

Risk Factors Comparison 2025-04-02 to 2024-04-01 Form: 10-K

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

An investment in our common stock is subject to a number of risks, including those discussed below. You should carefully consider these discussions of risk and the other information included in this Form 10-K. These risk factors could affect our actual results and should be considered carefully when evaluating us and an investment in our common stock. Although the risks described below are the risks that we believe are material, they are not the only risks relating to our business, our industry and our common stock. Additional risks and uncertainties, including those that are not yet identified or that we currently believe are immaterial, may also adversely affect our business, financial condition or results of operations. If any of the events described below occur, our business, financial condition or results of operations could be materially adversely affected. Current macroeconomic conditions, including inflationary pressures in the broader U. S. economy and military conflicts between Russia and Ukraine and in the Middle East have had, and are expected to continue to have, an impact on oil and gas commodity prices and, therefore, demand for our services and, depending on the duration and severity, could have a material adverse effect on our business, financial condition, results of operations and cash flows. Worldwide political, economic, and military events have contributed to oil and natural gas price volatility and are likely to continue to do so in the future. We are monitoring the military conflict between Russia and Ukraine as well as the related export controls and financial and economic sanctions imposed on certain industry sectors and parties in Russia by the U. S., the U. K., the European Union and others. We are also monitoring the impact of attacks on shipping in the Red Sea as a result of the unrest in the Middle East. The broader consequences of the Russian- Ukrainian conflict and unrest in the Middle East, which may include further sanctions, embargoes, supply chain disruptions, regional instability and geopolitical shifts, may have adverse effects on global macroeconomic conditions, increase volatility in the price and demand for oil and natural gas, increase exposure to cyberattacks, cause disruptions in global supply chains, increase foreign currency fluctuations, cause constraints or disruption in the capital markets and limit sources of liquidity. We cannot predict the extent of the conflict's effect on our business and results of operations as well as on the global economy and energy markets. Additional factors which may affect oil and natural gas prices include, but are not limited to, the effect of U. S. energy, monetary and trade policies, **including the imposition of tariffs**; U. S. and global economic and political conditions and developments; U. S. and international energy and environmental policies; and any operating curtailment of the U. S. oil and gas industry. Together, these factors have created uncertainty for the demand and pricing for services, equipment, and raw materials in the petroleum industry, and may continue to do so in the future. We derive substantially all of our revenues from providers of multi- client data libraries and companies in the oil and natural gas exploration and development industry. The oil and natural gas industry is a historically cyclical industry with levels of activity that are significantly affected by the levels and volatility of oil and natural gas prices. Demand for our services depends upon the level of expenditures by oil and natural gas companies for exploration, production, development and field management activities, which depend primarily on oil and natural gas prices, as well as capital allocation by our clients. Significant fluctuations in domestic oil and natural gas exploration activities and commodity prices have affected, and will continue to affect, demand for our services and our results of operations. We could be adversely impacted if the level of such exploration activities and the prices for oil and natural gas were to significantly decline in the future. In addition to the market prices of oil and natural gas, the willingness of our clients to explore, develop and produce depends largely upon prevailing industry conditions that are influenced by numerous factors over which our management has no control, including general economic conditions and the availability of credit. Any prolonged reduction in the overall level of exploration and development activities, whether resulting from changes in oil and natural gas prices or otherwise, could adversely impact us in many ways by negatively affecting: ● our revenues, cash flows, and profitability; ● our ability to maintain or increase our borrowing capacity; ● our ability to obtain additional capital to finance our business and the cost of that capital; and ● our ability to attract and retain skilled personnel whom we would need in the event of an upturn in the demand for our services. Depending on the market prices of oil and natural gas, oil and natural gas exploration and development companies may cancel or curtail their capital expenditure and drilling programs, thereby reducing demand for our services, or may become unable