Risk Factors Comparison 2024-03-06 to 2023-03-06 Form: 10-K

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There are many factors that may affect our business, financial condition and results of operations and investments in us. Security holders and potential investors in our securities should carefully consider the risk factors set forth below, as well as the discussion of other factors that could affect us or investments in us included elsewhere in this Annual Report. If one or more of these risks were to materialize, our business, financial condition or results of operations could be materially and adversely affected. These known material risks could cause our actual results to differ materially from those contained in any written or oral forward- looking statements made by us or on our behalf. We are providing the following summary of the risk factors contained in this Annual Report to enhance the readability and accessibility of our risk factor disclosures. We encourage our stockholders to carefully review the full risk factors contained in this Annual Report in their entirety for additional information regarding the risks and uncertainties that could cause our actual results to vary materially from recent results or from our anticipated future results. Risks Related to Our Business ● Crude oil, NGL and natural gas prices are volatile. Sustained volatility, or declines in, crude oil, NGL and natural gas prices could adversely affect HighPeak Energy' s business, financial condition and results of operations and its ability to meet its capital expenditure obligations and other financial commitments. ● Reserve estimates depend on many assumptions that may turn out to be inaccurate. Any material inaccuracies in reserve estimates or underlying assumptions will materially affect the quantities and present value of reserves. ● HighPeak Energy' s development projects and acquisitions will require substantial capital expenditures. HighPeak Energy may be unable to obtain required capital or financing on satisfactory terms, including as a result of recent increases in cost of capital resulting from Federal Reserve policies or otherwise, which could reduce its ability to access or increase production and reserves. ● **Restrictions in the Term Loan Credit Agreement, the Senior Credit Facility Agreement and any future debt agreements could limit HighPeak Energy' s growth and ability to engage in certain activities. ● Our ability to repurchase shares under our recently announced share repurchase program is subject to certain considerations, and any share repurchases thereunder could increase the volatility of our stock prices and could diminish our cash reserves. ●** Our existing and future indebtedness may adversely affect our cash flows and ability to operate our business, remain in compliance and repay our debt. ● **Our results of operations and** ~~We may not be able to generate sufficient~~ cash **flows vary significantly from year** to **year** ~~pay, when~~ due **to** ~~, the principal of, interest on or other~~ -- **the cyclical nature** ~~amounts due in respect~~ of ~~our indebtedness and may be forced to take other~~ -- **the crude oil and natural gas industry** ~~actions to satisfy our obligations under our debt agreements, which may not be successful~~. ● HighPeak Energy has experienced periods of higher costs as commodity prices have risen and inflation may adversely affect our operating results, which negatively impacts our profitability, cash flow and ability to complete development activities as planned. Continuing or worsening inflationary issues and associated changes in monetary policy have resulted in and may result in additional increases to the cost of our goods, services and personnel, which in turn could cause our capital expenditures and operating costs to rise. ● **Volatility in the** ~~Political~~ **political , legal and regulatory environment ahead of the upcoming U. S. presidential election and political** instability or armed conflict in crude oil or natural gas producing regions, such as the ongoing war between Russia and Ukraine, **the Israel- Hamas conflict** and OPEC policy decisions could have a material adverse impact on our business, financial condition or future results. ● The marketability of HighPeak Energy' s production is dependent upon transportation, storage and other facilities, certain of which it does not control. If these facilities are unavailable, in whole or in part, HighPeak Energy' s operations could be interrupted, and its revenues reduced. ● Certain factors could require HighPeak Energy to shut- in production or cease its capital expenditure program. ● Certain of the undeveloped leasehold acreage of HighPeak Energy' s assets is subject to leases that will expire over the next several years unless production is established on units containing the acreage or the leases are renewed. ● Certain factors could require HighPeak Energy to write- down the carrying values of its crude oil and natural gas properties, including commodity prices decreasing to a level such that future undiscounted cash flows from its properties are less than their carrying value. ● Drilling for and producing crude oil and natural gas are high risk activities with many uncertainties that could adversely affect HighPeak Energy' s business, financial condition or results of operations. ● ~~Restrictions in the Credit Agreement, the indentures governing the 10. 000 % Senior Notes and the 10. 625 % Senior Notes and any future debt agreements could limit HighPeak Energy' s growth and ability to engage in certain activities. ● Any significant reduction in HighPeak Energy' s borrowing base under the Credit Agreement as a result of periodic borrowing base redeterminations or otherwise may negatively impact HighPeak Energy' s ability to fund its operations. ●~~ Hedging transactions expose HighPeak Energy to counterparty credit risk and may become more costly or unavailable. ● The standardized measure of estimated reserves may not be an accurate estimate of the current fair value of estimated crude oil and natural gas reserves. ● Properties that HighPeak Energy acquires may not produce as projected, and HighPeak Energy may be unable to determine reserve potential, identify liabilities associated with such properties or obtain protection from sellers against such liabilities. ● Adverse weather conditions may negatively affect HighPeak Energy' s operating results and ability to conduct drilling activities. ● HighPeak Energy' s operations are substantially dependent on the availability of sand and water. Restrictions on its ability to obtain sand and water may have an adverse effect on its financial condition, results of operations and cash flows. ● The Company' s assets are located in the northeastern Midland Basin, making HighPeak Energy vulnerable to risks associated with operating in a limited geographic area. ● Unless HighPeak Energy replaces its reserves with new reserves and develops those new reserves, its reserves and production will decline, which would adversely affect future cash flows and results of operations. ● HighPeak Energy depends upon a small number of significant purchasers for the sale of most of its crude oil, NGL and natural gas production. The loss of one or more of such purchasers could, among other factors, limit HighPeak Energy' s access to suitable markets for the crude oil, NGL and natural gas it produces. ● HighPeak Energy may be unable to make additional attractive acquisitions or successfully integrate acquired businesses with its current assets, and any inability to do so may disrupt its business and hinder its ability to grow. ● The unavailability or high cost of drilling rigs, equipment, supplies, personnel, frac crews and oilfield services due to commodity price volatility or supply constraints as a result of the conflict in Ukraine, the ~~COVID~~ **Israel** - ~~19 pandemic~~ **Hamas conflict** , ~~rising~~ **elevated** interest rates and associated policies of the Federal Reserve could adversely affect HighPeak Energy' s ability to execute its development plans within its budget and on a timely basis and consequently could materially and adversely affect our cash flows and results of operations. ● The IRA 2022 could accelerate the transition to a low carbon economy and could impose new costs on our operations. ● HighPeak Energy may be involved in legal proceedings that could result in substantial liabilities. ● Should our operators fail to comply with all applicable regulatory agency administered statutes, rules, regulations and orders, our operators could be subject to substantial penalties and fines. ● The operations of HighPeak Energy are subject to a variety of risks arising from climate change. ● Federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays in the completion of crude oil and natural gas wells and adversely affect HighPeak Energy' s production. ● Continued increases in interest rates could adversely affect HighPeak Energy' s business. ● HighPeak Energy' s business could be adversely affected by security threats, including cyber- security threats, and related disruptions. Risks Related to Ownership of our Securities ● We are evaluating strategic alternatives, including a possible sale of ~~the Company~~ **our business** , and there can be no assurance that we will be successful in identifying or completing any strategic alternative transactions, that any such strategic alternative transactions will result in additional value for our shareholders or that the process will not have an adverse impact on our business and shareholders. ● HighPeak Energy is a " controlled company " within the meaning of Nasdaq rules and qualifies for exemptions from certain corporate governance requirements. As a result, you do not have the same protections afforded to stockholders of companies that are not exempt from such corporate governance requirements. ● Unanticipated changes in effective tax rates or laws or adverse outcomes resulting from examination of HighPeak Energy' s income or other tax returns could adversely affect HighPeak Energy' s financial condition, results of operations and cash flow. ● HighPeak Energy is an emerging growth company within the meaning of the Securities Act, and if HighPeak Energy takes advantage of certain exemptions from disclosure requirements available to emerging growth companies, which could make HighPeak Energy' s common stock less attractive to investors and may make it more difficult to compare its performance with other public companies. Risks Related to Our Business The prices HighPeak Energy receives for its crude oil, NGL and natural gas production heavily influence its revenue, profitability, access to capital, future rate of growth and the carrying value of its properties. The markets for crude oil and natural gas have been volatile historically and are likely to remain volatile in the future. For example, during the period from January 1, ~~2018~~ **2020** through December 31, ~~2022~~ **2023** , the calendar month average NYMEX WTI crude oil price per Bbl ranged from a low of $ 16. 70 to a high of $ 114. 34, and the last trading day NYMEX natural gas price per MMBtu ranged from a low of $ 1. 50 to a high of $ 9. 35. For the month of April 2020, the calendar month average NYMEX WTI crude oil price was $ 16. 70 per Bbl and the last trading day NYMEX natural gas price was $ 1. 63 per MMBtu. One of the factors which caused the fall in prices was OPEC being unable to reach an agreement on production levels for crude oil, which resulted in Saudi Arabia and Russia initiating efforts to increase production. The convergence of these events, along with the significantly reduced demand because of the COVID- 19 pandemic, created an unprecedented global crude oil and natural gas supply and demand imbalance, reduced global crude oil and natural gas storage capacity, caused crude oil and natural gas prices to decline significantly and resulted in continued volatility in crude oil, NGL and natural gas prices into the second quarter of 2020. Prices have recovered to pre- pandemic levels, with the calendar month average NYMEX WTI crude oil price of $ ~~76~~ **72** . ~~52~~ **12** per Bbl and the last trading day NYMEX natural gas price of $ ~~6~~ **2** . 71 per MMBtu for the month of December ~~2022~~ **2023** . However, there can be no certainty that commodity prices will sustain at these levels or continue to increase. Likewise, NGL, which are made up of ethane, propane, isobutane, normal butane and natural gasoline, each of which has different uses and pricing characteristics, have also fluctuated widely during this period. The prices HighPeak Energy receives for its production, and the levels of HighPeak Energy' s production, will depend on numerous factors beyond HighPeak Energy' s control, which include the following: ● worldwide and regional economic conditions, including ~~rising~~ **elevated** interest rates and associated policies of the Federal Reserve, impacting the global supply and demand for crude oil, NGL and natural gas; ● the price and quantity of foreign imports of crude oil, NGL and natural gas; ● domestic and global political and economic conditions, such as the **upcoming U. S. presidential election, the** ongoing conflict in Ukraine **, the Israel- Hamas conflict** , socio- political unrest and instability, terrorism or hostilities in or affecting other producing regions or countries, including the Middle East, Africa, South America and Russia; ● the occurrence or threat of epidemic or pandemic diseases, such as the recent ~~and ongoing~~ outbreak of COVID- 19, or any government response to such occurrence or threat; ● actions of OPEC, its members and other state- controlled crude oil companies relating to crude oil price and production controls; ● the level of global exploration, development and production; ● the level of global inventories; ● prevailing prices, and expectations regarding future prices, on local price indexes in the areas in which HighPeak Energy operates; ● the proximity, capacity, cost and availability of gathering and transportation facilities; ● localized and global supply and demand fundamentals and transportation availability; ● the cost of exploring for, developing, producing and transporting reserves; ● weather conditions and natural disasters; ● technological advances affecting energy consumption; ● the price and availability of alternative fuels, including the potential acceleration of the development of alternative fuels as a result of the IRA 2022 or otherwise; ● expectations about future commodity prices; and ● U. S. federal, state and local and non- U. S. governmental regulation and taxes. Lower commodity prices may reduce HighPeak Energy' s cash flow and ~~borrowing ability~~ **access to capital markets** . If HighPeak Energy is unable to obtain needed capital or financing on satisfactory terms, its ability to develop future reserves could be adversely affected. Also, using lower prices in estimating proved reserves may result in a reduction in proved reserve volumes due to economic limits. In addition, sustained periods with lower crude oil and natural gas prices may adversely affect drilling economics and HighPeak Energy' s ability to raise capital, which may require it to re-evaluate and postpone or eliminate its development program, and result in the reduction of some proved undeveloped reserves and related standardized measure. If HighPeak Energy is required to curtail its drilling program, HighPeak Energy may be unable to hold leases that are scheduled to expire, which may further reduce reserves. As a result, a substantial or extended decline in commodity prices may materially and adversely affect HighPeak Energy' s future business, financial condition, results of operations, liquidity and ability to finance planned capital expenditures. Numerous uncertainties are inherent in estimating quantities of crude oil and natural gas reserves. Our estimates of our SEC reserves are based upon average commodity prices over the prior 12 months, which may not reflect actual prices received for our production. For example, our reserve volumes and PV- 10 as disclosed in this Annual Report are based on assumed commodity prices of $ ~~93~~ **78** . ~~67~~ **22** per Bbl of crude oil and **NGL and** $ ~~6~~ **2** . ~~358~~ **637** per MMBtu of natural gas as of December 31, ~~2022~~ **2023** , which are ~~substantially~~ **somewhat** higher than the December 31, ~~2022~~ **2023** front- month forward pricing of $ ~~80~~ **71** . ~~26~~ **65** per Bbl of crude oil and $ ~~4~~ **2** . ~~475~~ **514** per Mcf of natural gas. Accordingly, you are cautioned not to place undue weight on our reserve volumes or PV- 10 based on such pricing when evaluating our financial condition or an investment in our securities. The process of estimating crude oil and natural gas reserves is complex. It requires interpretations of available technical data and many assumptions, including assumptions relating to current and future economic conditions and commodity prices. Any significant inaccuracies in these interpretations or assumptions could materially affect the estimated quantities and present value of reserves. To prepare the reserve estimates included in this Annual Report, CG & A analyzed available geological, geophysical, production and engineering data and projected the production rates and timing of development expenditures. The extent, quality and reliability of this data can vary. The process also requires economic assumptions about matters such as crude oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. Actual future production, crude oil, NGL and natural gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable crude oil and natural gas reserves may vary from the estimates included in this Annual Report. For instance, initial production rates reported by HighPeak Energy or other operators may not be indicative of future or long- term production rates, and recovery efficiencies may be worse than expected and production declines may be greater than estimated and may be more rapid and irregular compared with initial production rates. In addition, estimates of proved reserves may be adjusted to reflect additional production history, results of development activities, current commodity prices and other existing factors. Any significant variance could materially affect the estimated quantities and present value of reserves. Moreover, there can be no assurance that reserves will ultimately be produced or that proved undeveloped reserves will be developed within the periods anticipated. HighPeak Energy' s development projects and acquisitions will require substantial capital expenditures. HighPeak Energy may be unable to obtain required capital or financing on satisfactory terms, including as a result of recent increases in the cost of capital resulting from Federal Reserve policies or otherwise, which could reduce its ability to access or increase production and reserves. The crude oil and natural gas industry is capital- intensive. HighPeak Energy has evaluated multiple development scenarios under multiple potential commodity price assumptions. Under its current ~~2023~~ **2024** development program, HighPeak Energy would expect to incur approximately $ **450** ~~1. 1~~ to $ **525** ~~1. 2 billion~~ **million** of capital expenditures for drilling, completion, facilities and equipping costs and $ 50- $ 60 million for field infrastructure, land and other costs. The ability to make these capital expenditures will be highly dependent on the price of crude oil and available funding of HighPeak Energy. Commodity prices have recovered from their April 2020 lows, with the calendar month average NYMEX WTI price of $ ~~76~~ **72** . ~~52~~ **12** per Bbl and last trading day NYMEX natural gas price of $ ~~6~~ **2** . ~~712~~ - **71** per MMBtu for the month of December ~~2022~~ **2023** . HighPeak Energy **began the year with six rigs, then** ran a ~~four~~ **five** - rig program ~~during the first half~~ **from February to mid- April** of ~~2022~~ **2023** and **subsequently** ~~increased~~ **decreased** to a ~~six~~ **three** - rig program beginning in ~~July~~ **May** ~~2022~~ **2023** ~~, subsequent~~ **and a** ~~to~~ **two** ~~closing~~ **- rig program from June 2023 to the end of October 2023 when it increased to a** ~~the~~ **three** ~~Hannathon Acquisition~~ **- rig program through yearend** . HighPeak Energy expects to average ~~four to~~ **two** ~~five~~ (**2** ~~4- 5~~) drilling rigs and **one** ~~two to three~~ (**1** ~~2- 3~~) frac ~~crews~~ - **crew** during ~~2023~~ **2024** . However, HighPeak Energy recognizes that commodity prices remain highly volatile and that its liquidity is limited, and as a result, there is no certainty that HighPeak Energy will operate a ~~four to~~ **two** ~~five~~ (**2** ~~4- 5~~) rig development program in the future. HighPeak Energy expects to fund its forecasted capital expenditures with cash on its balance sheet, cash generated by operations, through borrowings under the **Senior** Credit **Facility** Agreement **if needed** ~~, proceeds from the issuance and sale of the 10. 