

Risk Factors Comparison 2025-02-24 to 2024-04-02 Form: 10-K

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

Our ability to operate profitably and our financial condition are highly dependent on energy prices. A substantial or extended decline in oil and natural gas prices may adversely affect our business, financial condition or results of operations and our ability to meet our capital expenditure obligations and financial commitments. The price we receive for our oil and natural gas production heavily influences our revenue, profitability, access to capital and future rate of growth. Oil and natural gas are commodities and, therefore, their prices are subject to wide fluctuations in response to relatively minor changes in supply and demand. Historically, the markets for oil and natural gas have been volatile. These markets will likely continue to be volatile in the future. The prices we receive for our production depend on numerous factors beyond our control. These factors include, but are not limited to, the following: • changes in global supply and demand for oil and natural gas, including changes in demand resulting from general and specific economic conditions relating to the business cycle and other factors (e. g., global health pandemics such as COVID- 19); • the actions of the Organization of Petroleum Exporting Countries, or OPEC; • the price and quantity of imports of foreign oil and natural gas; • political conditions, including embargoes, in or affecting other oil-producing activity; • the level of global oil and natural gas exploration and production activity; • the level of global oil and natural gas inventories; • weather conditions; • technological advances affecting energy consumption, including renewable energy initiatives that result in energy consumption transitioning away from fossil fuels; and • the price and availability of alternative fuels. Global economic growth drives demand for energy from all sources, including fossil fuels. Should the U. S. and global economies experience weakness, demand for energy may decline. Similarly, should growth in global energy production outstrip demand, excess supplies may arise. Declines in demand and excess supplies may result in accompanying declines in commodity prices and deterioration of our financial position along with our ability to operate profitably and our ability to obtain financing to support operations. With respect to our business, we have experienced periodic declines in demand thought to be associated with slowing economic growth in certain markets, including the effects of the COVID- 19 pandemic, coupled with new oil and gas supplies coming on line and other circumstances beyond our control that resulted in oil and gas supply exceeding global demand which, in turn, resulted in steep declines in prices of oil and natural gas. Past declines in prices reduced, and any declines that may occur in the future can be expected to reduce, our revenues and profitability as well as the value of our reserves. Such declines adversely affect well and reserve economics and may reduce the amount of oil and natural gas that we can produce economically, resulting in deferral or cancellation of planned drilling and related activities until such time, if ever, as economic conditions improve sufficiently to support such operations. Any extended decline in oil or natural gas prices may materially and adversely affect our future business, financial condition, results of operations, liquidity or ability to finance planned capital expenditures. Supply chain challenges, such as those arising in the wake of the COVID- 19 pandemic, may adversely affect our operations. Supply and demand imbalances, such as those arising from the COVID- 19 pandemic, have resulted, and may result, in shortages, backlogs and delayed deliveries of a wide array of products and services, including products and services critical to oil and gas operations. Any future outbreaks of infectious disease, or other development, may result in supply chain challenges, in which case we may experience unavailability, or delay in delivery, of products and services that are critical to our well operations. Any such delays may result in deferral or reduction of revenues and increased costs, any of which could materially adversely affect our profitability. Competition in the oil and natural gas industry is intense, which may adversely affect our ability to compete. We operate in a highly competitive environment for acquiring properties, marketing oil and natural gas and securing trained personnel. Many of our competitors possess and employ financial, technical and personnel resources substantially greater than ours, which can be particularly important in the areas in which we operate. Those companies may be able to pay more for productive oil and natural gas properties and exploratory prospects and to evaluate, bid for and purchase a greater number of properties and prospects than our financial or personnel resources permit. Our ability to acquire additional prospects and to find and develop reserves in the future will depend on our ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment. Also, there is substantial competition for capital available for investment in the oil and natural gas industry. We 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. Our ability to acquire additional mineral acreage and to drill and develop our existing acreage as well as other acreage that may be acquired is subject to availability of financing on satisfactory terms. Our financial resources are limited and may not be adequate to fully drill and develop our acreage or to consummate any meaningful acquisition. **Our** ~~While~~ ~~our~~ ~~available~~ ~~funds~~ ~~as~~ ~~of~~ ~~March~~ ~~February~~ ~~2024~~ ~~2025~~ are expected to be adequate to fund our share of **current existing** well **expenses. However** ~~costs on wells expected to be drilled, as of that date, during 2024~~, our funds on hand are not expected to be adequate to support a long- term drilling and development plan with respect to