Risk Factors Comparison 2024-02-21 to 2023-02-23 Form: 10-K

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

There are many factors that could have a material adverse effect on our operating results, financial condition and cash flows. New risks may emerge at any time **,** and we cannot predict those risks or estimate the extent to which they may affect financial performance. Each of the risks described below could adversely impact the value of our common units. Risks Related to Our Organization and Structure We may not have sufficient available cash to pay any quarterly distribution on our common units. We may not have sufficient available cash each quarter to enable us to pay any distributions to our common unitholders **. The holders of our Series A preferred units (to the extent of a distribution equal to 6. 0 % per annum plus accrued and unpaid distributions) and Class B units (to the extent of a distribution equal to 2. 0 % per quarter on such holder' s Class B Contribution (as defined below)) are entitled to receive quarterly cash distributions prior to distributions to holders of our common units** . Substantially all of the cash we have to distribute each quarter depends upon the amount of oil, natural gas and NGL revenues we generate, which is dependent upon the prices that the operators of our properties realize from the sale of oil and natural gas production. In addition, the actual amount of our available cash we will have to distribute each quarter will be reduced by replacement capital expenditures we make, payments in respect of our debt instruments and other contractual obligations, tax obligations, general and administrative expenses and fixed charges and reserves for future operating or capital needs that the Board of Directors may determine are appropriate. **The holders of our Series A preferred units are entitled to receive cumulative quarterly distributions equal to 6. 0 % per annum plus accrued and unpaid distributions.** In addition, each holder of Class B units has paid five cents per Class B unit to us as an additional capital contribution for the Class B units (such aggregate amount, the " Class B Contribution ") in exchange for Class B units. Each holder of Class B units is entitled to receive cash distributions equal to 2. 0 % per quarter on their respective Class B Contribution **. Holders of our Series A preferred units and Class B units are entitled to receive quarterly cash distributions** prior to distributions on our common units. The amount of cash we have available for distribution to holders of our common units depends primarily on our cash flow and not solely on profitability, which may prevent us from paying cash distributions during periods when we record net income. The amount of cash we have available for distribution to holders of our common units depends primarily upon our cash flow and not solely on profitability, which will be affected by non- cash items such as impairment expense or unit- based compensation expense. For example, we may have significant capital expenditures in the future. While these items may not affect our profitability in a quarter, they would reduce the amount of cash available for distribution to holders of our common units with respect to such quarter. As a result, we may pay cash distributions during periods in which we record net losses for financial accounting purposes and may be unable to pay cash distributions during periods in which we record net income. The amount of our quarterly cash distributions, if any, may vary significantly both quarterly and annually and is directly dependent on the performance of our business. We do not have a minimum quarterly distribution or employ structures intended to consistently maintain or increase distributions over time and could pay no distribution with respect to any particular quarter. Our future business performance may be volatile, and our cash flows may be unstable. Please read " — All of our revenues are derived from royalty payments that are based on the price at which oil, natural gas and NGLs produced from the acreage underlying our interests is sold. The volatility of these prices due to factors beyond our control greatly affects our business, financial condition, results of operations and cash available for distribution on common units. " We do not have a minimum quarterly distribution or employ structures intended to consistently maintain or increase distributions over time. Because our quarterly distributions will significantly correlate to the cash we generate each quarter after payment of our fixed and variable expenses, future quarterly distributions paid to our unitholders will vary significantly from quarter to quarter and may be zero. Please read " Item 5. Market for Registrant' s Common Equity, Related Unitholder Matters and Issuer Purchases of Equity Securities — Cash Distribution Policy and Restrictions on Distributions. " Furthermore, unlike other public companies, we do not currently intend to retain cash from our operations for capital expenditures necessary to replace our existing oil and natural gas reserves or otherwise maintain our asset base (" replacement capital expenditures "). The Board of Directors may change our distribution policy and decide to withhold replacement capital expenditures from cash available for distribution, which would reduce the amount of cash available for distribution in the quarter (s) in which any such amounts are withheld. Over the long term, if our reserves are depleted and our operators become unable to maintain production on our existing properties and we have not been retaining cash for replacement capital expenditures, the amount of cash generated from our existing properties will decrease and we may have to reduce the