000 % Senior Notes and the 10. 625 % Senior Notes~~ and, depending on market circumstances, potential future debt or equity offerings. For terms of the **Term Loan** Credit Agreement and ~~the indentures governing the 10. 000 %~~ Senior **Credit Facility Agreement** ~~Notes and 10. 625 % Senior Notes~~ , see Note 7 of Notes to Consolidated Financial Statements included in " Item 8. Financial Statements and Supplementary Data. " Cash flows from operations are subject to significant uncertainty. As a result, the amount of liquidity that HighPeak Energy will have in the future is uncertain. HighPeak Energy' s financing needs may require it to alter or increase its capitalization substantially through the issuance of debt or equity securities or the sale of assets. The availability and cost of these capital sources is cyclical, and these capital sources may not remain available, or we may not be able to obtain financing at a reasonable cost in the future. For example, due to the high levels of inflation in the U. S., the Federal Reserve and other central banks increased interest rates multiple times in 2022 **and** ~~, once so far in~~ 2023 **,** and ~~have~~ **although the Federal Reserve has** indicated that such increases ~~will continue further~~ **have ceased going** into ~~2023~~ **2024 , uncertainty remains as to when or if such elevated rates may be decreased** . Such increased interest rates ~~may~~ **have** ~~increase~~ **increased** the cost of capital and **may** prevent us from being able to obtain debt financing at favorable rates, or at all, which would materially impact our operations. In addition, conditions in the global capital markets have been volatile due to the conflict in Ukraine, the ~~COVID~~ **Israel** - ~~19 pandemic~~ **Hamas conflict** or otherwise, making terms for certain types of financing difficult to predict, and in certain cases, resulting in certain types of financing being unavailable. Further, the issuance of additional indebtedness would require that an additional portion of cash flow from operations be used for the payment of interest and principal on its indebtedness, thereby further reducing its ability to use cash flow from operations to fund working capital, capital expenditures and acquisitions. The issuance of additional equity securities would be dilutive to existing stockholders. The actual amount and timing of future capital expenditures may differ materially from estimates as a result of, among other things: commodity prices; actual drilling results; the availability of drilling rigs and other services and equipment; and regulatory, technological and competitive developments. A reduction in commodity prices from current levels may result in a decrease in actual capital expenditures, which would negatively impact HighPeak Energy’ s ability to increase production. HighPeak Energy’ s cash flow from operations and access to capital are subject to several variables, including: ● the prices at which HighPeak Energy’ s production is sold; ● proved reserves; ● the amount of hydrocarbons HighPeak Energy is able to produce from its wells; ● HighPeak Energy’ s ability to acquire, locate and produce new reserves; ● the amount of HighPeak Energy’ s operating expenses; ● cash settlements from HighPeak Energy’ s derivative activities; ● **restrictions on capital expenditures in certain circumstances under the Term Loan Credit Agreement or the Senior Credit Facility Agreement; ●** HighPeak Energy’ s ability to obtain additional debt financing, including increases to the **Term Loan** Credit Agreement **or** ~~; ●~~ the **Senior Credit Facility Agreement** ~~duration of economic uncertainty surrounding the COVID- 19 pandemic~~ ; ● the duration and scope of the ongoing war between Russia and Ukraine ~~; ● the duration~~ and **conflict in** ~~uncertainty of OPEC ’ s agreement not to increase production above agreed levels and the compliance by its members with their~~ -- **the Middle East, including between Israel and Hamas** ~~respective production quotas during the term of the agreement~~ ; ● HighPeak Energy’ s ability to obtain storage capacity for the crude oil it produces; ● restrictions in the instruments governing HighPeak Energy’ s debt on HighPeak Energy’ s ability to incur additional indebtedness; and ● HighPeak Energy’ s ability to access the public or private capital markets. Should HighPeak Energy’ s revenues ~~or the borrowing base under the Credit Agreement~~ decrease as a result of lower crude oil, NGL and natural gas prices, operational difficulties, declines in reserves or for any other reason, HighPeak Energy may have limited ability to obtain the capital necessary to sustain operations at expected levels. If additional capital is needed, HighPeak Energy may not be able to obtain debt or equity financing on terms acceptable to it, if at all, due to ~~rising~~ **elevated** interest rates and associated policies of the Federal reserve, or otherwise. If cash flow generated by HighPeak Energy’ s operations or available debt financing, including borrowings under the Credit ~~Agreement~~ **Agreements** , are insufficient to meet its capital requirements, the failure to obtain additional financing could result in a curtailment of the development of HighPeak Energy’ s properties, which in turn could lead to a decline in reserves and production and could materially and adversely affect HighPeak Energy’ s business, financial condition and results of operations. If HighPeak Energy seeks and obtains additional financing, subject to the restrictions in the instruments governing its existing debt, the addition of new debt to existing debt levels could intensify the operational risks that HighPeak Energy will face. Further, adding new debt could limit HighPeak Energy’ s ability to service existing debt service obligations. ~~As 625 %~~ **The terms and conditions governing the Term Loan Credit Agreement,the** Senior ~~Notes currently,~~ **Credit Facility Agreement** and any future additional indebtedness are expected to:● require HighPeak Energy to dedicate a portion of cash flow from operations to service its debt,thereby reducing the cash available to finance operations and other business activities and could limit its flexibility in planning for or reacting to changes in its business and the industry in which it operates;● increase vulnerability to economic downturns and adverse developments in HighPeak Energy’ s business;● place restrictions on HighPeak Energy’ s ability to engage in certain business activities,including without limitation,to raise capital,obtain additional financing (whether for working capital,capital expenditures or acquisitions) or to refinance indebtedness,grant or incur liens on assets,pay dividends or make distributions in respect of its capital stock,make investments,amend or repay subordinated indebtedness,sell or otherwise dispose of assets,businesses or operations and engage in business combinations or other fundamental changes;● potentially place HighPeak Energy at a competitive disadvantage relative to competitors with lower levels of indebtedness in relation to their overall size or less restrictive terms governing their indebtedness;and ● limit management’ s discretion in operating HighPeak Energy’ s business.Our debt instruments also contain provisions that could have the effect of making it more difficult for a third party to acquire control of us.The **Term Loan** Credit Agreement and the ~~indentures governing the 10.000 %~~ Senior **Credit Facility Agreement** ~~Notes and the 10.625 % Senior Notes~~ provide that a change of control constitutes an event of default and would permit the lenders to declare the indebtedness thereunder to be immediately due and payable.Our future credit facilities may contain similar provisions.The need to repay all such indebtedness may deter potential third parties from acquiring us.HighPeak Energy’ s ability to meet its expenses and its current and future debt obligations and comply with the covenants and restrictions contained therein will depend on its future performance,which will be affected by financial,business,economic,industry,regulatory and other factors,many of which are beyond HighPeak Energy’ s control.If market or other economic conditions deteriorate,HighPeak Energy’ s ability to comply with these covenants may be impaired.HighPeak Energy cannot be certain that its cash flow will be sufficient to enable it to pay the principal and interest on its debt and meet its other obligations.If HighPeak Energy does not have enough money,HighPeak Energy may be required to refinance all or part of its debt,sell assets,borrow more money or raise equity.HighPeak Energy may not be able to refinance its debt,sell assets,borrow more money or raise equity on terms acceptable to it,or at all.For example,HighPeak Energy’ s future debt agreements may require the satisfaction of certain conditions,including coverage and leverage ratios,to borrow money.HighPeak Energy’ s future debt agreements may also restrict the payment of dividends and distributions by certain of its subsidiaries to it,which could affect its access to cash.In addition,HighPeak Energy’ s ability to comply with the financial and other restrictive covenants in the agreements governing its indebtedness will be affected by the levels of cash flow from operations and future events and circumstances beyond HighPeak Energy’ s control.Breach of these covenants or restrictions could result in an event of default under HighPeak Energy’ s existing and / or future financing arrangements,which,if not cured or waived,could permit the lenders to accelerate all indebtedness outstanding thereunder.Upon acceleration,the debt would become immediately due and payable,together with accrued and unpaid interest,and any lenders’ commitment to make further loans to HighPeak Energy may terminate.Even if new financing were then available,it may not be on terms that are acceptable to HighPeak Energy.Additionally,upon the occurrence of an event of default under HighPeak Energy' s financing agreements,the affected lenders may exercise remedies,including through foreclosure,on the collateral,if any,securing any such secured financing arrangements.Moreover,any subsequent replacement of HighPeak Energy' s financing arrangements may require it to comply with more restrictive covenants which could further restrict business operations.The Company had ~~a borrowing base~~ **an aggregate maximum commitment amount** of $ ~~550~~ **100** .0 million and ~~aggregate elected commitments~~ **commitment amount** of $ ~~525~~ **75** .0 million with respect to the **Senior** Credit **Facility** Agreement as ~~of December~~ of December 31, ~~2022~~ **2023 . The Term Loan Credit Agreement also limits the amounts HighPeak Energy can borrow under the Senior Credit Facility Agreement to $ 100. 0 million. We recently adopted a share repurchase program that authorizes us to repurchase up to an aggregate $ 75. 0 million of shares of our common stock. Our repurchase program expires December 31, 2024 and does not obligate HighPeak to repurchase any specific dollar amount or to acquire any specific number of shares and will depend upon, among other things, our earnings, liquidity, capital requirements, financial condition and other factors deemed relevant by our board of directors. Additionally, our Term Loan Credit Agreement limits our ability to repurchase shares of our common stock. Further, our share repurchases could affect our share trading prices, increase their volatility, reduce our cash reserves and may be suspended or terminated at any time, which may result in a decrease in the trading prices of our stock. Our Board of Directors may amend or suspend the share repurchase program at any time in its discretion. We can provide no assurances that we will repurchase shares of our common stock within the authorized amount or at all. In September 2023, in connection with the entry into the Term Loan Credit Agreement, the Prior Credit Agreement was terminated. As of December 31, 2023** , we had $ ~~745~~ **1** . ~~0~~ **2** ~~million~~ **billion** of total indebtedness, including $ ~~225~~ **1** . ~~0~~ **2** ~~million~~ **billion** outstanding of our **Term Loan Credit Agreement** ~~10. 000 % Senior Notes, $ 250. 0 million outstanding of our 10. 625 % Senior Notes~~ and **no** ~~$ 270. 0 million of~~ indebtedness outstanding under our **Senior** Credit **Facility** Agreement, and available capacity under our **Senior** Credit **Facility** Agreement of **approximately** $ ~~252~~ **68** . ~~6~~ **9** million. The entirety of our $ ~~745~~ **1** . ~~0~~ **2** ~~million~~ **billion** of total indebtedness is maturing in ~~2024~~ **2026** ~~. If (i) the terms of the 10. 000 % Senior Notes are not amended to extend the scheduled repayment thereof to no earlier than October 1, 2024 or (ii) the 10. 000 % Senior Notes are not redeemed or refinanced prior to October 1, 2023, then pursuant to the terms of the Credit Agreement, in each case, all our outstanding borrowings under the Credit Agreement will mature and become due on October 1, 2023~~ . Among other events of default, an event of default will occur under the **Term Loan** Credit **Agreement and the Senior Credit Facility** Agreement if HighPeak Energy should fail to make any payment (whether of principal or interest and regardless of amount) in respect of any material debt ~~(including under the 10. 000 % Senior Notes and 10. 625 % Senior Notes)~~ , when and as the same shall become due and payable and such failure to pay continues beyond any applicable grace period, or any event or condition occurs that results in any material debt becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any material debt or any trustee or agent on its or their behalf to cause any material debt to become due, or to require the redemption thereof or any offer to redeem to be made in respect thereof, prior to its scheduled maturity or require HighPeak Energy to make an offer in respect thereof and such event or condition continues beyond any applicable grace period. In the event of a default under these circumstances, lenders could terminate their commitments to lend or accelerate the loans and declare all amounts borrowed due and payable. We may be unable to repay amounts due when they become due, and our ability to refinance our indebtedness on reasonable terms may be limited. Although our debt agreements contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to several significant qualifications and exceptions, and any indebtedness incurred in compliance with these restrictions could be substantial, and some of which may be secured by our assets. Our current level of indebtedness could have important consequences, such as: ● making it difficult for us to satisfy our obligations under our indebtedness and contractual and commercial commitments; ● increasing our vulnerability to adverse economic and industry conditions; ● requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes; ● limiting our flexibility to plan for, or react to, changes in our business and the industry in which we operate; ● restricting us from making strategic acquisitions or exploiting business opportunities; ● placing us at a competitive disadvantage compared to our competitors that have less debt; ● limiting our ability to borrow additional funds; ~~● preventing us from raising the funds necessary to repurchase notes tendered to us if there is a change of control, which could constitute a default under the indentures governing the 10. 000 % Senior Notes and 10. 625 % Senior Notes and the Credit Agreement;~~ and ● decreasing our ability to compete effectively or operate successfully under adverse economic and industry conditions. We expect our results of operations and cash flows to vary significantly from year to year due to the cyclical nature of the crude oil and natural gas industry. As a result, the amount of debt that we can manage in some periods may not be appropriate for us in other periods. In addition, our future cash flows may be insufficient to meet our debt obligations and commitments ~~, including the 10. 000 % Senior Notes and 10. 625 % Senior Notes~~ . Any insufficiency could negatively impact our business. A range of economic, competitive, business and industry factors will affect our future financial performance, and as a result, our ability to generate cash flows from operations and to pay our debt ~~, including the 10. 000 % Senior Notes and 10. 625 % Senior Notes~~ . Many of these factors, such as crude oil, NGL and natural gas prices, regulatory factors, economic and financial conditions in our industry and the global economy or competitive initiatives of our competitors, are beyond our control. If we do not generate sufficient cash flows from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, such as: ● refinancing or restructuring our debt; ● selling assets; ● reducing or delaying capital investments; or ● seeking to raise additional capital. However, any alternative financing plans that we undertake, if necessary, may not allow us to meet our debt obligations. We cannot assure you that any refinancing or debt restructuring would be possible, that any assets could be sold or that, if sold, the timing of the sales and the amount of proceeds realized from those sales would be favorable to us or that additional financing could be obtained on acceptable terms. Our inability to generate sufficient cash flows to satisfy our debt obligations, ~~including our obligations under the 10. 000 % Senior Notes and 10. 625 % Senior Notes,~~ or to obtain alternative financing, could materially and adversely affect our business, financial condition, results of operations and prospects. Our ability to restructure or refinance our indebtedness will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our indebtedness could be at higher interest rates and could require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments ~~, including the indentures governing the 10. 000 % Senior Notes and 10. 625 % Senior Notes~~ , may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest or principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. In ~~the absence of sufficient cash flows and capital resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to refinance our indebtedness, sell assets or issue equity, or borrow more funds on terms acceptable to us, if at all. In~~ addition, if we fail to comply with the covenants or other terms of our Credit ~~Agreement~~ **Agreements** , our lenders will have the right to accelerate the maturity of that debt and foreclose upon the collateral, if any, securing that debt. Realization of any of these factors could adversely affect our financial condition. HighPeak Energy experiences periods of higher costs when commodity prices rise and inflation may adversely affect our operating results, which could negatively impact our profitability, cash flow and ability to complete development activities as planned. Continuing or worsening inflationary issues and associated changes in monetary policy have resulted in and may result in additional increases to the cost of our goods, services and personnel, which in turn could cause our capital expenditures and operating costs to rise. Historically, capital and operating costs have risen during periods of increasing crude oil, NGL and natural gas prices. Inflationary factors such as increases in the labor costs, material costs and overhead costs may adversely affect our operating results. These cost increases have resulted from a variety of factors that HighPeak Energy will be unable to control, such as increases in the cost of electricity, steel and other raw materials; increased demand for labor, services and materials as drilling activity increases; and increased taxes. Such costs may rise faster than increases in HighPeak Energy' s revenue if commodity prices rise, thereby negatively impacting its profitability, cash flow and ability to complete development activities as scheduled and on budget. A high rate of inflation may have an adverse effect on HighPeak Energy' s operating results and this impact may be magnified to the extent that HighPeak Energy' s ability to participate in the commodity price increases is limited by its derivative activities, if any. **Elevated** ~~Although the U. S.~~ inflation ~~rate~~ **rates throughout** ~~has been showing signs of cooling in the second half of 2022~~ **2023 and** ~~, it had been steadily increasing since 2021. These~~ inflationary pressures have resulted in and may result in additional increases to the costs of our oilfield goods, services and personnel, which would in turn cause our capital expenditures and operating costs to rise. ~~Sustained~~ **Due to the high** levels of ~~high~~ inflation **in** ~~have likewise caused~~ the U. S. **, the** Federal Reserve and other central banks ~~to increase~~ **increased** interest rates multiple times in 2022 and **2023, and although** the ~~U. S.