to pay, or have to delay payment of, amounts owed to us for our services. Oil and natural gas prices have been highly volatile historically and, we believe, will continue to be so in the future. Many factors beyond our control affect oil and natural gas prices, including: ● the cost of exploring for, producing, and delivering oil and natural gas; ● the discovery rate of new oil and natural gas reserves; **7** ● the rate of decline of existing and new oil and natural gas reserves; ● available pipeline and other oil and natural gas transportation capacity; ● the ability of oil and natural gas companies to raise capital and debt financing; ● actions by OPEC ; ● political instability in the Middle East and other major oil and natural gas producing regions; ● economic conditions in the U. S. and elsewhere; **7** ● domestic and foreign ~~tax~~ **trade** policy; ● domestic and foreign energy policy including increased emphasis on alternative sources of energy; ● increased attention to environmental, social and governance matters, including climate change; ● weather conditions in the U. S., Canada and elsewhere; ● the pace adopted by foreign governments for the exploration, development, and production of their national reserves; ● the price of foreign imports of oil and natural gas; and ● the overall supply and demand for oil and natural gas. We are a " controlled company", which exempts us from certain corporate governance requirements that are designed to provide protection to stockholders of companies that are not controlled companies. As of December 31, ~~2023~~ **2024**, Wilks Brothers, LLC (" Wilks ") and its affiliates control ~~over~~ **approximately** 80 % of our combined voting power ~~and~~, can elect all of the members of our board of directors **and can generally control matters requiring stockholder approval**. As a result, we are considered a " controlled company " for the purposes of the Nasdaq listing requirements. As a " controlled company, " we are permitted to, and we may,

opt out of the Nasdaq listing requirements that would require (i) a majority of the members of our board of directors to be independent, **as defined by Nasdaq rules,** (ii) **our nominating that we establish a compensation committee be and a nominating and governance committee, each comprised composed** entirely of independent directors, **or with a written charter addressing the committee's purpose and responsibilities; and** (iii) **our an annual performance evaluation of the nominating and governance and compensation committees- committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities**. The Nasdaq listing requirements are intended to ensure that directors who meet the independence standards are free of any conflicting interest that could influence their actions as directors. Our shareholders may not have the same protections afforded to shareholders of companies that are subject to all of the applicable Nasdaq listing requirements. It is also possible that the interests of Wilks may in some circumstances conflict with our interests and the interests of the holders of our common stock. A limited number of clients operating in a single industry account for a significant portion of our revenues, and the loss of one of these clients could adversely affect our results of operations. We derive a significant amount of our revenues from a relatively small number of oil and gas exploration and development companies and providers of multi-client data libraries. During the twelve months ended December 31, **2023-2024**, **our four- our two** largest clients accounted for approximately **73-43** % of our revenues. If these clients, or any of our other significant clients, were to terminate their contracts or fail to contract for our services in the future because they are acquired, alter their exploration or development strategy, experience financial difficulties or for any other reason, our results of operations could be adversely affected. **Our 8Our** clients could delay, reduce or cancel their service contracts with us on short notice, which may lead to lower than expected demand and revenues. Our order book reflects client commitments at levels we believe are sufficient to maintain operations on our existing crews for the indicated periods. However, our clients can delay, reduce or cancel their service contracts with us on short notice. If the oil and natural gas industry experiences a downturn, it may result in an increase in delays, reductions or cancellations by our clients. In addition, the timing of the origination and completion of projects and when projects are awarded and contracted for is also uncertain. As a result, our order book as of any particular date may not be indicative of actual demand and revenues for any succeeding period. Our revenues, operating results and cash flows can be expected to fluctuate from period to period. Our revenues, operating results and cash flows may fluctuate from period to period. These fluctuations are attributable to the level of new business in a particular period, the timing of the initiation, progress or cancellation of significant projects, higher revenues and expenses on our dynamite contracts, and costs we incur to train new crews we may add in the future to meet increased client demand. Fluctuations in our operating results may also be