our existing acreage holdings, should such a plan be implemented. We may continue to seek to access the capital markets to support planned drilling operations or acquisitions through sales of equity securities or may seek debt financing to support such capital requirements. We do not presently have any commitments to provide equity or debt financing to support any future drilling operations or acquisitions and there can be no assurance that such financing will be available if and when needed on acceptable terms or at all. If we are unable to fund our share of drilling and completion costs of future wells, we may experience flat and declining production and revenues and decreased profitability and may be subject to penalties with respect to our interest in acreage. Our ability to utilize our common stock to finance future capital needs, or for other purposes, is limited by our authorized shares available for issuance. As of ~~March~~ ~~February~~ ~~2024~~ ~~2025~~, we had authority to issue a total of ~~12~~ **20** million shares of common stock, of which approximately

16 10.9 million shares had been issued and 1 million shares were reserved for issuance pursuant to outstanding stock options and warrants. ~~Absent an increase in authorized shares of common stock, we only have approximately 200,000 shares of common stock available for issuance to raise capital or to support additional stock option grants and for other uses.~~ We have historically utilized “at-the-market” sales of our common stock to provide financing to support growth and operations. With the limited shares of common stock presently available for issuance, our ability to secure additional funding through the sale of common stock is limited. Absent an increase in the shares of common stock authorized to be issued, we will be limited to other financing structures in the event additional financing is required. Such alternative structures may be less favorable or unavailable in which case we may be forced to forego opportunities or required to downsize operations due to lack of funding. We may be unable to make attractive acquisitions and any acquisitions may be subject to substantial risks that could adversely affect our business. Acquisitions of additional mineral acreage at favorable prices is part of our strategy to increase and diversify our holdings and grow our production and revenues. We expect to focus our acquisition efforts in the Permian Basin ~~and in Colombia~~ with an emphasis on partnering with proven operators in the area to acquire positions at favorable prices. Competition for mineral acreage in the Permian Basin is intense. Other operators, particularly large operators, have historically paid substantially higher prices for Permian Basin acreage than we have paid. There can be no assurance that we will be able to successfully acquire additional acreage in the Permian Basin, ~~Colombia~~ or elsewhere at favorable prices or at all. Even if we are successful in acquiring additional acreage on favorable terms, it is possible that such acreage (i) will be more speculative than higher priced acreage, (ii) may face challenges or limitations in drilling and operations such as lack of, or limited access to, critical infrastructure, or (iii) may prove uneconomical. Our success depends on our staff, which is small in size and limited in technical capabilities, and third party consultants, the loss of any of whom could disrupt our business operations. Our success will depend on our ability to attract and retain key staff members. Our staff is extremely small in size and possesses limited technical capabilities. We do not presently maintain any significant internal technical capabilities but rely on the engineering, geological and other technical skills of our board and ~~from time to time~~, third party consultants. If members of our staff should resign or we are unable to attract the necessary personnel, our business operations could be adversely affected. Our charter and bylaws, as well as provisions of Delaware law, could make it difficult for a third party to acquire our company and also could limit the price that investors are willing to pay in the future for shares of our common stock. Delaware corporate law and our charter and bylaws contain provisions that could delay, deter or prevent a change in control of our Company or our management. These provisions could also discourage proxy contests and make it more difficult for our stockholders to elect directors and take other corporate actions without the concurrence of our management or board of directors. These provisions: • authorize our board of directors to issue “blank check” preferred stock, which is preferred stock that can be created and issued by our board of directors, without stockholder approval, with rights senior to those of our common stock; • provide for a staggered board of directors and three-year terms for directors, so that no more than one-third of our directors could be replaced at any annual meeting; • provide that directors may be removed only for cause; and • establish advance notice requirements for submitting nominations for election to the board of directors and for proposing matters that can be acted upon by stockholders at a meeting. We are also subject to anti-takeover provisions under Delaware law, which could also delay or prevent a change of control. Taken together, these provisions of our charter, bylaws, and Delaware law may discourage transactions that otherwise could provide for the payment of a premium over prevailing market prices of our common stock and also could limit the price that investors are willing to pay in the future for shares of our common stock. Oil and Gas Operating Risks Drilling for and producing oil and natural gas are high risk activities with many uncertainties that could adversely affect our business, financial condition or results of operations. Our future success will depend on the success of our exploitation, exploration, development and production activities. Our oil and natural gas exploration and production activities