~~ Federal Reserve has indicated ~~its intention~~ **that such increases have ceased going into 2024, uncertainty remains as** to ~~continue to raise benchmark interest~~ **when or if such elevated** rates **may be decreased** ~~into 2023 in an effort to curb inflationary pressure on the costs of goods and services across the U~~ . ~~S.~~ **To the extent rates remain high** , ~~which~~ **this** could have the effects of raising the cost of capital and depressing economic growth, either of which — or the combination thereof — could hurt the financial and operating results of our business. To the extent elevated inflation remains, we may experience further cost increases for our operations, including oilfield services, labor costs and equipment if our drilling activity increases. Higher crude oil and natural gas prices, continued inflation and supply chain issues as well as an increase in demand for services may cause the costs of materials and services to continue to rise. We cannot predict any future trends in the rate of inflation, and a significant increase in inflation, to the extent we are unable to recover higher costs through higher crude oil and natural gas prices and revenues, would negatively impact our business, financial condition and results of operations. **Volatility in** ~~These risks are not~~ the ~~only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that it currently deems to be immaterial also may have a material adverse effect on the Company' s business, financial condition or future results. Our business, financial condition and future results are subject to~~ political ~~and economic risks and uncertainties~~ , ~~including~~ **legal and regulatory environments ahead of the upcoming U. S. presidential election and political** instability ~~resulting from civil unrest, political demonstrations, mass strikes~~ or armed conflict ~~or other crises~~ in crude oil or natural gas producing ~~areas~~ **regions,** such as the ongoing war between Russia and Ukraine ~~. In late February 2022~~ , ~~Russian military forces commenced a military operation and invasion against Ukraine. The United States and other~~ -- **the Israel** ~~countries and certain international organizations have imposed broad~~ - **Hamas** ~~ranging and severe economic sanctions on Russia and certain Russian individuals, banking entities and corporations as a response, and additional sanctions may be imposed in the future. This~~ conflict and **OPEC policy decisions** the resulting sanctions and concerns regarding global...... to raise additional capital when required and could have a material adverse impact on our business, financial condition or future results. ~~In addition~~ **Our business** , **financial condition** ~~due to the above~~ and **future results are subject to political and economic risks and uncertainties, including volatility in the political, legal and regulatory environments ahead of the upcoming U. S. presidential election and instability resulting from civil unrest, political demonstrations, mass strikes or armed conflict or** other ~~factors~~ **crises in crude oil or natural gas producing areas such as the ongoing war between Russia and Ukraine and the Israel- Hamas conflict. The United States and other countries and certain international organizations have imposed broad- ranging and severe economic sanctions on Russia and certain Russian individuals** , ~~a response,and additional sanctions may be imposed in the future.This conflict and~~ the resulting sanctions and concerns regarding global energy security have contributed to increases and volatility in the prices for crude oil and natural gas.The length,impact,and outcome of the ongoing war between Russia and Ukraine is highly unpredictable,and such events or any further hostilities in Ukraine or elsewhere could severely impact the world economy and may adversely affect our financial condition. ~~Furthermore~~ **While the Company does not have operations overseas** , ~~escalations~~ **the conflict elevates the likelihood** of **supply chain disruptions,heightened volatility** ~~the Israel- Hamas conflict~~

~~may result~~ in ~~heightened geopolitical risks for~~ crude oil and natural gas ~~markets,given the~~ **prices and negative effects on our ability to raise additional capital when required and** crude oil and natural gas prices ~~increased significantly during 2022, reaching~~ **and negative effects on our ability to raise additional capital when required and could have** a **material adverse impact** ~~high of almost $ 128. 00 per Bbl at one~~ - **on** ~~point~~ **our business** , **financial condition or future results** ~~primarily due to global supply and demand imbalances~~ . Currently, global crude oil inventories are low relative to historical levels and supply from OPEC and other crude oil producing nations are not expected to be sufficient to meet forecasted crude oil demand growth for the next few years. It is believed that many OPEC countries will be unable to increase their production levels or even produce at expected levels due to their lack of capital investments in developing incremental crude oil supplies over the past few years. In ~~October~~ **November** ~~2022~~ **2023** , OPEC determined to reduce production beginning in ~~November~~ **early** ~~2022~~ **2024** ~~through December 2023~~ by **2.** 2 million Bopd, due to the uncertainty surrounding the global economic and crude oil market outlooks. Furthermore, sanctions and import bans on Russian crude oil have been implemented by various countries in response to the war in Ukraine, further impacting global crude oil supply. Still, crude oil and natural gas prices have ~~recently~~ declined from the highs experienced in second quarter of 2022 and could decrease or increase with any changes in demand due to, among other things, uncertainty and volatility from global supply chain disruptions attributable to the pandemic, the ongoing conflict in Ukraine, **the Israel- Hamas conflict,** international sanctions, speculation as to future actions by OPEC ~~, developing COVID- 19 variants and the potential for a widespread COVID- 19 outbreak~~ , increasing inflation and government efforts to reduce inflation, and possible changes in the overall health of the global economy, including a prolonged recession. Further, the volatility in crude oil and natural gas prices could accelerate a transition away from fossil fuels, resulting in reduced demand over the longer term. To what extent these and other external factors (such as government action with respect to climate change regulation) ultimately impact our future business, liquidity, financial condition, and results of operations is highly uncertain and dependent on numerous factors, including future developments, which are not within our control and cannot be accurately predicted. The marketability of HighPeak Energy' s crude oil and natural gas production depends in part upon the availability, proximity and capacity of transportation, processing and storage facilities owned and operated by third parties. Any significant interruption in service from, damage to, or lack of available capacity in these systems and facilities may result in the shutting- in of producing wells or the delay or discontinuance of development plans for our properties. Federal and state regulation of crude oil, NGL and natural gas production and transportation, tax and energy policies, changes in supply and demand, pipeline pressures, damage to or destruction of pipelines or processing facilities, infrastructure or capacity constraints, and general economic conditions could adversely affect our ability to produce, gather, process, transport or market crude oil, NGLs and natural gas. In addition, even if these systems and facilities remain open generally, certain quality specifications implemented thereby may restrict our ability to utilize such systems and facilities. Further, insufficient production from wells to support the construction of pipeline facilities by purchasers or a significant disruption in the availability of HighPeak Energy' s or third-party transportation facilities or other production facilities could adversely impact HighPeak Energy' s ability to deliver to market or produce crude oil and natural gas and thereby cause a significant interruption in HighPeak Energy' s operations. If, in the future, HighPeak Energy is unable, for any sustained period, to implement acceptable delivery or transportation arrangements or encounters production related difficulties, it may be required to shut- in or curtail production. Any such shut- in or curtailment, or an inability to obtain favorable terms for delivery of the crude oil and natural gas produced from HighPeak Energy' s fields, would materially and adversely affect its financial condition and results of operations. Production may be interrupted, or shut- in, from time to time for numerous reasons, including as a result of weather conditions, accidents, loss of pipeline, gathering, processing or transportation system access or capacity, **various contaminants,** field labor issues or strikes, or we might voluntarily curtail production in response to market or other conditions **. Some of these risks may be exacerbated by other risks that we face. For instance, the potential exists for some of our wells to produce high levels of hydrogen sulfide, a highly toxic, naturally- occurring gas frequently associated with crude oil and natural gas production. Safe handling of hydrogen sulfide gas requires highly skilled operations and field personnel as well as specialized infrastructure, treating facilities, disposal facilities, and / or third- party sour gas takeaway. If we are unable to successfully secure adequate treatment and / or sour gas takeaway capacity from third parties when and if necessary, our production may be adversely impacted** . If a substantial amount of our production is interrupted at the same time, it could adversely affect our cash flows and results of operations. During 2020, the reduction in global demand caused by COVID- 19, coupled with the actions of foreign crude oil producers such as Saudi Arabia and Russia, materially decreased global crude oil prices and generated a surplus of crude oil. This significant surplus created a saturation of storage and caused imminent crude storage constraints, which led to, and in the future may further lead to the shut- in of production of our wells due to the lack of sufficient markets or the lack of availability and capacity of processing, gathering, storing and transportation systems. Additionally, several state crude oil and natural gas authorities, including the TRRC, implemented or considered implementing crude oil and natural gas production limits in an effort to stabilize declining commodity prices. To the extent adopted, such production limits could not only reduce our revenue, but also, if wells are required to be shut- in for extended periods of time due to such production limits, result in expenditures related to well plugging and abandonment. Cost increases necessary to bring wells back online may be significant enough that such wells would become uneconomic at low commodity price levels, which may lead to decreases in HighPeak Energy' s proved reserve estimates and potential impairments and associated charges to its earnings. HighPeak Energy curtailed the majority of its production in April 2020. However, prices increased, and HighPeak Energy management began returning its wells to production in mid- July 2020. As of December 31, ~~2022~~ **2023** , HighPeak Energy was running a ~~six~~ **three** - rig program and expects to average ~~four to~~ **two** ~~five~~ (**2** ~~4- 5~~) drilling rigs and **one** ~~two to three~~ (**1** ~~2- 3~~) frac ~~crews~~ - **crew** during ~~2023~~ **2024** under our current development plan. HighPeak Energy will continue to monitor the extent by which prices continue to increase and / or stabilize as we execute our capital expenditure program. Any shut- in or curtailment of the crude oil, NGL and natural gas produced from HighPeak Energy' s fields could adversely affect its financial condition and results of operations. As of December 31, ~~2022~~ **2023**, approximately ~~56~~ **64** % of HighPeak Energy' s acreage was held by production. ~~The~~ **Generally, the** leases for net acreage not held by production will expire at the end of their primary term unless production is established in paying quantities under the units containing these leases or the leases are extended or renewed. From ~~2023~~ **2024** through ~~2025~~ **2026**, approximately ~~18~~ **21** %, ~~11~~ **14** % and ~~12~~ **1** %, respectively, of the **net** acreage associated with the leases are set to expire. If the leases expire and HighPeak Energy is unable to renew the leases, HighPeak Energy will lose its right to develop the related properties. Although HighPeak Energy intends to hold substantially all these leases through its development drilling program or extend substantially all the net acreage associated with identified drilling locations through a combination of exploratory and development drilling, a portion of such leases may be extended or renewed. Additionally, any payments related to such extensions or renewals may be more than anticipated. Please see " Items 1 and 2: Business and Properties — Reserve Data — Undeveloped Acreage Expirations " for more information regarding acreage expirations and our plans for extending our acreage. HighPeak Energy' s ability to drill and develop its acreage and establish production to maintain its leases depends on a number of uncertainties, including crude oil, NGL and natural gas prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, drilling results, lease expirations, gathering system and pipeline transportation constraints, access to and availability of water sourcing, frac sand and distribution systems, regulatory approvals and other factors. Accounting rules require that HighPeak Energy periodically review the carrying value of its properties for possible impairment **, whenever changes in events or circumstances indicate that the carrying value of its properties may not be recoverable. If there is an indication the carrying value of the assets may not be recovered, an impairment loss is recognized if the sum of the expected future cash flows is less than the carrying amount of the assets**. Based on prevailing commodity prices and specific market factors and circumstances at the time of prospective impairment reviews, and the continuing evaluation of development plans, production data, economics and other factors, HighPeak Energy may be required to write- down the carrying value of its properties. A write- down constitutes a non- cash impairment charge to earnings. Historically, crude oil, NGL and natural gas prices have been volatile. For example, during the period from January 1, ~~2018~~ **2020** through December 31, ~~2022~~ **2023**, the calendar month average NYMEX WTI crude oil price per Bbl ranged from a low of $ 16. 70 to a high of $ 114. 34, and the last trading day NYMEX natural gas price per MMBtu ranged from a low of $ 1. 50 to a high of $ 9. 35. Sustained levels of depressed commodity prices, or further decreases, in the future could result in impairments of HighPeak Energy' s properties, which could have a material adverse effect on results of operations for the periods in which such charges are taken. HighPeak Energy could experience material write- downs as a result of lower commodity prices or other factors, including low production results or high lease operating expenses, capital expenditures or transportation fees. Part of HighPeak Energy' s business strategy involves using some of the latest available horizontal drilling and completion techniques, which involve risks and uncertainties in their application. HighPeak Energy' s operations involve utilizing some of the latest drilling and completion techniques as developed by HighPeak Energy and its service providers. The difficulties HighPeak Energy may face drilling horizontal wells may include, among others: ● landing its wellbore in the desired drilling zone; ● staying in the desired drilling zone while drilling horizontally through the formation; ● ~~running~~ **Running** ~~its~~ **and cementing** casing **throughout** ~~the entire length of~~ the wellbore; and ● being able to run tools and other equipment consistently through the horizontal wellbore. Difficulties that HighPeak Energy may face while completing its wells include the following, among others: ● the ability to fracture stimulate the planned number of stages; ● the ability to run tools the entire length of the wellbore during completion operations; and ● the ability to successfully clean out the wellbore after completion of the final fracture stimulation stage. Use of new technologies may not prove successful and could result in significant cost overruns or delays or reductions in production, and, in extreme cases, the sidetracking or abandonment of a well. In addition, certain of the new techniques HighPeak Energy adopts may cause irregularities or interruptions in production due to offset wells being shut- in and the time required to drill and complete multiple wells before any such wells begin producing. Furthermore, the results of drilling in new or emerging formations are more uncertain initially than drilling results in areas that are more developed and have a longer history of established production. Newer and emerging formations and areas have limited or no production history and, consequently, HighPeak Energy may be more limited in assessing future drilling results in these areas. If its drilling results are less than anticipated, the return on investment for a particular project may not be as attractive as anticipated, and HighPeak Energy could incur material write downs of unevaluated properties and the value of undeveloped acreage could decline in the future. For example, potential complications associated with the new drilling and completion techniques that HighPeak Energy intends to utilize may cause HighPeak Energy to be unable to develop its assets in line with current expectations and projections. Further, recent well results may not be indicative of HighPeak Energy' s future well results. HighPeak Energy' s future financial condition and results of operations will depend on the success of its development, production and acquisition activities, which are subject to numerous risks beyond its control, including the risk that drilling will not result in commercially viable crude oil and natural gas production. HighPeak Energy' s decisions to develop or purchase prospects or properties will depend, in part, on the evaluation of data obtained through geophysical and geological analyses, production data and engineering studies, which are often inconclusive or subject to varying interpretations. For a discussion of the uncertainty involved in these processes, see " — Reserve estimates depend on many assumptions that may turn out to be inaccurate. Any material inaccuracies in reserve estimates or underlying assumptions will materially affect the quantities and present value of reserves. " In addition, the cost of drilling, completing and operating wells will often be uncertain. Further, many factors may curtail, delay or cancel scheduled drilling operations, including: ● delays imposed by, or resulting from, compliance with regulatory requirements, including the IRA 2022, limitations on wastewater disposal, emission of GHGs and hydraulic fracturing; ● pressure or irregularities in geological formations; ● shortages of or delays in obtaining equipment and qualified personnel or in obtaining water for hydraulic fracturing activities; ● equipment failures, accidents or other unexpected operational events; ● lack of available gathering facilities or delays in construction of gathering facilities; ● lack of available capacity on interconnecting transmission pipelines; ● lack of availability of water and electricity; ● adverse weather conditions; ● issues related to compliance with environmental regulations; ● environmental hazards, such as crude oil and natural gas leaks, crude oil spills, pipeline and tank ruptures and unauthorized discharges of brine, well stimulation and completion fluids, toxic gases or other pollutants into the surface and subsurface environment; ● declines in crude oil and natural gas prices; ● limited availability of financing on acceptable terms; ● title issues; and ● other market limitations in HighPeak Energy' s industry. We have entered into certain long- term contracts that require us to pay fees to our service providers based on minimum volumes regardless of actual volume throughput and that may limit our ability to use other service providers. From time to time, HighPeak Energy has entered into and may in the future enter into certain crude oil, natural gas or produced water gathering or transportation agreements, natural gas processing agreements, NGL transportation agreements, produced water disposal agreements or similar commercial arrangements with midstream companies and contracts to provide sand or other drilling and completion or operating supplies. Certain of these agreements require HighPeak Energy to meet minimum volume commitments, often regardless of actual throughput. In May 2021, the Company entered into a crude oil marketing contract with Delek as the purchaser and DKL Permian Gathering, LLC (" DKL ") as the gatherer and transporter. The contract includes the Company' s current and future crude oil production from the majority of its horizontal wells in Flat Top where DKL is constructing a crude oil gathering system and custody transfer meters to most of the Company' s central tank batteries. The contract contains a minimum volume commitment commencing October 2021 based on the gross barrels delivered at the Company' s central tank battery facilities and is 5, 000 Bopd for the first year, 7, 500 Bopd for the second year and 10, 000 Bopd for the remaining eight years of the contract. However, the Company has the ability under the contract to cumulatively bank excess volumes delivered to offset future minimum volume commitments. For the period from October 1, 2021 to December 31, ~~2022~~ **2023** , the Company has delivered approximately ~~22~~ **29** , ~~800~~ **600** Bopd under the contract. The remaining monetary commitment as of December 31, ~~2022~~ **2023** , if the Company never delivers any additional volumes under the agreement, is approximately $ ~~18~~ **7** . ~~3~~ **8** million. The Company is party to an **amended** agreement whereby it has agreed to purchase at least ~~600, 000~~ **1. 