amount of distributions payable to our unitholders. To the extent that we do not withhold replacement capital expenditures, a portion of our cash available for distribution will represent a return of your capital. Our partnership agreement requires that we distribute all of our available cash, which could limit our ability to grow and make acquisitions. Our partnership agreement requires that we distribute all of our available cash each quarter. As a result, we will have limited cash available to reinvest in our business or to fund acquisitions, and we may rely upon external financing sources, including commercial bank borrowings and the issuance of debt and equity securities, to fund our acquisitions and growth capital expenditures. To the extent we are unable to finance growth externally, our distribution policy will significantly impair our ability to grow. In addition, the incurrence of commercial borrowings or other debt to finance our growth strategy would result in increased interest expense, which, in turn, would reduce the available cash that we have to distribute to our common unitholders. ~~35We~~ **We** have funded a significant portion of the consideration paid in connection with many of our acquisitions with the issuance of equity securities, including common units and securities that are convertible or exchangeable into common units. There are no limitations in our partnership agreement on our ability to issue additional common units and, as a limited partnership, we are not required to seek unitholder approval for issuances of common units (including issuances in excess of 20 % of our outstanding equity securities or issuances of equity to certain affiliates). To the extent we issue additional units in connection with any acquisitions or growth capital expenditures or as in- kind distributions, the payment of distributions on those additional units may increase the risk that we will be unable to maintain or increase our per unit distribution level. ~~The~~ **35The** limited liability company agreement of our General Partner contains restrictive covenants, governance and other provisions that may restrict our ability to pursue our business strategies. The limited liability company agreement of our General Partner, which is controlled by our Sponsors, contains provisions that prohibit certain actions without a supermajority vote of at least 662 / 3 % of the members of the Board of Directors, including: ● the incurrence of borrowings in excess of 2. 5 times our Debt to EBITDAX Ratio for the preceding four quarters; ● the reservation of a portion of cash generated from operations to finance acquisitions; ● modifications to the definition of " available cash " in our partnership agreement; and ● the issuance of any partnership interests that rank senior in right of distributions or liquidation to our common units. The Board of Directors is made up of eight members. Therefore, the vote of three directors would be sufficient to prevent us from undertaking the items discussed above. These restrictions may limit our ability to obtain future financings and acquire additional oil and gas properties. We may also be prevented from taking advantage of business opportunities that arise because of the limitations that these restrictions impose on us. Our inability to execute financings or acquire additional properties may materially adversely affect our results of operations and cash available for distribution on common units. Our General Partner and its affiliates, including our Sponsors and their respective affiliates, have conflicts of interest with us and limited duties to us and our unitholders, and they may favor their own interests to the detriment of us and our unitholders. Additionally, we have no control over the business decisions and operations of our Sponsors and their respective affiliates, which are under no obligation to adopt a business strategy that favors us. As of February ~~17~~ **16** , ~~2023~~ **2024** , the owners of our Sponsors own or control up to an aggregate of approximately ~~9~~ **8** . ~~9~~ **4** % of our outstanding common units and Class B units **(or approximately 6. 8 % of our units, including our Series A preferred units on an as- converted basis)** , and our Sponsors indirectly own and control our General Partner. Our General Partner has sole responsibility for conducting our business and managing our operations. Although our General Partner has a duty to manage us in a manner that is in, or not adverse to, the best interests of us and our unitholders, the directors and officers of our General Partner also have a duty to manage our General Partner in a manner that is beneficial to Kimbell Holdings and its parents, our Sponsors. Conflicts of interest may arise between our Sponsors and their respective affiliates, including our General Partner, on the one hand, and us and our unitholders, on the other hand. In resolving these conflicts, our General Partner may favor its own interests and the interests of its affiliates, including our Sponsors and their respective affiliates, over the interests of our unitholders. These conflicts include, among others, the following situations: ● neither our partnership agreement nor any other agreement requires our Sponsors or the Contributing Parties to pursue a business strategy that favors us or utilizes our assets, which could involve decisions by our Sponsors to undertake acquisition opportunities for themselves or any other investment partnership that they control, and the directors and officers of our Sponsors and the Contributing Parties have a fiduciary duty to make these decisions in the best interests of our Sponsors and such Contributing Parties, which may be contrary to our interests; ~~36~~ ● our Sponsors may change their