are subject to numerous risks beyond our control, including the risk that drilling will not result in commercially viable oil or natural gas production. Our decisions to purchase, explore, develop or otherwise exploit prospects or properties will depend in part on the evaluation of data obtained through geophysical and geological analyses, production data and engineering studies, the results of which are often inconclusive or subject to varying interpretations. Please read “Reserve estimates depend on many assumptions that may turn out to be inaccurate” (below) for a discussion of the uncertainty involved in these processes. Our cost of drilling, completing and operating wells is often uncertain before drilling commences. Overruns in budgeted expenditures are common risks that can make a particular project uneconomical. Further, many factors may curtail, delay or cancel drilling, including the following: • delays imposed by or resulting from compliance with regulatory requirements; • pressure or irregularities in geological formations; • shortages of or delays in obtaining equipment and qualified personnel; • equipment failures or accidents; • adverse weather conditions; • reductions in oil and natural gas prices; • title problems; and • limitations in the market for oil and natural gas. Cost overruns, curtailments, delays and cancellations of operations as a result of the above factors and other factors common in our industry may materially adversely affect our operating results and financial position and our ability to maintain our interests in prospects. We are dependent upon third party operators of our oil and gas properties. Under the terms of the operating agreements related to our oil and gas properties, third parties act as the operator of each of our oil and gas wells and control the drilling and operating activities to be conducted on our properties. Therefore, we have limited control over certain decisions related to activities on our properties, which could affect our results of operations. Decisions over which we have limited control include: • the timing and amount of capital expenditures; • the timing of initiating the drilling and recompleting of wells; • the extent of operating costs; and • the level of ongoing production. Decisions made by our operators may be different than those we would make reflecting priorities different than our priorities and may materially adversely affect our operating results and financial position, including potential declines in production and revenues from properties, declines in value of properties and lease expirations, among other potential consequences. Prospects that we decide to drill may not yield oil or natural gas in commercially viable quantities. Our prospects are properties on which we have identified what we believe, based on available seismic and geological information, to be indications of oil or natural gas potential. Our prospects are in

various stages of evaluation, ranging from a prospect that is ready to drill to a prospect that will require substantial seismic data processing and interpretation. There is no way to predict in advance of drilling and testing whether any particular prospect will yield oil or natural gas in sufficient quantities to recover drilling or completion costs or to be economically viable. The use of seismic data and other technologies and the study of producing fields in the same area will not enable us to know conclusively prior to drilling whether oil or natural gas will be present or, if present, whether oil or natural gas will be present in commercial quantities. We cannot assure that the analogies we draw from available data from other wells, more fully explored prospects or producing fields will be applicable to our drilling prospects. Our operations are expected to involve use of horizontal drilling and completion techniques, which involve risks and uncertainties in their application. Our operations, in most instances, are expected to involve utilizing some of the latest drilling and completion techniques as developed by our service providers, including horizontal drilling and completion techniques. Risks that we face while drilling horizontal wells include, but are not limited to, the following: • landing the wellbore in the desired drilling zone; • staying in the desired drilling zone while drilling horizontally through the formation; • running casing the entire length of the wellbore; and • being able to run tools and other equipment consistently through the horizontal wellbore. Risks that we face while completing wells include, but are not limited to, the following: • the ability to fracture stimulate the planned number of stages; • the ability to run tools the entire length of the wellbore during completion operations; and • The ability to successfully clean out the wellbore after completion of the final fracture stimulation stage. Horizontal drilling in emerging areas with little or no history of use of such techniques is more uncertain than drilling in areas that are more developed and have a longer history of established horizontal drilling operations. If our horizontal drilling fails to adequately address the risks described, we may incur costs overruns, underperformance by wells or non-productive wells. The unavailability or high cost of drilling rigs, equipment, supplies, personnel, water disposal and oil field services could adversely affect our ability to execute on a timely basis our exploration and development plans within our budget and operate profitably. Shortages or the high cost of drilling rigs, equipment, supplies or personnel, including shortages or unavailability of personnel, supplies and equipment, could delay or adversely affect our development and exploration operations. If the price of oil and natural gas increases, the demand for production equipment and personnel will likely also increase, potentially resulting, at least in the near-term, in shortages of equipment and personnel. In addition, larger producers may be more likely to secure access to such equipment by virtue