6 million** tons of **frac** sand over a two- year period beginning **July 1** ~~at the commencement date of the sand mine being operational~~ , ~~which was late in the second quarter of~~ 2022. There are stipulations in the agreement that reduce this commitment should we experience a downturn in crude oil prices. As of December 31, ~~2022~~ **2023** , the Company has purchased approximately ~~279, 000~~ **1. 2 million** tons of **frac** sand under the contract. However, generally if the Company never takes delivery of any additional **frac** sand under the agreement, the monetary commitment that remains as of December 31, ~~2022~~ **2023** is approximately $ ~~4~~ **9** . ~~6~~ **5** million. If HighPeak Energy has insufficient production to meet the minimum volume commitments under any of these agreements or if HighPeak Energy fails to take delivery of supplies which it committed to, HighPeak Energy' s cash flow from operations will be reduced, which may require HighPeak Energy to reduce or delay its planned investments and capital expenditures, or seek alternative means of financing, all of which may have a material adverse effect on HighPeak Energy' s results of operation. The terms and conditions governing the Credit...... financial condition and results of operations. HighPeak is required under the **Term Loan** Credit Agreement and ~~indentures governing the 10. 000 %~~ Senior **Credit Facility Agreement** ~~Notes and the 10. 625 % Senior Notes~~ to hedge certain quantities of its projected crude oil production ~~, in the case of the Credit Agreement, if its ratio of debt to EBITDAX is greater than a certain ratio~~ . Hedging transactions expose HighPeak Energy to risk of financial loss if a counterparty fails to perform under a derivative contract. Disruptions in the financial markets could lead to sudden decreases in a counterparty' s liquidity, which could make them unable to perform under the terms of the derivative contract and HighPeak Energy may not be able to realize the benefit of the derivative contract. Derivative instruments also expose HighPeak Energy to the risk of financial loss in some circumstances, including when there is an increase in the differential between the underlying price in the derivative instrument and actual prices received or there are issues with regard to legal enforceability of such instruments. The use of derivatives may, in some cases, require the posting of cash collateral with counterparties. If HighPeak Energy enters into derivative instruments that require cash collateral and commodity prices or interest rates change in an adverse manner, our cash otherwise available for use in operations would be reduced which could limit HighPeak Energy' s ability to make future capital expenditures and make payments on indebtedness ~~, and which could also limit the size of the borrowing base~~ . Future collateral requirements will depend on arrangements with counterparties, highly volatile crude oil, NGL and natural gas prices and interest rates. In addition, derivative arrangements could limit the benefits to be received from increases in the prices for natural gas, NGL and crude oil, which could also have an adverse effect on HighPeak Energy' s financial condition. If natural gas, NGL or crude oil prices upon settlement of derivative swap contracts exceed the price at which commodities have been hedged, HighPeak Energy will be obligated to make cash payments to counterparties, which could, in certain circumstances, be significant. In addition, U. S. regulators adopted a final rule in November 2019 implementing a new approach for calculating the exposure amount of derivative contracts under the applicable agencies' regulatory capital rules, referred to as the standardized approach for counterparty credit risk (" SA- CCR "). As adopted, certain financial institutions are required to comply with the new SA- CCR rules beginning on January 1, 2022. The new rules could significantly increase the capital requirements for certain participants in the over- the- counter derivatives market in which HighPeak Energy participates. These increased capital requirements could result in significant additional costs being passed through to end- users or reduce the number of participants or products available in the over- the- counter derivatives market. The effects of these regulations could reduce HighPeak Energy' s hedging opportunities, or substantially increase the cost of hedging, which could adversely affect HighPeak Energy' s business, financial condition and results of operations. Standardized measure is a reporting convention that provides a common basis for comparing crude oil and natural gas companies subject to the rules and regulations of the SEC. Standardized measure requires historical twelve- month pricing as required by the SEC as well as operating and development costs prevailing as of the date of computation. For example, our reserve volumes and PV- 10 as disclosed in this Annual Report are based on assumed commodity prices of $ ~~93~~ **78** . ~~67~~ **22** per Bbl of crude oil and **NGL and** $ ~~6~~ **2** . ~~358~~ **637** per MMBtu of natural gas as of December 31, ~~2022~~ **2023** , which are substantially higher than December 31, ~~2022~~ **2023** front- month forward pricing of $ ~~80~~ **71** . ~~26~~ **65** per Bbl of crude oil and $ ~~4~~ **2** . ~~475~~ **514** per Mcf of natural gas. Consequently, it may not reflect the prices ordinarily received or that will be received for crude oil and natural gas production because of varying market conditions, nor may it reflect the actual costs that will be required to produce or develop the crude oil and natural gas properties. As a result, estimates included in this Annual Report of future net cash flow may be materially different from the future net cash flows that are ultimately received. Therefore, the standardized measure of estimated reserves included in this Annual Report should not be construed as an accurate estimate of the current fair value of such proved reserves. Accordingly, you are cautioned not to place undue weight on our reserve volumes or PV- 10 based on such pricing when evaluating our financial condition or an investment in our securities. You should not assume the present value of future net revenues from the reserves presented in this Annual Report is the current market value of the estimated reserves of our assets. Actual future prices and costs may differ materially from those used in the present value estimate. If spot prices are below such calculated amounts, using more recent prices in estimating proved reserves may result in a reduction in proved reserve volumes due to economic limits. Properties that HighPeak Energy acquires may not produce as projected, and HighPeak Energy may be unable to determine reserve potential, identify liabilities associated with such properties or obtain protection from sellers against such liabilities. ~~During 2022~~ **From time to time** , HighPeak Energy ~~entered~~ **enters** into ~~multiple unrelated~~ agreements to effect certain ~~bolt- on~~ acquisitions ~~from various third parties~~ **, whereby it acquires crude oil and natural** ~~as~~ **gas producing properties and** ~~well as adding certain~~ undeveloped acreage ~~, all which have closed as of December 31, 2022, whereby it acquired a number of crude oil and natural gas properties, which aggregated to approximately 45, 101 net acres~~ . To the extent ~~some of~~ these acquisitions ~~included~~ **include** ~~current~~ producing crude oil and natural gas properties, acquiring crude oil and natural gas properties requires HighPeak Energy to assess reservoir and infrastructure characteristics, including such assets and / or other recoverable reserves, future crude oil and natural gas prices and their applicable differentials, development and operating costs, and potential liabilities, including environmental liabilities. In connection with these assessments, HighPeak Energy performs a review of the subject properties that it believes to be generally consistent with industry practices. Such assessments are inexact and inherently uncertain. For these reasons, the properties that HighPeak Energy ~~acquired~~ **acquires** , or may acquire in the future, may not produce as expected. In connection with the assessments, HighPeak Energy performs a review of the subject properties, but such a review may not reveal all existing or potential problems. In the course of due diligence, HighPeak Energy may not review every well, pipeline or associated facility. HighPeak Energy cannot necessarily observe structural and environmental problems, such as groundwater contamination, when a review is performed. HighPeak Energy may be unable to obtain contractual indemnities from the seller for liabilities created prior to HighPeak Energy' s purchase of the property. HighPeak Energy may be required to assume the risk of the physical condition of the properties in addition to the risk that the properties may not perform in accordance with its expectations. Additionally, the success of future acquisitions will depend on HighPeak Energy' s ability to integrate effectively the then- acquired business into its then- existing operations. The process of integrating acquired assets may involve unforeseen difficulties and may require a disproportionate amount of managerial and financial resources. HighPeak Energy' s failure to achieve consolidation savings, to incorporate the additionally acquired assets into its then- existing operations successfully, or to minimize any unforeseen operational difficulties, or the failure to acquire future assets at all, could have a material adverse effect on its financial condition and results of operations. HighPeak Energy is not the operator on all its acreage or drilling locations, and, therefore, HighPeak Energy is not able to control the timing of exploration or development efforts, associated costs or the rate of production of any non- operated assets, and could be liable for certain financial obligations of the operators or any of its contractors, to the extent such operator or contractor is unable to satisfy such obligations. HighPeak Energy is not the operator on all its acreage or drilling locations, and there is no assurance that it will operate all HighPeak Energy' s other future drilling locations. As a result, HighPeak Energy will have limited ability to exercise influence over the operations of the drilling locations operated by its partners and there is the risk that HighPeak Energy' s partners may at any time have economic, business or legal interests or goals that are inconsistent with ours. Furthermore, the success and timing of development activities operated by its partners will depend on several factors that will be largely outside of HighPeak Energy' s control, including: ● the timing and amount of capital expenditures; ● the operator' s expertise and financial resources; ● the approval of other participants in drilling wells; ● the selection of technology; and ● the rate of production of reserves, if any. This limited ability to exercise control over the operations and associated costs of some of HighPeak Energy' s drilling locations could prevent the realization of targeted returns on capital in drilling or acquisition activities. Further, HighPeak Energy may be liable for certain financial obligations of the operator of a well in which it owns a working interest to the extent such operator becomes insolvent and cannot satisfy such obligations. Similarly, HighPeak Energy may be liable for certain obligations of contractors to the extent such contractor becomes insolvent and cannot satisfy their obligations. The satisfaction of such obligations could have a material adverse effect on HighPeak Energy' s financial condition. For more information about certain of HighPeak Energy' s assets, see the sections entitled " Items 1 and 2. Business and Properties " and " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations. " Adverse weather conditions may cause, among other things, increases in the costs of, and delays in, drilling or completing new wells, power failures, temporary shut- in of production and difficulties in the transportation of crude oil, NGL and natural gas. Any decreases in production due to poor weather conditions will have an adverse effect on revenues, which will in turn negatively affect cash flow from operations. Climate change may also increase the frequency or intensity of such adverse weather conditions; for more information, see our risk factor titled " The operations of HighPeak Energy are subject to a variety of risks arising from climate change. " **HighPeak Energy' s operations are substantially dependent on the availability of frac sand and water. Restrictions on its ability to obtain frac sand and water may have an adverse effect on its financial condition, results of operations and cash flows.** Water and sand are an essential component of crude oil and natural gas production during the hydraulic fracturing process, and to a lesser extent, drilling operations. Drought conditions have persisted in the areas where the Company' s assets are located in past years. Such drought conditions can lead governmental authorities to restrict the use of water, subject to their jurisdiction, for hydraulic fracturing to protect local water supplies. Although HighPeak Energy may enter into a long- term contract for the supply of water, it currently procures local water for drilling on a well- to- well basis and currently recycles a significant portion of its produced water for completion operations. If HighPeak Energy is unable to obtain water to use in operations, it may need to be obtained from non- local sources and transported to drilling sites, resulting in increased costs, or HighPeak Energy may be unable to economically produce crude oil and natural gas, which could have a material and adverse effect on its financial condition, results of operations and cash flows. All HighPeak Energy' s producing properties are geographically concentrated in the northeastern Midland Basin. As a result, HighPeak Energy may be disproportionately exposed to various factors, including, among others: (i) the impact of regional supply and demand factors, (ii) delays or interruptions of production from wells in such areas caused by governmental regulation, (iii) processing or transportation capacity constraints, (iv) market limitations, (v) availability of equipment and personnel, (vi) water shortages or other drought related conditions or (vii) interruption of the processing or transportation of crude oil, NGL or natural gas. The concentration of the Company' s assets in a limited geographic area also increases its exposure to changes in local laws and regulations, certain lease stipulations designed to protect wildlife and unexpected events that may occur in the regions such as natural disasters, adverse weather, seismic events, industrial accidents or labor difficulties. Any one of these factors has the potential to cause producing wells to be shut- in, delay operations, decrease cash flows, increase operating and capital costs and prevent development of lease inventory before expirations. Any of the risks described above could have a material adverse effect on HighPeak Energy' s business, financial condition, results of operations and cash flow. HighPeak Energy may incur losses as a result of title defects in the properties in which it invests. The existence of a material title deficiency can render a lease worthless and adversely affect HighPeak Energy' s results of operations and financial condition. While HighPeak Energy typically obtains title opinions prior to commencing drilling operations on a lease or in a unit, the failure of title may not be discovered until after a well is drilled, in which case HighPeak Energy may lose the lease and the right to produce all or a portion of the minerals under the property. Additionally, if an examination of the title history of a property reveals that a crude oil or natural gas lease or other developed right has been purchased in error from a person who is not the owner of the mineral interest desired, HighPeak Energy' s interest would substantially decline in value. In such cases, the amount paid for such crude oil or natural gas lease or leases would be lost. The development of estimated PUDs may take longer and may require higher levels of capital expenditures than anticipated. Therefore, estimated PUDs may not be ultimately developed or produced. As of December 31, ~~2022~~ **2023** , the Company' s assets contained ~~61~~ **74** , ~~700~~ **569** MBoe of proved undeveloped reserves, or PUDs, consisting of ~~50~~ **60** , ~~971~~ **923** MBbls of crude oil, ~~6~~ **7** , ~~401~~ **913** MBbls of NGL and ~~25~~ **34** , ~~969~~ **400** MMcf of natural gas. Development of these proved undeveloped reserves may take longer and require higher levels of capital expenditures than anticipated. Estimated future development costs relating to the development of such PUDs at December 31, ~~2022~~ **2023** are approximately $ ~~934~~ **1** . ~~3~~ **5** ~~million~~ **billion** over the next five (5) years. HighPeak Energy' s ability to fund these expenditures is subject to several risks. See " — HighPeak Energy' s development projects and acquisitions will require substantial capital expenditures. HighPeak Energy may be unable to obtain required capital or financing on satisfactory terms, which could reduce its ability to access or increase production and reserves. " Delays in the development of reserves, increases in costs to drill and develop such reserves or decreases in commodity prices will reduce the value of the estimated PUDs and future net revenues estimated for such reserves and may result in some projects becoming uneconomic. In addition, delays in the development of reserves could cause HighPeak Energy to have to reclassify PUDs as unproved reserves. Furthermore, there is no certainty that HighPeak Energy will be able to convert PUDs to developed reserves or that undeveloped reserves will be economically viable or technically feasible to produce. Further, SEC rules require that, subject to limited exceptions, PUDs may only be booked if they relate to wells scheduled to be drilled within five years after the date of booking. This requirement may limit HighPeak Energy' s ability to book additional PUDs as it pursues its future drilling programs. As a result, HighPeak Energy may be required to write- down its PUDs if it does not drill those wells within the required timeframe. If actual reserves prove to be less than current reserve estimates, or if HighPeak Energy is required to write- down some of its PUDs, such reductions could have a material adverse effect on HighPeak Energy' s financial condition, results of operations and future cash flows. Producing crude oil and natural gas reservoirs generally are characterized by declining production rates that vary depending upon reservoir characteristics and other factors. Unless HighPeak Energy conducts successful ongoing exploration and development activities or continually acquires properties containing proved reserves, proved reserves will decline as those reserves are produced. HighPeak Energy' s future reserves and production, and therefore future cash flows