strategy or priorities in a way that is detrimental to our future growth and acquisition opportunities; ● many of the officers and directors of our General Partner are also officers or directors of, and equity owners in, our Sponsors and the Contributing Parties and owe fiduciary duties to our Sponsors, or any other investment partnership that they control, and the Contributing Parties and their respective owners; **36** ● our partnership agreement does not limit our Sponsors' or their respective affiliates' ability to compete with us and, subject to the 50 % participation right included in the contribution agreement that we entered into with our Sponsors and the Contributing Parties in connection with our IPO, neither our Sponsors nor the Contributing Parties have any obligation to present business opportunities to us; ● our Sponsors may be constrained by the terms of their current or future debt instruments from taking actions, or refraining from taking actions, that may be in our best interests; ● our partnership agreement replaces the fiduciary duties that would otherwise be owed by our General Partner with contractual standards governing its duties, limiting our General Partner' s liabilities, and restricting the remedies available to our unitholders for actions that, without these limitations, might constitute breaches of fiduciary duty; ● except in limited circumstances, our General Partner has the power and authority to conduct our business without unitholder approval; ● contracts between us, on the one hand, and our General Partner and its affiliates, on the other hand, may not be the result of arm' s length negotiations; ● disputes may arise under agreements we have with our General Partner or its affiliates; ● our General Partner determines the amount and timing of acquisitions and dispositions, borrowings, issuance of additional partnership securities and the creation, reduction or increase of cash reserves, each of which can affect the amount of cash that is distributed to our unitholders; ● our General Partner determines which costs incurred by it or its affiliates are reimbursable by us; ● our partnership agreement does not restrict our General Partner from causing us to reimburse it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf; ● we have entered into a management services agreement with Kimbell Operating, which in turn has entered into separate services agreements with entities controlled by affiliates of certain of our Sponsors and certain Contributing Parties, pursuant to which they and Kimbell Operating provide management, administrative and operational services to us, and such entities also provide these services to certain other entities, including certain of the Contributing Parties; ● our General Partner intends to limit its liability regarding our contractual and other obligations; ● our General Partner may exercise its right to call and purchase all of the common units and Class B units not owned by it and its affiliates if it and its affiliates own more than 80 % of our common units and Class B units (taken as a single class); ● our General Partner controls the enforcement of obligations owed to us by our General Partner and its affiliates, including under the contribution agreement entered into in connection with our IPO and other agreements with our Sponsors and the Contributing Parties; ~~and37 -~~ - **and** ● our General Partner decides whether to retain separate counsel, accountants or others to perform services for us. ~~Our~~ **37Our** partnership agreement does not restrict our Sponsors and their respective affiliates or the Contributing Parties from competing with us. Certain of our directors and officers may in the future spend significant time serving, and may have significant duties with, investment partnerships or other private entities that compete with us in seeking out acquisitions and business opportunities and, accordingly, may have conflicts of interest in allocating time or pursuing business opportunities. Our partnership agreement provides that our General Partner is restricted from engaging in any business activities other than acting as our General Partner and those activities incidental to its ownership of interests in us. Affiliates of our General Partner are not prohibited from owning projects or engaging in businesses that compete directly or indirectly with us. Similarly, our partnership agreement does not limit our Sponsors' or their respective affiliates' ability to compete with us and, subject to the 50 % participation right included in the contribution agreement that we entered into with our Sponsors and the Contributing Parties in connection with our IPO, neither our Sponsors nor the Contributing Parties have any obligation to present business opportunities to us. Affiliates of our Sponsors currently hold interests in, and may make investments in and purchases of, entities that acquire and own mineral and royalty interests. In addition, certain of our officers and directors, including the individuals who control our Sponsors, may in the future hold similar positions with investment partnerships or other private entities that are in the business of identifying and acquiring mineral and royalty interests. In such capacities, these individuals would likely devote significant time to such other businesses and would be compensated by such other businesses for the services rendered to them. The positions of these directors and officers may give rise to duties that are in conflict with duties owed to us. In addition, these individuals may become aware of business opportunities that may be appropriate for presentation to us as well as the other entities with which they are or may be affiliated. Due to these potential future affiliations, they may