of offering drilling companies more lucrative terms. In particular, high levels of horizontal drilling and hydraulic fracturing operations in the Permian Basin have, from time to time, created increased demand, and higher costs, for associated drilling and completion services, water supply, handling and disposal and access to production handling and transportation infrastructure, each of which have resulted in higher than anticipated prices with respect to our initial Reeves County wells. If we are unable to acquire access to such resources, or can obtain access only at higher prices, not only would this potentially delay our ability to convert our reserves into cash flow but could also significantly increase the cost of producing those reserves, thereby negatively impacting anticipated net income. We may not be able to obtain access on commercially reasonable terms or otherwise to pipelines and storage facilities, gathering systems and other transportation, processing, fractionation and refining facilities to market our oil and gas production; we rely on a limited number of purchasers of our products. The marketing of oil and gas production depends in large part on the availability, proximity and capacity of pipelines and storage facilities, gathering systems and other transportation, processing, fractionation and refining facilities, as well as the existence of adequate markets. If there were insufficient capacity available on these systems, if these systems were unavailable to us, or if access to these systems were to become commercially unreasonable, the price offered for our production could be significantly depressed, or we could be forced to shut in some production or delay or discontinue drilling plans and commercial production following a discovery of hydrocarbons while we construct our own facility or await the availability of third party facilities. We rely on facilities developed and owned by third parties in order to store, process, transport, fractionate and sell our oil and gas production. Our plans to develop and sell our oil and gas reserves could be materially and adversely affected by the inability or unwillingness of third parties to provide sufficient transportation, storage or processing and fractionation facilities to us, especially in areas of planned expansion where such facilities do not currently exist. The amount of oil and gas that can be produced is subject to limitations in certain circumstances, such as pipeline interruptions due to scheduled and unscheduled maintenance, excessive pressure, physical damage to the gathering, transportation, refining or processing facilities, or lack of capacity on such facilities. Curtailments arising from these and similar circumstances may last from a few days to several months, resulting in lost or curtailed production and revenues. We may operate in areas with limited or no access to pipelines, thereby necessitating delivery by other means, such as trucking, or requiring compression facilities. This may be particularly true with respect to our Colombian acreage where infrastructure is limited or, in some cases, non-existent. Such restrictions on our ability to sell our oil or natural gas could have several adverse effects, including higher transportation costs, fewer potential purchasers (thereby potentially resulting in a lower selling price) or, in the event we were unable to market and sustain production from a particular lease for an extended time, possibly causing us to lose a lease due to lack of production. To the extent that we enter into transportation contracts with pipelines that are subject to FERC regulation, we are subject to FERC requirements related to use of such capacity. Any failure on our part to comply with FERC's regulations and policies or with an interstate pipeline's tariff could result in the imposition of civil and criminal penalties. A limited number of companies purchase a majority of our production. The loss of a significant purchaser could have a material adverse effect on our ability to sell production. Our oil and gas holdings and operations are concentrated, and we are dependent upon the results of drilling and production operations on a small number of prospects and wells. If those properties and wells perform below expectations, we may experience production, revenues and profitability below expectations. We have historically been focused on development of a small number of geographically concentrated prospects. Accordingly, we lack diversification with respect to the nature and geographic location of our holdings. As a result, we are exposed to higher dependence on individual resource plays and may experience substantial losses should a single individual prospect prove unsuccessful. At December 31, 2023-2024, we owned interests in 691-3,040 net acres and 980-68 net wells in the United States and, through properties owned and / or

operated by Hupecol entities, 572 net acres and 0.64 net wells in Colombia. While we continually evaluate potential prospects in operations in diverse regions, our production, revenues and profitability for the foreseeable future are expected to be highly dependent upon the results of existing and future wells we may drill in the Permian **Basis Basin** and the **CPO-11 block in Colombia**. In order to grow our revenues and improve profitability, we must continue to drill productive wells. If existing wells, or future wells we may drill, perform below expectations, we may experience flat or declining production and revenues and may be unable to attain profitability. Unless we replace our oil and natural gas reserves, our reserves and production will decline, which would adversely affect our cash flows and income. Unless we conduct successful development, exploitation and exploration activities or acquire properties containing proved reserves, our proved reserves will decline as those reserves are produced. Producing oil and natural gas reservoirs generally are characterized by declining production rates that vary depending upon reservoir characteristics and other factors. Our