and results of operations, are highly dependent on HighPeak Energy' s success in efficiently developing current reserves and economically finding or acquiring additional recoverable reserves. HighPeak Energy may not be able to develop, find or acquire sufficient additional reserves to replace future production. If HighPeak Energy is unable to replace such production, the value of its reserves will decrease, and its business, financial condition and results of operations would be materially and adversely affected. HighPeak Energy expects to sell its production to a relatively small number of customers, as is customary in the crude oil and natural gas business. For the **year ended December 31, 2023, there were two purchasers that accounted for approximately 96 % of our revenue (one at approximately 82 % and one at approximately 14 %) and for the** years ended December 31, 2022 and 2021, there was one purchaser that accounted for approximately 88 % and 94 % **of our revenue** , respectively ~~, and the year ended December 31, 2020, there were two purchasers who accounted for approximately 97 % of the total revenue attributable to the Company' s assets~~ . No other purchaser accounted for 10 % or more of such revenues during such period. The loss of any such greater than 10 % purchaser could adversely affect HighPeak Energy' s revenues in the short term. See the section entitled " Items 1 and 2: Business and Properties — Operations — Marketing and Customers " for additional information. HighPeak Energy expects to depend upon these or other significant purchasers for the sale of most of its crude oil and natural gas production. HighPeak Energy cannot ensure that it will continue to have ready access to suitable markets for its future crude oil and natural gas production. HighPeak Energy' s operations may be exposed to significant delays, costs and liabilities as a result of environmental and occupational health and safety requirements applicable to its business activities. HighPeak Energy’ s operations will be subject to stringent and complex federal, state and local laws and regulations governing the discharge of materials into the environment, the occupational health and safety aspects of its operations or otherwise relating to the protection of the environment and natural resources. These laws and regulations may impose numerous obligations applicable to HighPeak Energy’ s operations, including the acquisition of a permit or other approval before conducting regulated activities; the restriction of types, quantities and concentration of materials that can be released into the environment; the limitation or prohibition of drilling activities on certain lands lying within wilderness, wetlands, seismically active areas and other protected areas; the application of specific health and safety criteria addressing worker protection; and the imposition of substantial liabilities for pollution resulting from HighPeak Energy’ s operations. Numerous governmental authorities, such as the EPA and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them. Such enforcement actions often involve difficult and costly compliance measures or corrective actions. Failure to comply with these laws and regulations may result in the assessment of sanctions, including administrative, civil or criminal penalties, natural resource damages, the imposition of investigatory or remedial obligations, and the issuance of orders limiting or prohibiting some or all HighPeak Energy’ s operations. In addition, HighPeak Energy may experience delays in obtaining, or be unable to obtain, required permits, which may delay or interrupt its operations and limit growth and revenue. Certain environmental laws impose strict liability (i. e., no showing of “ fault ” is required) as well as joint and several liability for costs required to remediate and restore sites where hazardous substances, hydrocarbons or solid wastes have been stored or released. HighPeak Energy may be required to remediate contaminated properties owned or operated by it or facilities of third parties that received waste generated by operations regardless of whether such contamination resulted from the conduct of others or from consequences of its own actions that were in compliance with all applicable laws at the time those actions were taken. In connection with certain acquisitions, HighPeak Energy could acquire, or be required to provide indemnification against, environmental liabilities that could expose HighPeak Energy to material losses. In certain instances, citizen groups also have the ability to bring legal proceedings against HighPeak Energy if it is not in compliance with environmental laws, or to challenge its ability to receive environmental permits needed to operate. In addition, claims for damages to persons or property, including natural resources, may result from the environmental, health and safety impacts of its operations. HighPeak Energy’ s insurance may not cover all environmental risks and costs or may not provide sufficient coverage if an environmental claim is made against us. Moreover, public interest in the protection of the environment has increased dramatically in recent years. The trend of more expansive and stringent environmental legislation and regulations applied to the crude oil and natural gas industry could continue, resulting in increased costs of doing business and consequently affecting profitability. For example, HighPeak Energy may incur significant costs and liabilities as a result of environmental requirements applicable to the operation of its wells, gathering systems and other facilities. These costs and liabilities could arise under a wide range of federal, state and local environmental laws and regulations, including the following federal laws and their state counterparts, as amended from time to time, among others: ● the CAA, which restricts the emission of air pollutants from many sources, imposes various pre- construction, monitoring and reporting requirements and is relied upon by the EPA as authority for adopting climate change regulatory initiatives relating to GHG emissions; ● the CWA, which regulates discharges of pollutants from facilities and sources to federal waters and establishes the extent to which waterways are subject to federal jurisdiction and rulemaking as protected waters of the United States; ● the OPA, which imposes liabilities for removal costs and damages arising from a crude oil spill into waters of the United States; ● the SDWA, which ensures the quality of the nations’ public drinking water through adoption of drinking water standards and control over the subsurface injection of fluids into belowground formations; ● the RCRA, which imposes requirements for the generation, treatment, storage, transport, disposal and cleanup of non- hazardous, hazardous and solid wastes; ● CERCLA, which imposes liability on generators, transporters and those who arrange for transportation or disposal of hazardous substances at sites where hazardous substance releases have occurred or are threatening to occur, as well as imposes liability on present and certain past owners and operations of sites where hazardous substance releases have occurred or are threatening to occur; ● the ESA, which restricts activities that may affect federally identified endangered and threatened species or their habitats through the implementation of operating limitations or restrictions or a temporary, seasonal or permanent ban on operations in affected areas; and ● OSHA, under which federal Occupational Safety and Health Administration and similar state agencies have promulgated regulations limiting exposures to hazardous substances in the workplace and imposing various worker safety requirements. Failure to comply with these laws and regulations may result in the assessment of sanctions, including administrative, civil and criminal penalties, the imposition of investigatory, remedial and corrective actions, the incurrence of capital expenditures, the occurrence of delays in the permitting, development or expansion of projects and the issuance of orders enjoining some or all HighPeak Energy’ s future operations in a particular area. It is not uncommon for neighboring landowners, employees and other third parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances, wastes or other materials into the environment. The trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment and more stringent laws and regulations may be adopted in the future. To the extent HighPeak Energy’ s operations are affected by national, regional, local and other laws, and to the extent such laws are enacted or other governmental action is taken that restricts drilling or imposes more stringent and costly operating, waste handling, disposal and cleanup requirements, HighPeak Energy’ s business, prospects, financial condition or results of operations could be materially adversely affected. HighPeak Energy may incur increasing attention to ESG matters that may impact its business. Businesses across all industries are facing increasing scrutiny from stakeholders related to their ESG practices. Businesses that do not adapt to or comply with investor or stakeholder expectations and standards, which are evolving, or which are perceived to have not responded appropriately to the growing concern for ESG issues, regardless whether there is a legal requirement to do so, may suffer from reputational damage and the business, financial condition and / or stock price of such business entity could be materially and adversely affected. Increasing attention to climate change, increasing societal expectations on businesses to address climate change, and potential consumer use of substitutes to energy commodities may result in increased costs, reduced demand for HighPeak Energy' s hydrocarbon products, reduced profits, increased investigations and litigation and negative impacts on its stock price and access to capital markets. Increasing attention to climate change, for example, may result in demand shifts for HighPeak Energy' s hydrocarbon products and additional governmental investigations and private litigation. Moreover, while we may create and publish voluntary disclosures regarding ESG matters from time to time, certain statements in those voluntary disclosures may be based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many ESG matters. We may also announce participation in, or certification under, various third- party ESG frameworks in an attempt to improve our ESG profile, but such participation or certification may be costly and may not achieve the desired results. Additionally, while we may announce various voluntary ESG targets, such targets are aspirational. We may not be able to meet such targets in the manner or on such a timeline as initially contemplated, including but not limited to as a result of unforeseen costs or technical difficulties associated with achieving such results. To the extent we meet such targets, it may be achieved through various contractual arrangements, including the purchase of various credits or offsets that may be deemed to mitigate our ESG impact instead of actual changes in our ESG performance. Also, despite these aspirational goals and any other actions taken, we may receive pressure from investors, lenders, or other groups to adopt more aggressive climate or other ESG- related goals, but we cannot guarantee that we will be able to implement such goals because of potential costs or technical or operational obstacles. In addition, organizations that provided information to investors on corporate governance and related matters have developed rating processes for evaluating business entities on their approach to ESG matters. Currently, there are no universal standards for such scores or ratings, but the importance of sustainability evaluations is becoming more broadly accepted by investors and shareholders. Such ratings are used by some investors to inform their 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 such entities to require 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 HighPeak Energy' s stock from consideration by certain investment funds, engagement by investors seeking to improve such scores and a negative perception of HighPeak Energy' s operation by certain investors. Additionally, to the extent ESG matters negatively impact our reputation, we may not be able to compete as effectively to recruit or retain employees, which may adversely affect our operations. ESG matters may also impact our suppliers and customers, which may ultimately have adverse impacts on our operations. HighPeak Energy may incur substantial losses and be subject to substantial liability claims as a result of operations. Additionally, HighPeak Energy may not be insured for, or insurance may be inadequate to protect HighPeak Energy against, these risks. HighPeak Energy will not be insured against all risks. Losses and liabilities arising from uninsured and underinsured events could materially and adversely affect its business, financial condition or results of operations. HighPeak Energy' s development activities will be subject to all the operating risks associated with drilling for and producing crude oil and natural gas, including the possibility of: ● environmental hazards, such as uncontrollable releases of crude oil, natural gas, brine, well fluids, toxic gas or other pollution into the environment, including groundwater, air and shoreline contamination, damage to natural resources or wildlife, or the presence of endangered or threatened species; ● abnormally pressured formations; ● mechanical difficulties, such as stuck oilfield drilling and service tools and casing collapse; ● fires, explosions and ruptures of pipelines; ● personal injuries and death; ● natural disasters; and ● terrorist attacks targeting crude oil and natural gas related facilities and infrastructure. Any of these events could adversely affect HighPeak Energy' s ability to conduct operations or result in substantial loss as a result of claims for: ● injury or loss of life; ● damage to and destruction of property, natural resources and equipment; ● pollution and other environmental or natural resource damage; ● regulatory investigations and penalties; and ● repair and remediation costs. HighPeak Energy may elect not to obtain insurance for any or all of these risks if it believes that the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on business, financial condition and results of operations. Properties that HighPeak Energy decides to drill may not yield crude oil or natural gas in commercially viable quantities. Properties that HighPeak Energy decides to drill that do not yield crude oil or natural gas in commercially viable quantities will adversely affect its results of operations and financial condition. There is no way to predict in advance of drilling and testing whether any particular prospect will yield crude oil or natural gas in sufficient quantities to recover drilling or completion costs or to be economically viable. The use of micro- seismic data and other technologies and the study of producing fields in the same area will not enable HighPeak Energy to know conclusively prior to drilling whether crude oil or natural gas will be present or, if present, whether crude oil or natural gas will be present in commercial quantities. HighPeak Energy cannot assure you that the analogies drawn from available data from other wells, more fully explored prospects or producing fields will be applicable to its drilling prospects. Further, HighPeak Energy' s drilling operations may be curtailed, delayed or cancelled as a result of numerous factors, including: ● unexpected drilling conditions; ● title issues; ● pressure or lost circulation in formations; ● equipment failures or accidents; ● adverse weather conditions; ● compliance with, or changes in, environmental and other governmental or contractual requirements, including the IRA 2022; and ● increases in the cost of, and shortages or delays in the availability of, electricity, supplies, materials, drilling or workover rigs, equipment and services. HighPeak Energy may not be able to identify attractive acquisition opportunities that complement the Company' s assets or expand its business. In the event it identifies attractive acquisition opportunities, HighPeak Energy may not be able to complete the acquisition or do so on commercially acceptable terms. Competition for acquisitions may also increase the cost of, or cause HighPeak Energy to refrain from, completing acquisitions. The success of completed acquisitions will depend on HighPeak Energy' s ability to integrate effectively the acquired business into its then- existing operations. The process of integrating acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of its managerial and financial resources. In addition, possible future acquisitions may be larger and for purchase prices significantly higher than those paid for earlier acquisitions. No assurance can be given that it will be able to identify additional suitable acquisition opportunities, negotiate acceptable terms, obtain financing for acquisitions on acceptable terms or successfully acquire identified targets. HighPeak Energy' s failure to achieve consolidation savings, to integrate the acquired businesses and assets, including those from the Hannathon and Alamo Acquisitions, into its then- existing operations successfully or to minimize any unforeseen operational difficulties could have a material adverse effect on its financial condition and results of operations. In addition, the **Term Loan** Credit Agreement and ~~the indentures governing the 10. 000 %~~ Senior **Credit Facility Agreement** ~~Notes and the 10. 625 % Senior Notes~~ impose certain limitations on HighPeak Energy' s ability to enter into mergers or combination transactions and on HighPeak Energy' s and its restricted subsidiaries' ability to incur certain indebtedness, which could indirectly limit its ability to acquire assets and businesses. Certain of HighPeak Energy' s properties are subject to land use restrictions, which could limit the manner in which HighPeak Energy conducts business. Certain of HighPeak Energy' s properties are subject to land use restrictions, which could limit the manner in which HighPeak Energy conducts business. Such restrictions could affect, among other things, access to and the permissible uses of facilities as well as the manner in which HighPeak Energy produces crude oil and natural gas and may restrict or prohibit drilling in general. The costs incurred to comply with such restrictions may be significant, and HighPeak Energy may experience delays or curtailment in the pursuit of development activities and perhaps even be precluded from the drilling of wells. The demand for drilling rigs, pipe and other equipment and supplies, as well as for qualified and experienced field personnel to drill wells and conduct field operations, geologists, geophysicists, engineers and other professionals in the crude oil and natural gas industry, can fluctuate significantly, often in correlation with crude oil, NGL and natural gas prices, causing periodic shortages of equipment, supplies and needed personnel. Additionally, supply constraints due to the conflict in Ukraine, the ~~COVID~~ **Israel** - ~~19 pandemic~~ **Hamas conflict** , ~~rising~~ **elevated** interest rates and associated policies of the Federal Reserve has increased the cost of oilfield services. HighPeak Energy' s operations are concentrated in areas in which oilfield activity levels have previously increased rapidly. If that were to happen again, demand for drilling rigs, equipment, supplies and personnel may increase the costs for these services. Access to transportation, processing and refining facilities in these areas may become constrained resulting in higher costs and reduced access for those items. Historically, crude oil, NGL and natural gas prices have been volatile. For example, during the period from January 1, ~~2018~~ **2020** through December 31, ~~2022~~ **2023** , the calendar month average NYMEX WTI crude oil price per Bbl ranged from a low of $ 16. 70 to a high of $ 114. 34, and the last trading day NYMEX natural gas price per MMBtu ranged from a low of $ 1. 50 to a high of $ 9. 35. For the month of April 2020, the calendar month average NYMEX WTI crude oil price was $ 16. 70 and last trading day NYMEX natural gas price was $ 1. 