " — Risks Related to our Indebtedness, Hedging Activities and Financial Position — We have substantial capital requirements, and we may not be able to obtain needed financing on satisfactory terms, if at all " in this Item 1A. Reputation Risk. Climate change is a potential source of reputational risk, which is tied to changing customer or community perceptions of an organization' s contribution to, or detraction from, the transition to a lower- carbon economy. For additional information, please read " — ESG concerns and negative public perception regarding us and ~~/ or~~ our industry could adversely affect our business operations and the price of our common stock, debt securities and preferred stock. " in this Item 1A. Physical Risks. Potential physical risks resulting from climate change may be event driven (including increased severity of extreme weather events, such as hurricanes, droughts, ~~or~~ floods **or freezes**) or may be driven by longer- term shifts in climate patterns that may cause sea level rise or chronic heat waves. Potential physical risks may cause direct damage to assets and indirect impacts, such as supply chain disruption, ~~and also could include~~ changes in water availability, sourcing, and quality, which could impact drilling and completion operations. These physical risks could cause increased costs, production disruptions, lower revenues and substantially increase the cost or limit the availability of insurance. We are subject to a number of privacy and data protection laws, rules and directives (collectively, **"** data protection laws **"**) relating to the processing of personal data. The regulatory environment surrounding data protection laws is uncertain. Complying with varying jurisdictional requirements could increase the costs and complexity of compliance, and violations of applicable data protection laws can result in significant penalties. A determination that there have been violations of applicable data protection laws could expose us to significant damage awards, fines and other penalties that could materially harm our business and reputation. Any failure, or perceived failure, by us to comply with applicable data protection laws could result in proceedings or actions against us by governmental entities or others, subject us to significant fines, penalties, judgments and negative publicity, require us to change our business practices, increase the costs and complexity of compliance and adversely affect our business. As noted above, we are also subject to the possibility of security and privacy breaches, which themselves may result in a violation of these laws. Additionally, the acquisition of a company that is not in compliance with applicable data protection laws may result in a violation of these laws. Tax law changes could have an adverse effect on our financial position, results of operations and cash flows. **Periodically U. S. legislators propose** ~~Substantive~~ **substantive** changes to existing federal income tax laws ~~have been proposed~~ that ~~, if adopted,~~ would repeal many tax incentives and deductions that are currently used by U. S. oil and gas companies and would impose new taxes. ~~The~~ **Past** proposals **have** ~~include~~ **included** ~~:~~ repeal of the percentage depletion allowance for oil and gas properties; elimination of the ability to fully deduct intangible drilling costs in the year incurred; and increase in the geological and geophysical amortization period for independent producers. ~~Additional proposed~~ **These proposals have also included** general tax law changes ~~include raising~~ **to raise** tax rates on both domestic and foreign income. Should the U. S. or the states pass tax legislation limiting any currently allowed tax incentives and deductions, our taxes would increase, potentially significantly, which would have a negative impact on our net income and cash flows. This could also reduce our drilling activities in the U. S. Since future changes to federal and state tax legislation and regulations are unknown, we cannot predict the ultimate impact such changes may have on our business ~~. Additional Risks Related to the Merger We may fail to realize all of the anticipated benefits of the Merger. The long- term success of the Merger will depend, in part, on our ability to realize the anticipated benefits and cost savings from combining our two businesses and operational synergies. The anticipated benefits and cost savings of the Merger may not be realized fully or at all, may take longer to realize than expected, may not be realized or could have other adverse effects that we do not currently foresee. Some of the assumptions that we have made, such as the achievement of the anticipated benefits related to the geographic, commodity and asset diversification and the expected size, scale, inventory and financial strength of the combined business, may not be realized. In addition, there could be potential unknown liabilities and unforeseen expenses associated with the Merger that could adversely impact us~~ . Risks Related to our Corporate Structure Provisions of Delaware law and our bylaws and charter could discourage change- in- control transactions and prevent stockholders from receiving a premium on their investment. Our charter authorizes our Board of Directors to set the terms of preferred stock. In addition, Delaware law contains provisions that impose restrictions on business combinations with interested parties. Our bylaws prohibit the calling of a special meeting by our stockholders and place procedural requirements and limitations on stockholder proposals at meetings of stockholders. Because of these provisions of our charter, bylaws and Delaware law, persons considering unsolicited tender offers or other unilateral takeover proposals may be more likely to negotiate with our Board of Directors rather than pursue non- negotiated takeover attempts. As a result, these provisions may make it more difficult for our stockholders to benefit from transactions that are opposed by an incumbent Board of Directors. The personal liability of our directors for monetary damages for breach of their fiduciary duty of care is limited by the Delaware General Corporation Law and by our charter. The Delaware General Corporation Law allows corporations to limit available relief for the breach of directors' duty of care to equitable remedies such as injunction or rescission. Our charter limits the liability of our directors to the fullest extent permitted by Delaware law. Specifically, our directors will not be personally liable for monetary damages for any breach of their fiduciary duty as a director, except for liability: • for any breach of their duty of loyalty to the Company or our stockholders; • for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; • under provisions relating to unlawful payments of dividends or unlawful stock repurchases or redemptions; and • for any transaction from which the director derived an improper personal benefit. This limitation may have the effect of reducing the likelihood of derivative litigation against directors ~~,~~ and may discourage or deter stockholders or management from bringing a lawsuit against directors for breach of their duty of care, even though such an action, if successful, might otherwise have benefited our stockholders. The exclusive- forum provision contained in our bylaws could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees. Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of us, (2) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, other employee or agent of Coterra to Coterra or our stockholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty, (3) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or our bylaws or charter or (4) any action asserting a claim governed by the internal affairs doctrine or asserting an" internal corporate claim" shall, to the fullest extent permitted by law, be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the U. S. federal district court for the District of Delaware). To the fullest extent permitted by applicable law, this exclusive- forum provision applies to state and federal law claims, including claims under the federal securities laws, including the Securities Act of 1933, as amended (the " Securities Act "), and the Securities Exchange Act of 1934, as amended (the " Exchange Act "), although our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. This exclusive- forum provision may limit the ability of a stockholder to bring a claim in a judicial forum of its choosing for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find this exclusive- forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, we may incur additional costs associated with resolving such matters in other jurisdictions, which could negatively affect our business, results of operations and financial condition. In addition, stockholders who do bring a claim in a state or federal court located within the State of Delaware could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near Delaware. In addition, the court located in the State of Delaware may reach different judgments or results than would other courts, including courts where a stockholder would otherwise choose to bring the action, and such judgments or results may be more favorable to us than to our stockholders. General Risk Factors The loss of key personnel could adversely affect our ability to operate. Our operations depend on a relatively small group of key management and technical personnel, and one or more of these individuals could leave our employment. The ~~change in control and severance benefits triggered by the Merger may provide incentive for key management and technical personnel to leave our company. The~~ unexpected loss of the services of one or more of these individuals could have a detrimental effect on us. In addition, our drilling success and the success of other activities integral to our operations will depend, in part, on our ability to attract and retain experienced geologists, engineers and other professionals. Competition for experienced geologists, engineers and some other professionals is extremely intense and can be exacerbated following a downturn in which talented professionals leave the industry or when potential new entrants to the industry decide not to undertake the professional training to enter the industry ~~. This has occurred as a result of the downturn in commodity prices in 2020 and previous downturns and as a result of initiatives to move from oil and gas to alternative energy sources~~ . If we cannot retain our technical personnel or attract additional experienced technical personnel, our ability to compete could be harmed. Competition in our industry is intense, and many of our competitors have substantially greater financial and technological resources than we do, which could adversely affect our competitive position. Competition in the oil and natural gas industry is intense. Major and independent oil and natural gas companies actively bid for desirable oil and gas properties, as well as for the capital, equipment, labor and infrastructure required to operate and develop these properties. Our competitive position is affected by price, contract terms and quality of service, including pipeline connection times, distribution efficiencies and reliable delivery record. Many of our competitors have financial and technological resources and exploration and development budgets that are substantially greater than ours. These companies may be able to pay more for exploratory projects and productive oil and gas properties and may be able to define, evaluate, bid for and purchase a greater number of properties and prospects than our financial or human resources permit. In addition, these companies may be able to expend greater resources on the existing and changing technologies that we believe will be increasingly important to attaining success in the industry. These companies may also have a greater ability to continue drilling activities during periods of low oil and natural gas prices and to absorb the burden of current and future governmental regulations and taxation. Further, certain of our competitors may engage in bankruptcy proceedings, debt refinancing transactions, management changes or other strategic initiatives in an attempt to reduce operating costs to maintain a position in the market. This could result in such competitors emerging with stronger or healthier balance sheets and in turn an improved ability to compete with us in the future. We have seen and may continue to see corporate consolidations among our competitors, which could significantly alter industry conditions and competition within the industry. Because our activity is concentrated in areas of heavy industry competition, there is heightened demand for equipment, power, services, facilities and resources, resulting in higher costs than in other areas. Such intense competition also could result in delays in securing, or the inability to secure, the equipment, power, services, **water or other** resources or facilities necessary for our development activities, which could negatively impact our production volumes. In remote areas, vendors also can charge higher rates due to the inability to attract employees to those areas and the vendors' ability to deploy their resources in easier- to- access areas. The declaration, payment and amounts of future dividends distributed to our stockholders and the repurchase of our common stock will be uncertain. Although we have paid cash dividends on shares of our common stock and have conducted repurchases of our common stock in the past, our Board of Directors may determine not to take such actions in the future or may reduce the amount of dividends or repurchases made in the future. Decisions on whether, when and in which amounts to declare and pay any future dividends, or to authorize and make any repurchases of our common stock, will remain in the discretion of our Board of Directors. We expect that any such decisions will depend on our financial condition, results of operations, cash balances, cash requirements, future prospects, the outlook for commodity prices and other considerations that our Board of Directors deems relevant.