future oil and natural gas reserves and production, and, therefore our cash flow and income, are highly dependent on our success in efficiently developing and exploiting our current reserves and economically finding or acquiring additional recoverable reserves. If we are unable to develop, exploit, find or acquire additional reserves to replace our current and future production, our cash flow and income will decline as production declines, until our existing properties would be incapable of sustaining commercial production. A substantial percentage of our properties are unproven and undeveloped; therefore, the cost of proving and developing our properties and risk associated with our success is greater than would be the case if the majority of our properties were categorized as proved developed producing. Because a substantial percentage of our properties are unproven and / or undeveloped, we require significant capital to prove and develop such properties before they may become productive. Because of the inherent uncertainties associated with drilling for oil and gas, some of these properties may never be successfully drilled and developed to the extent that they result in positive cash flow. Even if we are successful in our drilling and development efforts, it could take several years for a significant portion of our unproven properties to be converted to positive cash flow. We may incur substantial uninsured losses and be subject to substantial liability claims as a result of our oil and natural gas operations. We are not insured against all risks. Losses and liabilities arising from uninsured and underinsured events could materially and adversely affect our business, financial condition or results of operations. Our oil and natural gas exploration and production activities are subject to all of the operating risks associated with drilling for and producing oil and natural gas, including the possibility of: • environmental hazards, such as uncontrollable flows of oil, natural gas, brine, well fluids, toxic gas or other pollution into the environment, including groundwater and shoreline contamination; • abnormally pressured formations; • mechanical difficulties, such as stuck oil field drilling and service tools and casing collapse; • fires and explosions; • personal injuries and death; and • natural disasters. Any of these risks could adversely affect our ability to conduct operations or result in substantial losses to our company. We may elect not to obtain insurance if we believe 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 a significant accident or other event that is not fully covered by insurance could have a material adverse effect on our business, results of operations or financial condition. If oil and natural gas prices decrease, we may be required to take write-downs of the carrying values of our oil and natural gas properties. Accounting rules require that we review periodically the carrying value of our oil and natural gas properties for possible impairment. Based on 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, we have written down the carrying value of our oil and natural gas properties periodically and may be required to further write down the carrying value of oil and gas properties in the future. A write-down would constitute a non-cash charge to earnings. It is likely the cumulative effect of a write-down could also negatively impact the trading price of our securities. Reserve estimates depend on many assumptions that may turn out to be inaccurate. Any material inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves. The process of estimating oil and natural gas reserves is complex, requiring interpretations of available technical data and many assumptions, including assumptions relating to economic factors. Any significant inaccuracies in these interpretations or assumptions could materially affect the estimated quantities and present value of reserves reported. In order to prepare our estimates, we must project production rates and timing of development expenditures. We must also analyze available geological, geophysical, production and engineering data. The extent, quality and reliability of this data can vary. The process also requires economic assumptions about matters such as oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. Therefore, estimates of oil and natural gas reserves are inherently imprecise. Actual future production, oil and natural gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and natural gas reserves most likely will vary from our estimates. Any significant variance could materially affect the estimated quantities and present value of our reserves. In addition, we may adjust estimates of proved reserves to reflect production history, results of exploration and development activities, prevailing oil and natural gas prices and other factors, many of which are beyond our control. The present value of future net revenues from our proved reserves, as reported from time to time, should not be assumed to be the current market value of our estimated oil and natural gas reserves. In accordance with SEC requirements, we generally base the estimated discounted future net cash flows from our proved reserves on costs on the date of the estimate and average prices over the preceding twelve months. Actual future prices and costs may differ materially from those used in the present value estimate. If future prices decline or costs increase it could negatively impact our ability to finance operations, and individual properties could cease being commercially viable, affecting our decision to continue operations on producing properties or to attempt to develop properties. All of these factors would have a negative impact on earnings and net income, and most likely the trading price of our securities. Our operations will be subject to environmental and other government laws, regulations and policies that are costly, could potentially subject us to substantial liabilities and potentially result in decreased demand for products. Crude oil and natural gas exploration and production operations in the United States and in Colombia are subject to extensive federal, state and local laws and regulations. Oil and gas companies are subject to laws and regulations addressing, among others, land use and