affected by other **8factors- factors** that are outside of our control such as permit delays, weather delays and crew productivity. Oil and natural gas prices have continued to be volatile and have resulted in significant demand fluctuations for our services. There can be no assurance of future oil and gas price levels or stability. Our operations in Canada are also seasonal as a result of the thawing season, and we have historically experienced limited Canadian activity during the second and third quarters of each year. The demand for our services would be adversely affected by a significant reduction in oil and natural gas prices and by climate change legislation or material changes to U. S. energy policy. Because our business has high fixed costs, the negative effect of one or more of these factors could trigger wide variations in our operating revenues, cash flows, EBITDA, margin, and profitability from quarter- to- quarter, rendering quarter- to- quarter comparisons unreliable as an indicator of performance. Due to the factors discussed above, you should not expect sequential growth in our quarterly revenues and profitability. We extend credit to our clients without requiring collateral, and a default by a client could have a material adverse effect on our operating revenues. We perform ongoing credit evaluations of our clients' financial conditions and, generally, require no collateral from our clients. It is possible that one or more of our clients will become financially distressed, which could cause them to default on their obligations to us and could reduce the client's future need for seismic services provided by us. Our concentration of clients may also increase our overall exposure to these credit risks. A default in payment from one of our large clients could have a material adverse effect on our operating results for the period involved. We have historically incurred net losses. We incurred net losses of \$ **12.4**. 1 million for the year ended December 31, **2023-2024**, and \$ **18-12. 6-1** million for the year ended December 31, **2022-2023**. Our ability to be profitable in the future will depend on many factors beyond our control, but primarily on the level of demand for land- based seismic data acquisition services by oil and natural gas exploration and development companies. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. The high fixed costs of our operations could result in continuing or increasing operating losses. Companies within our industry are typically subject to high fixed costs, consisting primarily of depreciation (a non- cash expense) and maintenance expenses associated with seismic data acquisition and equipment and crew costs. In addition, ongoing maintenance capital expenditures, as well as new equipment investment, can be significant. As a result, any extended periods of significant downtime or low productivity caused by reduced demand, weather interruptions, equipment failures, permit delays, or other causes could result in continuing or increasing operating losses. **We 9We** have indebtedness from time to time under credit facilities with a commercial bank, and certain of our accounts receivable and a restricted IntraFi Network Deposit account are pledged as collateral for these obligations. Our ability to borrow may be limited if our accounts receivable decreases. From time to time, we may have indebtedness under credit facilities with a commercial bank. We maintain a restricted IntraFi Network Deposit account with our commercial bank which can be used as collateral against future borrowings. If we are unable to repay all secured borrowings when due, whether at maturity or if declared due and payable following a default, our lenders have the right to proceed against the deposit pledged to secure the indebtedness and may liquidate the IntraFi Network Deposit account in order to repay those borrowings, which could materially harm our business, financial condition and results of operations. Our ability to borrow funds under our revolving line of credit is tied to the value of our collateral account with our commercial bank as well as the amount of our eligible accounts receivable. If our accounts receivable decrease materially for any reason, including delays, reductions or cancellations by clients or decreased demand for our services, our ability to borrow to fund operations or other obligations may be limited. Our financial results could be adversely affected by asset impairments. We

periodically review our portfolio of equipment and our intangible assets for impairment. Future events, including our financial performance, sustained decreases in oil and natural gas prices, reduced demand for our services, our market valuation or the market valuation of comparable companies, loss of a significant client's business, or strategic ~~9~~~~decisions~~ **decisions**, could cause us to conclude that impairment indicators exist and ultimately that the values associated with our equipment or intangible assets should be impaired. If we impair our equipment or intangible assets, these non-cash asset impairments could **negatively have a material adverse affect-effect on** our financial results ~~in a material manner~~ in the period in which the impairments are recorded, ~~and the larger the amount of any impairment that may be taken, the