63 per MMBtu. However, prices have since increased. To the extent commodity prices improve in the future, the demand for and prices of these goods and services are likely to increase and HighPeak Energy could encounter delays in or an inability to secure the personnel, equipment, power, services, resources and facilities access necessary for it to resume or increase HighPeak Energy' s development activities, which could result in production volumes being below its forecasted volumes. In addition, any such negative effect on production volumes, or significant increases in costs, could have a material adverse effect on cash flow and profitability. Furthermore, if it is unable to secure a sufficient number of drilling rigs at reasonable costs, HighPeak Energy may not be able to drill all its acreage before its leases expire. HighPeak Energy could experience periods of higher costs if commodity prices rise and inflation may adversely affect our operating results. These increases in cost could reduce profitability, cash flow and ability to complete development activities as planned. Historically, capital and operating costs have risen during periods of increasing crude oil, NGL and natural gas prices. Inflationary factors such as increases in the labor costs, material costs and overhead costs may adversely affect our operating results. These cost increases have resulted from a variety of factors that HighPeak Energy will be unable to control, such as increases in the cost of electricity, steel and other raw materials; increased demand for labor, services and materials as drilling activity increases; and increased taxes. Such costs may rise faster than increases in HighPeak Energy' s revenue if commodity prices rise, thereby negatively impacting its profitability, cash flow and ability to complete development activities as scheduled and on budget. A high rate of inflation, including a continuation of inflation at the current rate, may have an adverse effect on HighPeak Energy' s operating results. This impact may be magnified to the extent that HighPeak Energy' s ability to participate in the commodity price increases is limited by its derivative activities, if any. In August 2022, President Biden signed the IRA 2022 into law. The IRA 2022 contains hundreds of billions in incentives for the development of renewable energy, clean hydrogen, clean fuels, electric vehicles and supporting infrastructure and carbon capture and sequestration, amongst other provisions. In addition, the IRA 2022 imposes the first ever federal fee on the emission of greenhouse gases through a methane emissions charge. The IRA 2022 amends the federal Clean Air Act to impose a fee on the emission of methane from sources required to report their GHG emissions to the EPA, including those sources in the onshore petroleum and natural gas production categories. The methane emissions charge would start in calendar year 2024 at $ 900 per ton of methane, increase to $ 1, 200 in 2025, and be set at $ 1, 500 for 2026 and each year after. Calculation of the fee is based on certain thresholds established in the IRA 2022. In addition, the multiple incentives offered for various clean energy industries referenced above could further accelerate the transition of the economy away from the use of fossil fuels towards lower- or zero- carbon emissions alternatives. This could decrease demand for crude oil and natural gas, increase our compliance and operating costs and consequently adversely affect our business. In addition, fuel conservation measures, alternative fuel requirements and increasing consumer demand for alternatives to crude oil, NGL and natural gas could reduce demand for crude oil, NGL and natural gas. The IRA 2022 incentives discussed above could further accelerate the transition of our economy to alternatives to crude oil, NGL and natural gas. The impact of the changing demand for crude oil, NGL and natural gas may have a material adverse effect on our business, financial condition, results of operations and cash flows. Like many crude oil and natural gas companies, HighPeak Energy may be involved from time to time in various legal and other proceedings, such as title, royalty or contractual disputes, regulatory compliance matters and personal injury or property damage matters, in the ordinary course of its business. Such proceedings are inherently uncertain, and their results cannot be predicted. Regardless of the outcome, such proceedings could have an adverse impact on HighPeak Energy because of legal costs, diversion of management and other personnel and other factors. In addition, it is possible that a resolution of one or more such proceedings could result in liability, penalties or sanctions, as well as judgments, consent decrees or orders requiring a change in its business practices, which could materially and adversely affect its business, operating results and financial condition. Accruals for such liability, penalties or sanctions may be insufficient, and judgments and estimates to determine accruals or range of losses related to legal and other proceedings could change from one period to the next, and such changes could be material. Under the Energy Policy Act of 2005, FERC has civil penalty authority under the Natural Gas Act of 1938 to impose penalties for current violations of up to $ 1, ~~269~~ **544** , ~~500~~ **521** per day for each violation (annually adjusted for inflation) and disgorgement of profits associated with any violation. While our operators' operations have not been regulated by the FERC as a natural gas company under this law, the FERC has adopted regulations that may subject certain of our operators' otherwise non- FERC jurisdictional facilities to the FERC annual reporting requirements. Our operators also must comply with the anti- market manipulation rules enforced by the FERC. Additional rules and legislation pertaining to those and other matters may be considered or adopted by the FERC from time to time. Additionally, the FTC has regulations intended to prohibit market manipulation in the petroleum industry with authority to fine violators of the regulations civil penalties of up to $ 1, ~~210~~ **472** , ~~340~~ **546** per day (annually adjusted for inflation) and the CFTC prohibits market manipulation in the markets regulated by the CFTC, including similar anti- manipulation authority with respect to crude oil swaps and futures contracts as that granted to the CFTC with respect to crude oil purchases and sales. The CFTC rules subject violators to a civil penalty of up to the greater of $ 1, ~~191~~ **450** , ~~842~~ **040** per day (annually adjusted for inflation) or triple the monetary gain to the person for each violation. Failure to comply with those regulations in the future could subject our operators to civil penalty liability, as described in " Items 1 and 2: Business and Properties — Regulation of the Crude Oil and Natural Gas Industry. " The threat of climate change continues to attract considerable attention in the United States and in foreign countries. Numerous proposals have been made and could continue to be made at the international, national, regional and state levels of government to monitor and limit existing emissions of GHGs as well as to restrict or eliminate such future emissions. As a result, crude oil and natural gas exploration and production operations are subject to a series of regulatory, political, litigation and financial risks associated with the production and processing of fossil fuels and emission of GHGs. In the United States, no comprehensive climate change legislation has been implemented at the federal level, though federal law such as the IRA 2022 advances numerous climate- related objectives. However, with the U. S. Supreme Court finding that GHG emissions constitute a pollutant under the CAA, the EPA has adopted rules that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources, require the monitoring and annual reporting of GHG emissions from certain petroleum and natural gas system sources in the United States, and together with the DOT, implement GHG emissions limits on vehicles manufactured for operation in the United States. The regulation of methane from crude oil and natural gas facilities has been subject to uncertainty in recent years. Although, in September 2020, the Trump Administration revised prior promulgated regulations to rescind certain methane standards and remove the transmission and storage segments from the source category for certain regulations, the U. S. Congress approved, and President Biden signed into law, a resolution under the Congressional Review Act to repeal the September 2020 revisions, effectively reinstating the prior standards. Additionally, in ~~November~~ **December** ~~2021~~ **2023** , the EPA ~~issued~~ **finalized** a ~~proposed~~ rule that ~~, if finalized, would establish~~ **established** OOOOb as new source and OOOOc as first- time existing source standards of performance for methane and VOC emissions for the crude oil and natural gas source category. **Under the final rule,** ~~Owners~~ **owners** or operators of affected emission units or processes ~~would~~ **will** have ~~to~~ **two** ~~comply with specific~~ **years to prepare and submit their plans to impose methane emission controls on existing sources. The presumptive** standards ~~of performance that may~~ **under the final rule are generally the same for both new and existing sources,** ~~include~~ **including enhanced** leak detection using optical gas imaging and subsequent repair requirements, reduction of regulated emissions through capture and control systems, zero- emission requirements for certain equipment or processes, operations and maintenance requirements and requirements for " green well " completions. The ~~EPA' s supplemental proposal on these~~ **rule also establishes a " super- emitter " response program to timely mitigate emissions events as detected by governmental agencies or qualified third parties, triggering certain investigation and repair** requirements ~~was issued in 2022, and the final rule is expected in 2023; however, it will likely be subject to legal challenge~~ . Separately, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas as GHG cap and trade programs, carbon taxes, reporting and tracking programs, and restriction of emissions. At the international level, the United Nations- sponsored " Paris Agreement " requires member states to submit non- binding, individually- determined reduction goals every five years after 2020. President Biden has recommitted the United States to the Paris Agreement and in April 2021, announced a goal of reducing the United States' emissions by 50- 52 % below 2005 levels by 2030. In November 2021, the international community gathered again in Glasgow at COP26, during which multiple announcements were made, including a call for parties to eliminate certain fossil fuel subsidies and pursue further action on non- CO2 GHGs. Relatedly, the United States and European Union jointly announced the launch of the " Global Methane Pledge, " which aims to cut global methane pollution at least 30 % by 2030 relative to 2020 levels, including " all feasible reductions " in the energy sector. These goals were reaffirmed at COP27, and countries were called upon to accelerate their efforts, though no firm commitments were made. **At COP28, the parties entered into an agreement to transition away from fossil fuels in energy systems and increase renewable energy capacity, though no timeline for doing so was set.** The impacts of these actions cannot be predicted at this time. For more information, see the section entitled " Items 1 and 2. Business and Properties — Regulation of Environmental and Occupational Safety and Health Matters — Regulation of Greenhouse Gas Emissions. "

Governmental, scientific and public concern over the threat of climate change arising from GHG emissions has resulted in increasing political risks in the United States, including climate change related pledges made by certain candidates in public office. On January 27, 2021, President Biden signed an executive order calling for substantial action on climate change, including, among other things, the increased use of zero- emissions vehicles by the federal government, the elimination of subsidies provided to the fossil fuel industry and increased emphasis on climate- related risks across agencies and economic sectors. Additional actions that could be pursued by the Biden Administration may include more restrictive requirements for the establishment of pipeline infrastructure or the permitting of LNG export facilities **. For example, on January 26, 2024, President Biden announced a temporary pause on pending decisions on new exports of LNG to countries that the U. S. does not have free trade agreements with, pending Department of Energy review** . Litigation risks are also increasing, as a number of entities have sought to bring suit against crude oil and natural gas companies in state or federal court, alleging, among other things, that such companies created public nuisances by producing fuels that contributed to climate change or that such companies have been aware of the adverse effects of climate change for some time but defrauded their investors or customers by failing to adequately disclose those impacts. There are also increasing financial risks for fossil fuel producers as shareholders currently invested in fossil- fuel energy companies concerned about the potential effects of climate change may elect in the future to shift some or all their investments into other sectors. Institutional lenders who provide financing to fossil- fuel energy companies also have become more attentive to sustainable lending practices and some of them may elect not to provide funding for fossil fuel energy companies. For example, at COP26, the Glasgow Financial Alliance for Net Zero (" GFANZ ") announced that commitments from over 450 firms across 45 countries had resulted in over $ 130 trillion in capital committed to net zero goals. The various sub- alliances of GFANZ generally require participants to set short- term, sector- specific targets to transition their financing, investing and / or underwriting activities to net zero by 2050. There is also a risk that financial institutions will be required to adopt policies that have the effect of reducing the funding provided to the fossil fuel sector. In late 2020, the Federal Reserve announced it has joined the NGFS and, in November 2021, issued a statement in support of the efforts of the NGFS to identify key issues and potential solutions for the climate- related challenges most relevant to central banks and supervisory authorities. In September 2022, the Federal Reserve announced that six of the U. S.' largest banks will participate in a pilot climate scenario analysis exercise, **which took place throughout** ~~expected to be launched in early~~ 2023, to enhance the ability of firms and supervisors to measure and manage climate- related financial risk. Limitation of investments in and financing for fossil fuel energy companies could result in the restriction, delay or cancellation of drilling programs or development or production activities. In addition, the SEC proposed a rule requiring registrants to make certain climate- related disclosures, including emissions data. The final rule **remains pending** ~~is expected in 2023~~ , and we cannot predict its final form or substance. To the extent the rules impose additional reporting obligations, we could face increased costs **. Some states have also enacted or are considering climate- related disclosure requirements** . Additionally, we cannot predict how financial institutions and investors might consider any information disclosed under a final rule when making investment decisions, and as a result it is possible that we could face increases with respect to the costs of, or restrictions imposed on, our access to capital. For more information, see the section entitled " Items 1 and 2. Business and Properties — Regulation of Environmental and Occupational Safety and Health Matters — Regulation of Greenhouse Gas Emissions. " The adoption and implementation of new or more stringent international, federal or state legislation, regulations or other regulatory initiatives that impose more stringent standards for GHG emissions from crude oil and natural gas producers such as HighPeak Energy or otherwise restrict the areas in which HighPeak Energy may produce crude oil and natural gas or generate GHG emissions could result in increased costs of compliance or costs of consuming, and thereby reduce demand for or erode value for, the crude oil and natural gas that HighPeak Energy produces. Additionally, political, litigation and financial risks may result in HighPeak Energy' s restricting or cancelling crude oil and natural gas production activities, incurring liability for infrastructure damages as a result of climatic changes, or having an impaired ability to continue to operate in an economic manner. One or more of these developments could have a material adverse effect on HighPeak Energy' s business, financial condition and results of operations. Finally, many scientists have concluded that increasing concentrations of GHG in the atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods and other climate events that could have an adverse effect on HighPeak Energy' s operations. If such effects were to occur, our development and production operations have the potential to be adversely affected. Potential adverse effects could include damages to our facilities from powerful winds or rising waters in low lying areas, disruption of our production activities either because of climate related damages to our facilities or in our costs of operation potentially arising from such climatic effects, less efficient or non- routine operating practices necessitated by climate effects or increased costs for insurance coverage in the aftermath of such effects. Significant physical effects of climate change could also have an indirect effect on our financing and operations by disrupting the transportation or process- related services provided by midstream companies, service companies or suppliers with whom we have a business relationship or by reducing demand for fossil fuels we provide, such as to the extent warmer winters reduce the demand for energy for heating purposes. We may not be able to recover through insurance some or any of the damages, losses or costs that may result from potential physical effects of climate change. At this time, we have not developed a comprehensive plan to address the legal, economic, social or physical impacts of climate change on our operations. If we are forced to shut- in production, we will likely incur greater costs to bring the associated production back online. Cost increases necessary to bring the associated wells back online may be significant enough that such wells would become uneconomic at low commodity price levels, which may lead to decreases in our proved reserve estimates and potential impairments and associated charges to our earnings. Hydraulic fracturing is an important and common practice that is used to stimulate production of crude oil and natural gas from dense subsurface rock formations. The hydraulic fracturing process involves the injection of water, proppants and chemicals under pressure into targeted subsurface formations to fracture the surrounding rock and stimulate production. HighPeak Energy expects to regularly use hydraulic fracturing as part of HighPeak Energy' s operations. Hydraulic fracturing is typically regulated by state crude oil and natural gas commissions, but certain federal agencies have asserted regulatory authority over certain aspects of the process. For example, the EPA finalized rules in June 2016 that prohibit the discharge of wastewater from hydraulic fracturing operations to publicly owned wastewater treatment plants. Congress has, from time to time, considered legislation to provide for federal regulation of hydraulic fracturing under the SDWA and to require disclosure of the chemicals used in the hydraulic fracturing process. It is unclear how any additional federal regulation of hydraulic fracturing activities may affect HighPeak Energy' s operations, but such additional federal regulation could have an adverse effect on its business, financial condition and results of operations. In December 2016, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources. The EPA report concluded that " water cycle " activities associated with hydraulic fracturing may impact drinking water under certain limited circumstances. Moreover, some states and local governments have adopted, and other governmental entities are considering adopting, regulations that could impose more stringent permitting, disclosure and well- construction requirements on hydraulic fracturing operations, including states in which our properties are located. For example, Texas, among others, has adopted regulations that impose new or more stringent permitting, disclosure, disposal and well construction requirements on hydraulic fracturing operations. States could also elect to prohibit high volume hydraulic fracturing altogether. In addition to state laws, local land use restrictions, such as city ordinances may restrict drilling in general and / or hydraulic fracturing in particular. If new or more stringent federal, state or local legal restrictions relating to the hydraulic fracturing process are adopted in areas where HighPeak Energy will operate, it could incur potentially significant added costs to comply with such requirements, experience delays or curtailment in the pursuit of development activities, and perhaps even be precluded from drilling wells. For more information, see the section entitled " Items 1 and 2. Business and Properties — Regulation of Environmental and Occupational Safety and Health Matters — Hydraulic Fracturing Activities. " Legislation or regulatory initiatives intended to address seismic activity could restrict HighPeak Energy' s drilling and production activities, as well as HighPeak Energy' s ability to dispose of produced water gathered from such activities, which could have a material adverse effect on its future business. State and federal regulatory agencies have at times focused on a possible connection between the hydraulic fracturing related activities, particularly the underground injection of wastewater into disposal wells, and the increased occurrence of seismic activity, and regulatory agencies at all levels are continuing to study the possible linkage between crude oil and natural gas activity and induced seismicity. For example, in 2015, the United States Geological Study identified eight states, including Texas, with areas of increased rates of induced seismicity that could be attributed to fluid injection or crude oil and natural gas extraction. In addition, a number of lawsuits have been filed in some states, including Texas, alleging that disposal well operations have caused damage to neighboring properties or otherwise violated state and federal rules regulating waste disposal. In response to these concerns, regulators in some states are seeking to impose additional requirements, including requirements in the permitting of produced water disposal wells or otherwise to assess the relationship between seismicity and the use of such wells. For example, Texas has imposed certain limits on the permitting or operation of disposal wells in areas with increased instances of induced seismic events. In some instances, regulators may also order that disposal wells be shut- in. In September 2021, the TRRC issued a notice to operators in the city of Midland area to reduce daily injection volumes following multiple earthquakes above a 3. 