lease permit restrictions, bonding and other financial assurance related to drilling and production activities, spacing of wells, unitization and pooling of properties, environmental and safety matters, plugging and abandonment of wells and associated infrastructure after production has ceased, operational reporting and taxation. Failure to comply with such laws and regulations can subject us to governmental sanctions, such as fines and penalties, as well as potential liability for personal injuries and property and natural resources damages. We may be required to make significant expenditures to comply with the requirements of these laws and regulations, and future laws or regulations, or any adverse change in the interpretation of existing laws and regulations, could increase such compliance costs. Regulatory requirements and restrictions could also delay or curtail our operations and could have a significant impact on our financial condition or results of operations. Our oil and gas operations are subject to stringent laws and regulations relating to the release or disposal of materials into the environment or otherwise relating to environmental protection. These laws and regulations: • require the acquisition of a permit before drilling commences; • restrict the types, quantities and concentration of substances that can be released into the environment in connection with drilling and production activities; • limit or prohibit drilling activities on certain lands lying within wilderness, wetlands and other protected areas; and • impose substantial liabilities for pollution resulting from operations. Failure to comply with these laws and regulations may result in: • the imposition of administrative, civil and / or criminal penalties; • incurring investigatory or remedial obligations; and • the imposition of injunctive relief. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent or costly waste handling, storage, transport, disposal or cleanup requirements could require us to make significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on our industry in general and on our own results of operations, competitive position or financial condition. Although we intend to be in compliance in all material respects with all applicable environmental laws and regulations, we cannot assure you that we will be able to comply with existing or new regulations. In addition, the risk of accidental spills, leakages or other circumstances could expose us to extensive liability. We are unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially adversely increase our cost of doing business or affect operations in any area. Under certain environmental laws that impose strict, joint and several liability, we may be required to remediate our contaminated properties regardless of whether such contamination resulted from the conduct of others or from consequences of our own actions that were or were not in compliance with all applicable laws at the time those actions were taken. In addition, claims for damages to persons or property may result from environmental and other impacts of our operations. Moreover, new or modified environmental, health or safety laws, regulations or enforcement policies could be more stringent and impose unforeseen liabilities or significantly increase compliance costs. Therefore, the costs to comply with environmental, health or safety laws or regulations or the liabilities incurred in connection with them could significantly and adversely affect our business, financial condition or results of operations. In addition, many countries as well as several states and regions of the U. S. have agreed to regulate emissions of “greenhouse gases” and have adopted policies to actively promote alternative energy “green energy” sources that are specifically designed to replace fossil fuels. Methane, a primary component of natural gas, and carbon dioxide, a byproduct of burning of natural gas and oil, are greenhouse gases. Regulation of greenhouse gases could adversely impact some of our operations and “green energy” initiatives could substantially reduce demand for our products in the future. Increased regulation, or limitations on the use, of hydraulic fracturing could increase our cost of operations and reduce profitability. Our existing Permian Basin wells have been hydraulically fractured and future wells that we may drill in the Permian Basin are expected to be economically viable only if hydraulic fracturing is utilized to increase flows of oil and natural gas, particularly in shale formations. The use of hydraulic fracturing has been the subject of much scrutiny and debate in recent years with many activists and state and federal legislators and regulators actively pushing for most stringent regulation of such operations or even the ban of such operations. In the event that state or federal regulation of hydraulic fracturing is increased or hydraulic fracturing is substantially curtailed or prohibited through law or regulation, our cost of drilling and operating wells may increase substantially. In some cases, increased costs associated with increased regulation of hydraulic fracturing, or the prohibition of hydraulic fracturing, may result in wells being uneconomical to drill and operate that would otherwise be economical to drill and operate in the absence of such regulations or prohibitions. Should wells be determined to be uneconomical as a result of increasing regulation of hydraulic fracturing, we may be required to write-down or abandon oil and gas properties that are determined to be uneconomical to drill and develop. Additionally, potential litigation arising from alleged harm resulting from hydraulic fracturing may materially adversely affect our financial results and position regardless of whether we prevail on the merits of such litigation.