greater the impact such impairment may have on our financial results~~. Our profitability is determined, in part, by the utilization level and productivity of our crews and is affected by numerous external factors that are beyond our control. Our revenues are determined, in part, by the contract price we receive for our services, the level of utilization of our data acquisition crews and the productivity of these crews. Crew utilization and productivity is partly a function of external factors, such as client cancellation or delay of projects, operating delays from inclement weather, obtaining land access rights, and other factors, over which we have no control. If our crews encounter operational difficulties or delays on any data acquisition survey, our results of operations may vary, and in some cases, may be adversely affected. In recent years, most of our projects have been performed on a turnkey basis for which we were paid a fixed price for a defined scope of work or unit of data acquired. The revenue, cost and gross profit realized under our turnkey contracts can vary from our estimates because of changes in job conditions, variations in labor and equipment productivity or because of the performance of our subcontractors. Turnkey contracts may also cause us to bear substantially all of the risks of business interruption caused by external factors over which we may have no control, such as weather, obtaining land access rights, crew downtime or operational delays. These variations, delays and risks inherent in turnkey contracts may result in reducing our profitability. We face competition in our business, which could result in downward pricing pressure and the loss of market share. The seismic data acquisition services industry is a competitive business in the continental U. S. and Canada. Additionally, the seismic data acquisition business is extremely price competitive and has a history of periods in which seismic contractors bid jobs below cost and, therefore, adversely affected industry pricing. Many contracts are awarded on a bid basis, which may further increase competition based primarily on price. Further, the barriers to entry in the seismic industry are substantial but not prohibitive. The recent increase in channel count and number of energy source units required for larger projects **increases the makes it more costly-- cost and timely-- time commitment required** for new seismic companies or those outside of the U. S. to enter the domestic market and compete with us. Inclement weather may adversely affect our ability to complete projects and could, therefore, adversely affect our results of operations. Our seismic data acquisition operations could be adversely affected by inclement weather conditions. Delays associated with weather conditions could adversely affect our results of operations. For example, weather delays could affect our operations on a particular project or an entire region and could lengthen the time to complete ~~data acquisition~~ projects. In addition, ~~even~~ **10even** if we negotiate weather protection provisions in our contracts, we may not be fully compensated by our clients for delays caused by inclement weather. Our operations are subject to delays related to obtaining land access rights of way from third parties, which could affect our results of operations. Our seismic data acquisition operations could be adversely affected by our inability to obtain timely right of way usage from both public and private land and / or mineral owners. We cannot begin surveys on property without obtaining permits from governmental entities as well as the permission of the private landowners who own the land being surveyed. In recent years, it has become more difficult, costly and time-consuming to obtain access rights of way as drilling activities have expanded into more populated areas. Additionally, ~~while some~~ landowners **generally are cooperative in granting access rights, some** have become more resistant to seismic and drilling activities occurring on their property. **Increased costs and** ~~In addition, governmental entities do not always grant permits within the time periods expected. Delays~~ **delays** associated with obtaining such rights of way could negatively affect our results of operations. ~~10~~~~Capital~~ **Capital** requirements for our operations are large. If we are unable to finance these requirements, we may not be able to maintain our competitive advantage. Seismic data acquisition and data processing technologies historically have progressed steadily, and we expect this trend to continue. In order to remain competitive, we must continue to invest additional capital to maintain, upgrade and expand our seismic data acquisition capabilities. Our working capital requirements remain high, primarily due to the expansion of our infrastructure in response to client demand for cableless recording systems and more recording channels, which has increased as the industry strives for improved data quality with greater subsurface resolution images. Our sources of working capital are limited. We have historically funded our working capital requirements primarily with cash generated from operations, cash reserves and, from time to time, borrowings from commercial banks. In recent years, we have funded some of our capital expenditures