5 magnitude over an 18- month period. The notice also required disposal well operators to provide injection data to TRRC staff to further analyze seismicity in the area. Subsequently, the TRRC ordered the indefinite suspension of all deep crude oil and natural gas produced water injection wells in the area, effective December 31, 2021. The response area was expanded to cover an additional 17 wells following another earthquake in December 2022. **Additional response areas have been established, most recently the Northern Culberson- Reeves Seismic Response Area, where 23 deep disposal well permits were suspended in December 2023.** HighPeak Energy will likely dispose of large volumes of produced water gathered from its drilling and production operations by injecting it into wells pursuant to permits issued by governmental authorities overseeing such disposal activities. While these permits will be issued pursuant to existing laws and regulations, these legal requirements are subject to change, which could result in the imposition of more stringent operating constraints or new monitoring and reporting requirements, owing to, among other things, concerns of the public or governmental authorities regarding such gathering or disposal activities. The adoption and implementation of any new laws or regulations that restrict HighPeak Energy' s ability to use hydraulic fracturing or dispose of produced water gathered from its drilling and production activities by limiting volumes, disposal rates, disposal well locations or otherwise, or requiring HighPeak Energy to shut down disposal wells, could have a material adverse effect on its business, financial condition and results of operations. Competition in the crude oil and natural gas industry is intense, which will make it more difficult for HighPeak Energy to acquire properties, market crude oil or natural gas and secure trained personnel. HighPeak Energy' s ability to acquire additional prospects and to find and develop reserves in the future will depend on its ability to evaluate and select suitable properties for acquisitions and to consummate transactions in a highly competitive environment for acquiring properties, marketing crude oil and natural gas and securing trained personnel. Also, there is substantial competition for capital available for investment in the crude oil and natural gas industry. Many other crude oil and natural gas companies possess and employ greater financial, technical and personnel resources than HighPeak Energy. Those companies may be able to pay more for productive properties and exploratory prospects and to evaluate, bid for and purchase a greater number of properties and prospects than HighPeak Energy' s financial or personnel resources permit. In addition, other companies may be able to offer better compensation packages to attract and retain qualified personnel than HighPeak Energy will be able to offer. The cost to attract and retain qualified personnel has historically continually increased due to competition and may increase substantially in the future. HighPeak Energy may not be able to compete successfully in the future in acquiring prospective reserves, developing reserves, marketing hydrocarbons, attracting and retaining quality personnel and raising additional capital, which could have a material adverse effect on its business. The loss of senior management or technical personnel could adversely affect operations. HighPeak Energy will depend on the services of its senior management and technical personnel. HighPeak Energy does not plan to obtain any insurance against the loss of any of these individuals. The loss of the services of its senior management could have a material adverse effect on its business, financial condition and results of operations. Increases in interest rates could adversely affect HighPeak Energy' s business. HighPeak Energy will require continued access to capital and its business and operating results could be harmed by factors such as the availability, terms of and cost of capital, increases in interest rates or a reduction in credit rating. HighPeak Energy uses, and expects to continue to use debt financing, including borrowings under the Credit ~~Agreement~~ **Agreements** , to finance a portion of its future growth, and these changes could cause its cost of doing business to increase, limit its ability to pursue acquisition opportunities, reduce cash flow used for drilling and place HighPeak Energy at a competitive disadvantage. Recent and continuing disruptions and volatility in the global financial markets may lead to a contraction in credit availability impacting its ability to finance its operations. A significant reduction in cash flows from operations or the availability of credit could materially and adversely affect its ability to achieve its planned growth and operating results. HighPeak Energy' s use of seismic data is subject to interpretation and may not accurately identify the presence of crude oil and natural gas, which could adversely affect the results of its drilling operations. Even when properly used and interpreted, seismic data and visualization techniques are only tools used to assist geoscientists in identifying subsurface structures and hydrocarbon indicators and do not enable the interpreter to know whether hydrocarbons are, in fact, present in those structures. As a result, HighPeak Energy' s drilling activities may not be successful or economical. In addition, the use of advanced technologies, such as 3- D seismic data, requires greater pre- drilling expenditures than traditional drilling strategies, and it could incur losses as a result of such expenditures. Restrictions on drilling activities intended to protect certain species of wildlife may adversely affect HighPeak Energy' s ability to conduct drilling activities in areas where it operates. Crude oil and natural gas operations in HighPeak Energy' s operating areas may be adversely affected by seasonal or permanent restrictions on drilling activities designed to protect various wildlife. Such restrictions may limit HighPeak Energy' s ability to operate in protected areas and can intensify competition for drilling rigs, oilfield equipment, services, supplies and qualified personnel, which may lead to periodic shortages when drilling is allowed. These constraints and the resulting shortages or high costs could delay HighPeak Energy' s operations or materially increase its operating and capital costs. Permanent restrictions imposed to protect threatened or endangered species, other protected species (such as migratory birds), or their habitat could prohibit drilling in certain areas or require the implementation of expensive mitigation measures. The designation of previously unprotected species in areas where HighPeak Energy operates as threatened or endangered could cause it to incur increased costs arising from species protection measures or could result in limitations on its activities that could have a material and adverse impact on its ability to develop and produce reserves. For example, a review is currently pending to determine whether the dunes sagebrush lizard should be listed and, in November 2022, the FWS listed two distinct population segments of the lesser prairie- chicken under the ESA. If these species or others are listed, the FWS and similar state agencies may designate critical or suitable habitat areas that they believe are necessary for the survival of threatened or endangered species. Such a designation could materially restrict use of or access to federal, state and private lands. To the extent species are listed under the ESA or similar state laws, or previously unprotected species are designated as threatened or endangered in areas where our properties are located, operations on those properties could incur increased costs arising from species protection measures and face delays or limitations with respect to production activities thereon. For more information, see the section entitled " Items 1 and 2. Business and Properties — Regulation of Environmental and Occupational Safety and Health Matters — Endangered Species Act and Migratory Birds. " HighPeak Energy may not be able to keep pace with technological developments in its industry. The crude oil and natural gas industry is characterized by rapid and significant technological advancement and the introduction of new products and services using new technologies. As others use or develop new technologies, HighPeak Energy may be placed at a competitive disadvantage or may be forced by competitive pressures to implement those new technologies at substantial costs. In addition, other crude oil and natural gas companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and that may, in the future, allow them to implement new technologies before HighPeak Energy. HighPeak Energy may not be able to respond to these competitive pressures or implement new technologies on a timely basis or at an acceptable cost. If one or more of the technologies it expects to use were to become obsolete, HighPeak Energy' s business, financial condition or results of operations could be materially and adversely affected. There are inherent limitations in all control systems, and misstatements due to error or fraud that could seriously harm HighPeak Energy' s business may occur and not be detected. HighPeak Energy' s management does not expect that HighPeak Energy' s internal and disclosure controls will prevent all possible error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be relative to their costs. Because of the inherent limitations in all control systems, an evaluation of controls can only provide reasonable assurance that all material control issues and instances of fraud, if any, at HighPeak Energy have been detected. These inherent limitations include the realities that judgments in decision- making can be faulty and that breakdowns can occur because of simple error or mistake. Further, controls can be circumvented by the individual acts of some persons or by collusion of two or more persons. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of inherent limitations in a cost- effective control system, misstatements due to error or fraud may occur and not be detected. HighPeak Energy relies heavily on its information systems, and the availability and integrity of these systems is essential to conducting HighPeak Energy' s business and operations. As a producer of crude oil and natural gas, HighPeak Energy faces various security threats, including cyber- security threats, to gain unauthorized access to its sensitive information or to render its information or systems unusable, and threats to the security of its facilities and infrastructure or third- party facilities and infrastructure, such as gathering and processing and other facilities, refineries and pipelines. This risk may be heightened as a result of an increased remote working environment, similar to the one created by the COVID- 19 outbreak in 2020. The potential for such security threats subjects its operations to increased risks that could have a material adverse effect on its business, financial condition, results of operations and cash flows. **Cyber- security attacks in particular are becoming more sophisticated and include, but are not limited to, installation of malicious software, attempts to gain unauthorized access to data and systems, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. For example, in May 2021, Colonial Pipeline' s digital systems were infected by a ransomware attack that caused the shutdown of the pipeline for several days and the payment of an approximate $ 4. 4 million ransom. The U. S. government also has issued public warnings that indicate that energy assets might be specific targets of cybersecurity threats. These events could damage our reputation and lead to financial losses from remedial actions, loss of business or potential liability. The regulatory environment surrounding data privacy and protection is constantly evolving and can be subject to significant change. New laws and regulations governing data privacy and the unauthorized disclosure of personal or confidential information pose increasingly complex compliance challenges and could potentially elevate our costs. Any failure to comply with these laws and regulations could result in significant penalties and legal liability. We continue to monitor and assess the impact of these laws, which in addition to penalties and legal liability, could impose significant costs for investigations and compliance, require us to change our business practices and carry significant potential liability for our business should we fail to comply with any such applicable laws.** HighPeak Energy' s implementation of various procedures and controls to monitor and mitigate such security threats and to increase security for its information, systems, facilities and infrastructure may result in increased costs. Moreover, there can be no assurance that such procedures and controls will be sufficient to prevent security breaches from occurring. If any of these security breaches were to occur, they could lead to losses of, or damage to, sensitive information or facilities, infrastructure and systems essential to its business and operations, as well as data corruption, communication interruptions or other disruptions to its operations, which, in turn, could have a material adverse effect on its business, financial position, results of operations and cash flows. Our Board continues to evaluate a range of strategic alternative transactions to maximize shareholder value, including a potential sale of the Company. These transactions could include, but are not limited to, acquisitions, debt refinancing transactions, asset divestitures, monetization of intellectual property, and mergers, reverse mergers or other business combinations. ~~In connection with~~ **Because we have publicly approved the undertaking of this process, the market price of** our ~~announcement~~ **common stock may reflect an expectation** that ~~the Board was considering strategic alternatives we issued~~ **shares of our common stock may be acquired at** a **premium in the near** ~~press release and an investor presentation which contains forward- looking guidance on forecasted operating results, costs and activities, including without limitation, our~~ future ~~expected production results, price realizations, operating expenses, capital expenditures and drilling activity. This forward- looking guidance represents our management' s estimates as of the date thereof, and is based upon a number of assumptions that are inherently uncertain and is subject to numerous business, economic, competitive, financial and regulatory risks, including the risks described in the " Risk Factors " section herein. Many of these risks are beyond our control, such as declines in commodity prices and the speculative nature of estimating crude oil, NGL and natural gas reserves and in projecting future rates of production. If any of these risks and uncertainties actually occur or the assumptions underlying our guidance are incorrect, our actual operating results, costs and activities may be materially and adversely different from our guidance. In addition, investors should also recognize that the reliability of any guidance diminishes the further in the future that the data is forecast. In light of the foregoing, investors are urged to put our guidance in context and not to place undue reliance upon it~~ . There can be no assurance that the review of strategic alternative transactions will result in the identification or consummation of any transaction. Our Board may also determine that our most effective strategy is to continue to effectuate our current business plan. The process of reviewing strategic alternative transactions may be time consuming and disruptive to our business operations and, if we are unable to effectively manage the process, our business, financial condition and results of operations could be adversely affected. We could incur substantial expenses associated with identifying and evaluating potential strategic alternative transactions. No decision has been made with respect to any transaction and we cannot assure you that we will be able to identify and undertake any transaction that allows our shareholders to realize an increase in the value of their common stock or provide any guidance on the timing of such action, if any. We also cannot assure you that any potential transaction or other strategic alternatives, if identified, evaluated and consummated, will provide greater value to our shareholders than that reflected in the current price of our common stock. Any potential transaction would be dependent upon a number of factors that may be beyond our control, including, but not limited to, market conditions, industry trends, the interest of third parties in our business and the availability of financing to potential buyers on reasonable terms. We do not intend to comment regarding the evaluation of strategic alternative transactions until such time as our Board has determined the outcome of the process or otherwise has deemed that disclosure is appropriate or required by applicable law. As a consequence, perceived uncertainties related to our future may result in the loss of potential business opportunities and volatility in the market price of our common stock and may make it more difficult for us to attract and retain qualified personnel and business partners. **HighPeak Energy may not be able to pay dividends on our common stock. Our Board of Directors may elect to declare cash dividends on our common stock, subject to our compliance with applicable law and the Credit Agreements.** The ~~HighPeak Group~~ **decision to pay any future dividends is solely within the discretion of, and subject to approval by, our Board of Directors, and we have no obligation to pay any dividends at any time. Our Board of Director' s determination with respect to any such dividends** , including the **record date, the payment date and the actual amount of the dividend, will depend upon our profitability and financial condition, contractual restrictions, restrictions imposed by applicable law and other factors that the Board of Directors deems relevant at the time of such determination. The** Principal Stockholder Group ~~,~~ has significant influence over HighPeak Energy. The ~~HighPeak~~ **Principal Stockholder** Group owns approximately ~~74~~ **67** % of HighPeak Energy' s common stock as of December 31, ~~2022~~ **2023 . This includes an aggregate of approximately one million shares of common stock purchased by**