International Operations Risks Our operations in Colombia are ~~subject to uncertainty, delays and other risks relating to political and economic instability. We currently have interests in a single oil and gas concession in Colombia and anticipate that operations in Colombia may constitute a substantial element of our strategy going forward. The political climate in Colombia is unstable and could be subject to radical change over a very short period of time. While each of our past and current oil and gas concessions in Colombia have been granted by the federal government, we have experienced multiple extended delays in obtaining necessary permits to commence drilling operations on concessions. The delays in obtaining necessary permits have been attributed to numerous factors beyond our control but not uncommon in Colombia, including strong local opposition to drilling operations based on environmental and other concerns. In the face of such opposition, our operator shelved drilling on multiple concessions and ultimately abandoned those concessions. The abandonment of those concessions was the principal factor in our realizing a loss on disposal of oil and gas properties of \$ 2, 343, 126 during 2023. Armed conflict between government forces and anti- government insurgent groups and illegal paramilitary groups — both funded by the drug trade — has persisted in Colombia for many years with insurgents attacking civilians and violent guerilla activity continues in many parts of the country. While the parties have expressed a continuing commitment to a peace process, until such process is formalized, any operations we may conduct in Colombia, and any assets we may hold in Colombia, may continue to be subject to risk associated with guerilla activity that may disrupt operations and result in losses from operations and of assets. There can also be no assurance that we can maintain the safety of~~

our operations and personnel in Colombia or that this violence will not affect our operations in the future. Continued or heightened security concerns in Colombia could also result in a significant loss to us. Where the local political climate and /or guerilla activity in an area threaten our ability to secure necessary support of the local populace or necessary permits to operate, or our ability to assure the safety of our personnel and /or assets, we have, in the past delayed, and may in the future delay, the commencement of operations on prospects until such concerns are satisfactorily resolved. While our operator works diligently with local and federal officials to overcome such uncertainties and obstacles, there can be no assurance that conditions in the vicinity of our planned operations will ever support exploration and /or development operations with respect to one or multiple prospects. Even though we have conducted successful operations on multiple prospects in Colombia, our current prospect continues to be characterized by political risks and, in fact, our operator has experienced delays in planned operations on prospects due to such political risks. On the concessions abandoned by our operator, the operator experienced delays extending multiple years. In the event of future, delays in operations on prospects arising from political risks, we may experience financial loss associated with our cost of holding prospects, the incurrence of costs associated with addressing political risks or the loss of value associated with our inability to explore and develop potentially valuable prospects. Inflation rates in Colombia have consistently exceeded inflation rates in the United States. The situation does not meet the definition of highly inflationary, but in the event it does meet that definition, we may experience financial loss associated with the related increase in operating expenses. Additionally, Colombia is among several nations whose eligibility to receive foreign aid from the United States is dependent on its progress in stemming the production and transit of illegal drugs, which is subject to an annual review by the President of the United States. Although Colombia is currently eligible for such aid, Colombia may not remain eligible in the future. A finding by the President that Colombia has failed demonstrably to meet its obligations under international counter-narcotics agreements may result in the loss of certain financial aid and the imposition of trade sanctions. Each of these consequences could result in adverse economic consequences in Colombia and could further heighten the political and economic risks associated with our operations there. Any changes in the holders of significant government offices could have adverse consequences on our relationship with key governmental agencies and the Colombian government's ability to control guerrilla activities and could exacerbate the factors relating to our foreign operations. Any sanctions imposed on Colombia by the United States government could threaten our ability to obtain necessary financing to develop the Colombian properties or cause Colombia to retaliate against us, including by nationalizing our Colombian assets. Accordingly, the imposition of the foregoing economic and trade sanctions on Colombia would likely result in a substantial loss and a decrease in the price of our common stock. Our operations in Colombia are controlled by operators which may carry out transactions affecting our Colombian assets and operations without our consent. Our operations in Colombia are subject to a substantial degree of control by the operators of the properties in which we hold indirect interests in Colombia. We have been an investor in a number of ventures operated by Hupecol, including our current holdings in the CPO- 11 block, which represents all of our current assets in Colombia. In the past, Hupecol sold its interest in multiple concessions and entities holding multiple concessions each representing, at the time, the largest prospect (s) in terms of reserves and revenues in which we then held an interest. Additionally, Hupecol has, on occasion, temporarily shut- in production from our Colombian properties. Hupecol advised us, in late 2023, that it intends to evaluate monetization of the CPO- 11 block. Our management intends to closely monitor the nature and progress of Hupecol's efforts to monetize the block in order to protect our interests. However, we have no effective ability to alter or prevent a transaction and are unable to predict whether or not any such transactions will in fact occur or the nature or timing of any such transaction. **Absent new As of December 31, 2024, the Company determined it was necessary to take an impairment charge for our investments- investment in Colombia, if Hupecol ultimately sells the CPO- 11 block Meta due to indications that its earnings performance has deteriorated and the investment is no longer viewed as viable. We determined that we will have no remaining operations in Colombia are unlikely to receive any substantial amount of proceeds upon the sale of Hupecol Meta, rendering the value of the investment fully impaired.