through equipment term loans and finance leases. In the past, we have also funded our capital expenditures and other financing needs through public equity offerings. If we ~~were to~~ expand our operations at a rate exceeding operating cash flow, if current demand or pricing of geophysical services ~~were to~~ decrease substantially, or if technical advances or competitive pressures ~~required-~~ **require** us to acquire new equipment faster than our cash flow could sustain, additional financing could be required. If we ~~were~~ **are** not able to obtain such financing or renew our existing revolving line of credit when needed, it could have a negative impact on our ability to pursue expansion and maintain our competitive advantage. **Consistent Technological technological** change in our business creates **obsolescence** risks of technological obsolescence and requirements ~~---~~ **requires** for future capital expenditures **to maintain market share**. If we are unable to keep up with these technological advances, we may not be able to compete effectively. Seismic data acquisition technologies historically have steadily improved and progressed, and we expect this progression to continue. We are in a capital-intensive industry and, in order to remain competitive, we must continue to invest additional capital to maintain, upgrade and expand our seismic data acquisition capabilities. However, we may have limitations on our ability to obtain the financing necessary to enable us to purchase state-of-the-art equipment, and certain of our competitors may be able to purchase newer equipment when we may not be able to do so, thus affecting our ability to compete. We rely on a limited number of key suppliers for specific seismic services and equipment. We depend on a limited

number of third parties to supply us with specific seismic services and equipment. From time to time, increased demand for seismic data acquisition services has decreased the available supply of new seismic equipment, resulting in extended delivery dates on orders of new equipment. Any delay in obtaining equipment could delay our deployment of additional crews and restrict the productivity of existing crews, adversely affecting our business and results of operations. In addition, any adverse change in the terms of our suppliers' arrangements could affect our results of operations. Some of our suppliers may also be our competitors. If competitive pressures were to become such that our suppliers would no longer sell to us, we would not be able to easily replace the technology with equipment that communicates effectively with our existing technology, thereby impairing our ability to conduct our business. ~~We~~ **11** ~~We~~ are dependent on our management team and key employees, and inability to retain our current team or attract new employees could harm our business. Our continued success depends upon attracting and retaining highly skilled professionals and other technical personnel. A number of our employees are highly skilled scientists and highly trained technicians. The loss ~~, whether by death, departure or illness,~~ of our senior executives or other key employees or our failure to continue to attract and retain skilled and technically knowledgeable personnel could adversely affect our ability to compete in the seismic services industry. We may experience significant competition for such personnel, particularly during periods of increased demand for seismic services. A limited number of our employees are under employment contracts, and we ~~have do no not maintain~~ key man insurance. We are subject to Canadian foreign currency exchange rate risk. We conduct business in Canada which subjects us to foreign currency exchange rate risk. Currently, we do not hold or issue foreign currency forward contracts, option contracts or other derivative financial instruments to mitigate the ~~Heurrency~~ **currency** exchange rate risk. Our results of operations and our cash flows could be impacted by changes in foreign currency exchange rates. Our common stock has experienced, and may continue to experience, price volatility and low trading volume. Our stock price is subject to volatility. Overall market conditions, including a decline in oil and natural gas prices and other risks and uncertainties described in this "Risk Factors" section and in our other filings with the SEC, could cause the market price of our common stock to fall. Our high and low sales prices of our common stock for the twelve months ended December 31, ~~2023~~ **2024** were \$ ~~2. 65~~ **22** and \$ ~~1. 28~~ **27**, respectively. Further, the high and low sales prices of our common stock for the twelve months ended December 31, ~~2022~~ **2023** were \$ ~~2. 69~~ **65** and \$ ~~1. 