the Principal Stockholder Group in connection with the Company' s underwritten equity offering in July 2023, which further increased the Principal Stockholder Group' s ownership in the Company . As long as the Principal Stockholder Group owns or controls a significant percentage of HighPeak Energy' s outstanding voting power, subject to the terms of the Stockholders' Agreement (as defined below), they will have the ability to influence certain corporate actions requiring stockholder approval. Under the Stockholders' Agreement, the Principal Stockholder Group will be entitled to nominate a specified number of directors for appointment to the Board so long as the Principal Stockholder Group meets certain ownership criteria outlined in the Stockholders' Agreement. For more information about the Stockholders' Agreement, see the section entitled " Certain Relationships and Related Transactions, and Director Independence. " If HighPeak Energy' s operational and financial performance does not meet the expectations of investors, stockholders or financial analysts, the market price of our securities may decline. If HighPeak Energy' s operational and financial performance does not meet the expectations of investors or securities analysts, the market price of our securities may decline. The market values of our securities may vary significantly from time to time. In addition, fluctuations in the price of our securities could contribute to the loss of all or part of your investment. The trading price of our securities could be volatile and subject to wide fluctuations in response to various factors, some of which are beyond our control. Any of the factors listed below could have a material adverse effect on your investment in our securities and our securities may trade at prices significantly below the price you paid for them. In such circumstances, the trading price of our securities may not recover and may experience a further decline. Factors affecting the trading price of our securities may include: ● actual or anticipated fluctuations in our financial results or the financial results of companies perceived to be similar to us; ● ~~the market volatility resulting from sustained uncertainty surrounding the COVID- 19 outbreak; ●~~ changes in the market' s expectations about our operating results; ● success of our competitors; ● our operating results failing to meet the expectation of securities analysts or investors in a particular period; ● changes in financial estimates and recommendations by securities analysts concerning us or the market in general; ● operating and stock price performance of other companies that investors deem comparable to us; ● changes in laws and regulations affecting our business; ● commencement of, or involvement in, litigation involving us; ● changes in our capital structure, such as future issuances of securities or the incurrence of additional debt; ● the volume of shares of HighPeak Energy common stock available for public sale; ● any major change in our Board or management; ● sales of substantial amounts of HighPeak Energy common stock by the ~~HighPeak~~ **Principal Stockholder** Group, our directors, executive officers or significant stockholders, or the perception that such sales could occur; and ● general economic and political conditions such as recessions, interest rates, fuel prices, international currency fluctuations, OPEC ' s ability to continue to agree to limit production among its members and acts of war or terrorism. HighPeak Energy is a " controlled company " within the meaning of Nasdaq rules and qualifies for exemptions from certain corporate governance requirements. As a result, you do not have the same protections afforded to stockholders of companies that are not exempt from such corporate governance requirements. The ~~HighPeak~~ **Principal Stockholder** Group collectively ~~own~~ **owns** a majority of HighPeak Energy' s outstanding voting stock. Therefore, HighPeak Energy is a controlled company within the meaning of Nasdaq corporate governance standards. Under Nasdaq rules, a company of which more than 50 % of the voting power is held by an individual, company or group of persons acting together is a controlled company and may elect not to comply with certain Nasdaq corporate governance requirements, including the requirements that: ● a majority of the Board consist of independent directors under Nasdaq rules; ● the nominating and governance committee be composed entirely of independent directors with a written charter addressing the committee' s purpose and responsibilities; and ● the compensation committee be composed entirely of independent directors with a written charter addressing the committee' s purpose and responsibilities. HighPeak Energy has elected to rely on all of the exemptions for controlled companies provided for under the Nasdaq rules. These requirements will not apply to HighPeak Energy as long as it remains a controlled company. HighPeak Energy may be required to take write- downs or write- offs, restructuring and impairment or other charges that could have a significant negative effect on HighPeak Energy' s financial condition, results of operations and stock price, which could cause you to lose some or all of your investment. Although HighPeak Energy conducted due diligence on the Company' s assets in connection with their acquisitions, HighPeak Energy cannot assure you that this diligence revealed all material issues that may be present in the businesses of the Company' s assets, that it would be possible to uncover all material issues through a customary amount of due diligence, or that factors outside of HighPeak Energy' s control will not later arise. As a result, HighPeak Energy may be forced to later write- down or write- off assets, restructure HighPeak Energy' s operations, or incur impairment or other charges that could result in losses. Even if HighPeak Energy' s due diligence successfully identifies certain risks, unexpected risks may arise, and previously known risks may materialize in a manner not consistent with HighPeak Energy' s preliminary risk analysis. Even though these charges may be non- cash items and may not have an immediate impact on HighPeak Energy' s liquidity, the fact that HighPeak Energy reports charges of this nature could contribute to negative market perceptions about HighPeak Energy' s securities. In addition, charges of this nature may cause HighPeak Energy to be unable to obtain future financing on favorable terms or at all. There is no guarantee that our warrants will be in the money at the time you choose to exercise them, and they may expire worthless. The exercise price for our warrants is $ 11. 50 per share of HighPeak Energy common stock, subject to certain adjustments. There is no guarantee that our warrants will be in the money at the time you choose to exercise them, and as such, our warrants may expire worthless. The terms of our warrants may be amended in a manner that may be adverse to holders of our warrants with the approval by the holders of at least 50 % of our then- outstanding warrants. Our warrants were issued in registered form under the Warrant Agreement Amendment. The Warrant Agreement Amendment provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct or supplement any defective provision but requires the approval by the holders of at least 50 % of the then- outstanding warrants to make any other change or modification, including any amendment that adversely affects the interests of the registered holders of our warrants. Accordingly, HighPeak Energy, may amend the terms of its warrants in a manner adverse to a holder if holders of at least 50 % of the then- outstanding warrants approve of such amendment. Although

HighPeak Energy' s ability to amend the terms of its warrants with the consent of at least 50 % of the then- outstanding warrants is unlimited and such amendments could, among other things, increase the exercise price of the warrants, shorten the exercise period or decrease the number of shares of HighPeak Energy common stock purchasable upon exercise of a warrant. Warrants are exercisable for HighPeak Energy common stock and HighPeak Energy' s LTIP provides for a significant number of stock options, each of which could increase the number of shares eligible for future resale in the public market and result in dilution to stockholders. The potential for the issuance of a substantial number of additional shares of HighPeak Energy common stock upon exercise of its warrants would increase the number of issued and outstanding shares of HighPeak Energy common stock and reduce the value of the shares issued and outstanding as of the date hereof. Additionally, the sale, or even the possibility of sale, of the shares underlying the warrants could have an adverse effect on the market price for HighPeak Energy' s common stock or on its ability to obtain future financing. If and to the extent these warrants are exercised, you may experience dilution to your holdings. In addition, to attract and retain key management personnel and non- employee directors, HighPeak Energy has implemented a Long- Term Incentive Plan (" LTIP "), pursuant to which the Share Pool (as defined in the LTIP) is reserved and available for delivery with respect to Stock Awards (as defined in the LTIP). From time to time and prior to the expiration of the LTIP, the Share Pool will automatically be increased by (i) the number of shares of HighPeak Energy common stock issued pursuant to the LTIP and (ii) 13 % of the number of shares of HighPeak Energy common stock that are newly issued by HighPeak Energy (other than those issued pursuant to the LTIP), including any shares issued upon the exercise of the warrants. As a result, HighPeak Energy could issue a significant number of stock options under the LTIP, including additional shares added to the LTIP upon the exercise of the warrants, which could further dilute your holdings. If securities or industry analysts do not publish or cease publishing research or reports about HighPeak Energy, HighPeak Energy' s business or HighPeak Energy' s market, or if they change their recommendations regarding HighPeak Energy common stock adversely, the price and trading volume of HighPeak Energy common stock could decline. The trading market for HighPeak Energy common stock will be influenced by the research and reports that industry or securities analysts may publish about HighPeak Energy, HighPeak Energy' s business, HighPeak Energy' s market, or HighPeak Energy' s competitors. If any of the analysts who may cover HighPeak Energy change their recommendation regarding HighPeak Energy common stock adversely, or provide more favorable relative recommendations about its competitors, the price of HighPeak Energy common stock would likely decline. If any analyst who may cover HighPeak Energy were to cease their coverage or fail to regularly publish reports on HighPeak Energy, HighPeak Energy could lose visibility in the financial markets, which could cause HighPeak Energy' s stock price or trading volume to decline. The **Second** Amended and Restated Certificate of Incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees. The **Second** Amended and Restated Certificate of Incorporation (" A & R Charter ") provides that, unless HighPeak Energy consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (" Court of Chancery ") will, to the fullest extent permitted by applicable law and subject to applicable jurisdictional requirements, be the sole and exclusive forum for (i) any derivative action or proceeding as to which the Delaware General Corporation Law (" DGCL ") confers jurisdiction upon the Court of Chancery, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of HighPeak Energy to HighPeak Energy or its stockholders, (iii) any action asserting a claim against HighPeak Energy, its directors, officers or employees arising pursuant to any provision of the DGCL, the A & R Charter or HighPeak Energy' s bylaws or (iv) any action asserting a claim against HighPeak Energy, its directors, officers or employees that is governed by the internal affairs doctrine, in each case except for such claims as to which (a) the Court of Chancery determines that it does not have personal jurisdiction over an indispensable party, (b) exclusive jurisdiction is vested in a court or forum other than the Court of Chancery or (c) the Court of Chancery does not have subject matter jurisdiction. The forum selection provision is not intended to apply to claims arising under the Securities Act or the Exchange Act. To the extent the provision could be construed to apply to such claims, there is uncertainty as to whether a court would enforce such provision in connection with such claims. Stockholders will not be deemed, by operation of Article 8 of the A & R Charter alone, to have waived claims arising under the federal securities laws and the rules and regulations promulgated thereunder. If any action the subject matter of which is within the scope of the forum selection provision described in the preceding paragraph is filed in a court other than the Court of Chancery (or, if the Court of Chancery does not have jurisdiction, another state court or a federal court located within the State of Delaware) (a " Foreign Action ") in the name of any stockholder, such stockholder shall be deemed to have consented to (i) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce the forum selection provision (a " Foreign Enforcement Action ") and (ii) having service of process made upon such stockholder in any such Foreign Enforcement Action by service upon such stockholder' s counsel in the Foreign Action as agent for such stockholder. Any person or entity purchasing or otherwise acquiring any interest in shares of HighPeak Energy' s capital stock will be deemed to have notice of, and consented to, the provisions of our A & R Charter described in the preceding paragraph. This exclusive forum provision may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with HighPeak Energy or its directors, officers or other employees, which may discourage such lawsuits against HighPeak Energy and such persons. The enforceability of similar exclusive forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could rule that this provision in the A & R Charter is inapplicable or unenforceable. If a court were to find these provisions of the A & R Charter inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, HighPeak Energy may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect its business, financial condition or results of operations. Changes in laws or regulations, or a failure to comply with any laws or regulations, may adversely affect HighPeak Energy' s business, investments and results of operations. HighPeak Energy is subject to laws, regulations and rules enacted by national, regional and local governments and the Nasdaq. In particular, HighPeak Energy is required to comply with certain SEC, Nasdaq and other legal or regulatory requirements. Compliance with, and monitoring of, applicable laws, regulations and rules may be difficult, time consuming and costly. Those laws, regulations and rules and their interpretation and application may also change from time to time and those changes could have a material adverse effect on HighPeak Energy' s business, investments and results of operations. In addition, a failure to comply with applicable laws, regulations and rules, as interpreted and applied, could have a material adverse effect on HighPeak Energy' s business and results of operations. There can be no assurance that HighPeak Energy common stock issued, including issuable upon exercise of our warrants, will remain listed on the Nasdaq, or that HighPeak Energy will be able to comply with the continued listing standards of the Nasdaq. HighPeak Energy' s common stock and warrants are currently listed on the Nasdaq, which such listings includes its common stock or shares of its common stock issuable upon exercise of its warrants. If the Nasdaq delists HighPeak Energy' s common stock from trading on its exchange for failure to meet the listing standards, HighPeak Energy and its security holders could face significant material adverse consequences, such as: ● a limited availability of market quotations for HighPeak Energy' s securities; ● reduced liquidity for HighPeak Energy' s securities; ● a determination that HighPeak Energy common stock is a " penny stock, " which will require brokers trading in HighPeak Energy common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for HighPeak Energy' s securities; ● a limited amount of news and analyst coverage; and ● a decreased ability to issue additional securities or obtain additional financing in the future. The National Securities Markets Improvement Act of 1996, which is a federal statute, prevents or preempts the states from regulating the sale of certain securities, which are referred to as " covered securities. " Because HighPeak Energy' s securities are listed on the Nasdaq, they are covered securities. Although the states are preempted from regulating the sale of HighPeak Energy' s securities, the federal statute does allow the states to investigate companies if there is a suspicion of fraud, and, if there is a finding of fraudulent activity, then the states can regulate or bar the sale of covered securities in a particular case. Further, if HighPeak Energy were no longer listed on the Nasdaq, its securities would not be covered securities and HighPeak Energy would be subject to regulation in each state in which HighPeak Energy offers its securities. HighPeak Energy is subject to tax by U. S. federal, state and local tax authorities. HighPeak Energy' s future effective tax rates could be subject to volatility or adversely affected by a number of factors, including: ● changes in the valuation of HighPeak Energy' s deferred tax assets and liabilities; ● expected timing and amount of the release of any tax valuation allowances; ● tax effects of stock- based compensation; ● costs related to intercompany restructurings; or ● changes in tax laws, regulations or interpretations thereof. For example, in previous years, legislation has been proposed to eliminate or defer certain key U. S. federal income tax deductions historically available to crude oil and natural gas exploration and production companies. Such proposed changes have included: (i) a repeal of the percentage depletion allowance for crude oil and natural gas properties; (ii) the elimination of deductions for intangible drilling and exploration and development costs; (iii) the elimination of the deduction for certain production activities; and (iv) an extension of the amortization period for certain geological and geophysical expenditures. The passage of any legislation as a result of these proposals or other similar changes in U. S. federal income tax laws that alter, eliminate or defer these or other tax deductions utilized within the industry could adversely affect HighPeak Energy' s business, financial condition, results of operations and cash flows. In addition, HighPeak Energy may be subject to audits of its income, sales and other transaction taxes by U. S. federal, state and local taxing authorities. Outcomes from these audits could have an adverse effect on HighPeak Energy' s financial condition and results of operations. HighPeak Energy is an " emerging growth company " within the meaning of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the " JOBS Act "), and HighPeak Energy takes advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in HighPeak Energy' s periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, HighPeak Energy' s stockholders may not have access to certain information they may deem important. HighPeak Energy could be an emerging growth company for up to five years **(i. e., until December 31, 2025)** , although circumstances could cause HighPeak Energy to lose that status earlier, including if the market value of HighPeak Energy' s equity held by non- affiliates exceeds $ 700 million as of any June 30 before that time, in which case HighPeak Energy would no longer be an emerging growth company as of the following December 31. HighPeak Energy cannot predict whether investors will find its securities less attractive because HighPeak Energy will rely on these exemptions. If some investors find HighPeak Energy' s common stock less attractive as a result of HighPeak Energy' s reliance on these exemptions, the trading prices of HighPeak Energy' s common stock may be lower than they otherwise would be, there may be a less active trading market for HighPeak Energy' s common stock and the trading prices of HighPeak Energy' s common stock may be more volatile. Further, Section 102 (b) (1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non- emerging growth companies but any such election to opt out is irrevocable. HighPeak Energy has elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, HighPeak Energy, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of HighPeak Energy' s financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out

of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.
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