** We may be exposed to additional expenses and losses arising from the financial position of our joint interest partners in Colombia. Our Colombian properties are developed under financial arrangements with various joint interest partners. In 2022, we acquired a portion of a joint interest partner's interest in Hupecol Meta, which operates the CPO- 11 block, when the joint interest partner was unable to fund its portion of development costs. As a result of such acquisition, while we did increase our ownership interest in the prospect, we assumed an increased portion of the prospect's development costs. If other joint interest partners are unable, or unwilling, to satisfy their various obligations relating to prospects, we may be required to pay a proportionately higher share of development costs on those prospects or the prospect may be inadequately capitalized to achieve optimal results. We may be exposed to substantial fines and penalties if we or our partners fail to comply with laws and regulations associated with our activities in foreign countries, including Colombia, regarding U. S. laws such as the Foreign Corrupt Practices Act and local laws prohibiting corrupt payments to governmental officials and other corrupt practices. Third parties act as the operator of each of our oil and gas wells and control all drilling and operating activities conducted with respect to our Colombian properties. Therefore, we have limited control over decisions related to activities on our properties, and we cannot provide assurance that our partners or their employees, contractors or agents will not take actions in violation of applicable anti- corruption laws and regulations. In the course of conducting business in Colombia, we have relied primarily on the representations and warranties made by our operating and non- operating partners in the farmout and joint operating agreements which govern our respective project interests to the effect that: ● each party has not and will not offer or make payments to any person, including a government official, that would violate the laws of the country of operations, the country of formation of any of the partners or the principals described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; and ● each party will maintain adequate internal controls, properly record and report all transactions and comply with the laws applicable to the transaction. While we periodically inquire as to the continuing accuracy of these representations, as a minority non- operator, we are limited in our ability to assure compliance. Consequently, we cannot provide assurance that

the procedural safeguards, if any, adopted by our partners or the representations and warranties contained in these agreements and our reliance on them will protect us from liability should a violation occur. Any violations of the anti-bribery, accounting controls or books and records provisions of the Foreign Corrupt Practices Act by us or our partners could subject us and, where deemed appropriate, individuals, in certain cases, to a broad range of civil and criminal penalties, including but not limited to, imprisonment, injunctive relief, disgorgement, substantial fines or penalties, prohibitions on our ability to offer our products in one or more countries, imposed modifications to business practices and compliance programs, including retention of an independent monitor to oversee compliance, and could also materially damage our reputation, our business and our operating results.

Stock Related Risks The price of our common stock may fluctuate significantly, and this may make it difficult to resell common stock when, or at prices, desired. The price of our common stock constantly changes. We expect that the market price of our common stock will continue to fluctuate. Our stock price may fluctuate as a result of a variety of factors, many of which are beyond our control. These factors include: • quarterly variations in our operating results; • operating results that vary from the expectations of management, securities analysts and investors; • changes in expectations as to our future financial performance; • announcements by us, our partners or our competitors of leasing and drilling activities; • the operating and securities price performance of other companies that investors believe are comparable to us; • future sales of our equity or equity-related securities; • changes in general conditions in our industry and in the economy, the financial markets and the domestic or international political situation; • fluctuations in oil and gas prices; • departures of key personnel; and • regulatory considerations. The stock market periodically experiences extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons often unrelated to their operating performance. These broad market fluctuations may adversely affect our stock price, regardless of our operating results. The sale of a substantial number of shares of our common stock may affect our stock price. We may require additional capital to support our future drilling plans and may issue additional shares of our common stock or equity-related securities to secure such capital. Future sales of substantial amounts of our common stock or equity-related securities in the public market or privately, or the perception that such sales could occur, could adversely affect prevailing trading prices of our common stock and could impair our ability to raise capital through future offerings of equity or equity-related securities. No prediction can be made as to the effect, if any, that future sales of shares of common stock or the availability of shares of common stock for future sale will have on the trading price of our common stock.

Item 1B. Unresolved Staff Comments