08~~ **28**, respectively. Our common stock is listed on The ~~NASDAQ~~ **Nasdaq** Stock Market LLC ("~~NASDAQ~~ **Nasdaq**") under the symbol "DWSN." However, daily trading volumes for our common stock are, and may continue to be, relatively ~~small~~ **low** compared to ~~many~~ other publicly traded securities. In addition, as of December 31, ~~2023~~ **2024**, Wilks and its affiliates own ~~over~~ **approximately** 80% of our common stock ~~so,~~ **limiting** the public market for our common stock ~~is more limited~~, which can lead to increased **price** volatility and low trading volumes. For example, during ~~2023~~ **2024** our daily trading volume was as low as 0 shares. It may be difficult for you to sell your shares in the public market at any given time at prevailing prices, and the price of our common stock may, therefore, be volatile. ~~Our common stock traded below \$ 5.00 per share for the past year, and when it trades below \$ 5.00 per share it may be considered a low-priced stock and may be subject to regulations that limit or restrict the potential market for the stock. Our common stock may be considered a low-priced stock pursuant to rules promulgated under the Exchange Act, if it continues to trade below a price of \$ 5.00 per share. Under these rules, broker-dealers participating in transactions in low-priced securities must first deliver a risk disclosure document which describes the risks associated with such stock, the broker-dealer's duties, the client's rights and remedies, and certain market and other information, and make a suitability determination approving the client for low-priced stock transactions based on the client's financial situation, investment experience and objectives. Broker-dealers must also disclose these restrictions in writing and provide monthly account statements to the client, and obtain specific written consent of the client. With these restrictions, the likely effect of designation as a low-price stock would be to decrease the willingness of broker-dealers to make a market for our common stock, to decrease the liquidity of the stock, and to increase the transaction costs of sales and purchases of such stocks compared to other securities. Our common stock traded below a price of \$ 5.00 per share for the duration of 2023 and we cannot guarantee that our common stock will trade at a price greater than \$ 5.00 per share.~~ We may be subject to liability claims that are not covered by our insurance. Our business is subject to the general risks inherent in land-based seismic data acquisition activities. Our activities are often conducted in remote areas under dangerous conditions, including the detonation of dynamite. These operations are subject to risk of injury to personnel and damage to equipment. Our crews are mobile, and equipment and personnel are subject to vehicular accidents. These risks could cause us to experience equipment losses, injuries to our personnel, and interruptions in our business. In addition, we could be subject to personal injury or real property damage claims in the normal operation of our business. Such claims may not be covered under the indemnification provisions contained in our general service agreements to the extent that the damage is due to our negligence or intentional misconduct. Our general service agreements require us to have specific amounts of insurance. However, we do not carry insurance against certain risks that could cause losses, including business interruption resulting from equipment maintenance or weather delays. Further, there can be no assurance, however, that any insurance obtained by us will be adequate to cover all losses or liabilities or that this insurance will continue to be available or available on terms which are acceptable to us. Liabilities for which we are not insured, or which exceed the policy limits of our applicable insurance, could have a materially adverse effect on us. We may be held liable for the actions of our subcontractors. We often work as the general contractor on seismic data acquisition surveys and, consequently, engage a number of subcontractors to perform services and provide products. While we obtain contractual indemnification and insurance ~~to covering~~ **covering** the acts of these subcontractors and require the subcontractors to obtain insurance for our benefit, we could be held liable for the actions of these subcontractors. In addition, subcontractors may cause injury to our personnel or damage to our property that is not fully covered by insurance. ~~We~~ **12** ~~We~~ operate under hazardous conditions that subject us to risk of damage to property or personnel injuries and may interrupt our business. Our business is subject to the general risks inherent in land-based seismic data acquisition activities. Our activities are often conducted in remote areas under extreme weather and other dangerous conditions, including the use of dynamite as an energy source. These operations are subject to risk of injury to our personnel and third parties and

damage to our equipment and improvements in the areas in which we operate. In addition, our crews often operate in areas where the risk of wildfires is present and may be increased by our activities. Since our crews are mobile, equipment and personnel are subject to vehicular accidents. We use diesel fuel which is classified by the U. S. Department of Transportation as a hazardous material. These risks could cause us to experience equipment losses, injuries to our personnel and interruptions in our business. Delays due to operational disruptions such as equipment losses, personnel injuries and business interruptions could adversely affect our profitability and results of operations. Loss of our information and computer systems could adversely affect our business. We are heavily dependent on our information systems and computer- based programs, including our seismic information, electronic data processing and accounting data. If any of such programs or systems were to fail or create erroneous information ~~in our hardware or software network infrastructure~~, or if we were subject to cyberspace breaches or attacks, possible consequences include ~~our~~ loss of communication links, loss of seismic data and inability to automatically process commercial transactions or engage in similar automated or computerized business activities. Any such consequence could have a material adverse effect on our business. Our business could be negatively impacted by security threats, including cyber- security threats and other disruptions. 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 safety of our employees, threats to the security of our facilities and infrastructure, and threats from terrorist acts. Cyber- security attacks in particular are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data 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. Although we utilize various procedures and controls to monitor and protect against these threats and to mitigate our exposure to such threats, there can be no assurance that these procedures and controls will be sufficient in preventing security threats from materializing. If any of these events were to materialize, they could lead to losses of sensitive information, critical infrastructure, personnel or capabilities essential to our operations and could have a material adverse effect on our reputation, financial position, results of operations or cash flows. Our business is subject to **significant** government regulation, which may adversely affect our ~~future~~ operations. Our operations are subject to a variety of federal, state, provincial and local laws and regulations, including laws and regulations relating to the protection of the environment and archeological sites, **such as obtaining permits from governmental entities to allow survey and drilling activities, as well as** those that may result from climate change legislation or executive orders that could negatively impact the exploration and production of oil and gas. Canadian operations have been historically cyclical due to governmental restrictions on seismic acquisition during certain periods. **In addition, governmental entities do not always grant permits within the expected time period**. As a result, there is a risk that there will be a significant amount of unused equipment during those periods. We are required to expend financial and managerial resources to comply with such laws and related permit requirements in our operations, and we anticipate that we will continue to be required to do so in the future. Although such expenditures historically have not been material to us, the fact that such laws or regulations change frequently makes it impossible for us to predict the cost or impact of such laws and regulations on our future operations. The adoption of laws and regulations that have the effect of reducing or curtailing exploration and development activities by energy companies could also adversely affect our operations by reducing the demand for our services. ~~Current and future legislation~~ **Legislation** or regulation relating to ~~climate change~~ **greenhouse gas emissions** could negatively affect the exploration and production of oil and gas and adversely affect demand for our services. In response to concerns suggesting that emissions of certain gases, commonly referred to as “ greenhouse gases ” (“ GHG ”) (including carbon dioxide and methane), may be contributing to global climate change, legislative and regulatory ~~13measures~~ **measures** to address the concerns are in various phases of discussion or implementation at the national and state levels. Many states, either individually or through multi-state regional initiatives, have already taken legal measures intended to ~~reduce~~ **13reduce** GHG emissions, primarily through the planned development of GHG emission inventories and / or GHG cap and trade programs. Although various climate change legislative measures have periodically been introduced in the U. S. Congress, and there has been a wide- ranging policy debate both in the U. S. and internationally regarding the impact of these gases and possible means for their regulation, it is not possible at this time to predict whether or when Congress may act on climate change legislation. However, future actions that require substantial reductions in carbon emissions could be costly and difficult to implement. ● The U. S. Environmental Protection Agency (the “ EPA ”) has promulgated a series of regulations that require monitoring and reporting of GHG emissions on an annual basis from certain sources, including some in the oil and gas industry. While these rules do not control GHG emission levels from any facilities, they can cause covered facilities to incur monitoring and reporting costs. Moreover, lawsuits have been filed seeking to require individual companies to reduce GHG emissions from their operations. These and other lawsuits relating to GHG emissions may result in decisions by state and federal courts and agencies that could impact our operations. **Additionally** ~~In addition~~, the U. S. was actively involved in **March 2024** the United Nations Conference on Climate Change in Paris, which led to the creation of the Paris Agreement. In April 2016, the U. S. signed the Paris Agreement, which requires countries to review and “ represent a progression ” in their ~~the~~ nationally determined contributions, which set **EPA issued final standards under the Clean Air Act to sharply reduce methane emissions and** reduction goals, every five years. In November 2020, the ~~other harmful air pollution~~ U. S. officially withdrew from ~~new~~ the Paris Agreement. However, on January 20, 2021, President Biden signed an ~~and existing oil and gas operations~~ “ Acceptance on Behalf of the United States of America ” that will allow the U. ● S. to rejoin the Paris Agreement. The acceptance, deposited with the United Nations on January 20, reverses the prior withdrawal. The U. S. officially rejoined the Paris Agreement on February 19, 2021. The Paris Agreement requires countries to review and “ represent a progression ” in their nationally determined contributions, which set emissions reduction goals, every five years beginning in 2020. As part of rejoining the Paris Agreement, President Biden announced that the U. S. would commit to a 50 to 52 percent reduction from 2005 levels of GHG emissions by 2030 and set the goal of reaching net- zero GHG emissions by 2050. In addition, shortly after taking office in January 2021, President Biden issued a series of executive orders designed to address climate change. For example, the Executive Order on “ Protecting Public

Health and the Environment and Restoring Science to Tackle the Climate Crisis” sought to adopt new regulations and policies to address climate change and suspend, revise, or rescind, prior agency actions that were identified as conflicting with the Biden Administration’s climate policies. The United States Environmental Protection Agency has proposed strict new methane emission regulations for certain oil and gas facilities and the Inflation Reduction Act of 2022 establishes a charge on methane emissions above certain limits from the same facilities. Additional legislation or **• On March 21, 2022, the SEC proposed new rules relating to the disclosure of a range of climate-related risks, and the final rules were adopted in March 2024. Although the climate-related disclosure rules have been stayed by states the SEC pending litigation challenging the rules, if the rules are implemented, we may incur increased costs relating to the assessment and disclosure of climate-related risks. • The U. S. has historically been actively involved in the United Nations Conference on Climate Change in Paris, which led to the creation of the Paris Agreement. However, on January 20, 2025, President Trump signed an executive order to withdraw the EPA-U. S. from the Paris Agreement, marking a significant shift in U. S. climate policy. It remains unclear what further actions President Trump may take with respect to domestic and international programs and initiatives, what support the Trump administration would have for any international agreements potential changes to which such legislative programs and initiatives in the U. S. N. or Congress and may become a party that what control the impact of any such changes might be. New laws or limit regulations focused on GHG emissions or that otherwise seek to address climate change could adversely affect our operations. The increasing governmental focus on GHG emissions may result in new environmental laws or regulations that may negatively affect us, our suppliers and our clients. This could cause us to incur additional direct costs in complying with any new environmental regulations, as well as increased indirect costs resulting from our clients, suppliers or both incurring additional compliance costs that get passed on to us. Moreover, passage of climate change legislation, other federal or state legislative or regulatory initiatives, or international agreements that regulate or restrict emissions of GHG may curtail production and demand for fossil fuels such as oil and gas in areas where our clients operate and, thus, adversely affect future demand for our services. Reductions in our revenues or increases in our expenses as a result of climate control initiatives could have adverse effects on our business, financial position, results of operations and cash flows. In addition, activists concerned about the potential effects of climate change have directed their attention at sources of funding for fossil-fuel energy companies, which has resulted in certain financial institutions, funds and other sources of capital restricting or eliminating their investment in oil and natural gas activities. Ultimately, this could make it more difficult to secure funding for exploration and production activities, which may have an adverse impact on the demand for our services. New regulation or legislation that limits or prohibits hydraulic fracturing could negatively affect the exploration and production of oil and gas and adversely affect demand for our services. Hydraulic fracturing is an important and commonly used process in the completion of oil and gas wells. Hydraulic fracturing involves the injection of water, sand and chemical additives under pressure into rock formations to stimulate gas production. Several political and regulatory authorities and governmental bodies have studied hydraulic fracturing and** ¹⁴