have duties to present potential business opportunities to those entities prior to presenting them to us, which could cause additional conflicts of interest. Our Sponsors and their respective affiliates are under no obligation to make any acquisition opportunities available to us, except as provided for under the contribution agreement entered into in connection with our IPO. Under the terms of our partnership agreement, the doctrine of corporate opportunity, or any analogous doctrine, does not apply to our General Partner or any of its affiliates, including its executive officers and directors, our Sponsors and their respective affiliates or the Contributing Parties. Any such person or entity that becomes aware of a potential transaction, agreement, arrangement or other matter that may be an opportunity for us does not have any duty to communicate or offer such opportunity to us. Any such person or entity is not liable to us or to any limited partner for breach of any fiduciary duty or other duty by reason of the fact that such person or entity pursues or acquires such opportunity for itself, directs such opportunity to another person or entity or does not communicate such opportunity or information to us. This may create actual and potential conflicts of interest between us and affiliates of our General Partner and result in less than favorable treatment of us and holders of our units. Our General Partner intends to limit its liability regarding our obligations. Our General Partner intends to limit its liability under contractual arrangements between us and third parties so that the counterparties to such arrangements have recourse only against our assets, and not against our General Partner or its assets. Our General Partner may therefore cause us to incur indebtedness or other obligations that are nonrecourse to our General Partner. Our partnership agreement permits our General Partner to limit its liability, even if we could have obtained more favorable terms without the limitation on liability. In addition, we are obligated to reimburse or indemnify our General Partner to the extent that it incurs obligations on our behalf. Any such reimbursement or indemnification payments would reduce the amount of cash otherwise available for distribution to our unitholders. ~~38Neither~~ -- **Neither** we, our General Partner nor our subsidiaries have any employees, and we rely solely on Kimbell Operating to manage and operate, or arrange for the management and operation of, our business. The management team of Kimbell Operating, which includes the individuals who will manage us, also provides substantially similar services to other entities and thus is not solely focused on our business. Neither we, our General Partner nor our subsidiaries have any employees, and we rely solely on Kimbell Operating to manage us and operate our assets. We have entered into a management services agreement with Kimbell Operating, which in turn has entered into separate services agreements with entities controlled by affiliates of certain of ~~our~~ **38our** Sponsors and certain Contributing Parties, pursuant to which they and Kimbell Operating provide management, administrative and operational services to us. Kimbell Operating also provides substantially similar services and personnel to other entities, including certain of the Contributing Parties, and, as a result, may not have sufficient human, technical and other resources to provide those services at a level that it would be able to provide to us if it did not provide similar services to these other entities. Additionally, Kimbell Operating may make internal decisions on how to allocate its available resources and expertise that may not always be in our best interest compared to those of other entities or other affiliates of our General Partner. There is no requirement that Kimbell Operating favor us over these other entities in providing its services. If the employees of Kimbell Operating do not devote sufficient attention to the management and operation of our business, our financial results may suffer and our ability to make distributions to our unitholders may be reduced. Our partnership agreement replaces fiduciary duties applicable to a corporation with contractual duties and restricts the remedies available to our unitholders for actions taken by our General Partner that might otherwise constitute breaches of fiduciary duty. Our partnership agreement contains provisions that replace fiduciary duties applicable to a corporation with contractual duties and restrict the remedies available to unitholders for actions taken by our General Partner that might otherwise constitute breaches of fiduciary duty under state fiduciary duty law. For example, our partnership agreement provides that: ● whenever our General Partner (acting in its capacity as our General Partner), the Board of Directors or any committee thereof (including the conflicts committee) makes a determination or takes, or declines to take, any other action in their respective capacities, our General Partner, the Board of Directors and any committee thereof (including the conflicts committee), as applicable, is required to make such determination, or take or decline to take such other action, in good faith, meaning that it subjectively believed that the decision was in, or not adverse to, our best interests, and, except as specifically provided by our partnership agreement, will not be subject to any other or different standard imposed by our partnership agreement, Delaware law or any other law, rule or regulation or at equity; ● our General Partner will not have any liability to us or our unitholders for decisions made in its capacity as a general partner so long as such decisions are made in good faith; ● our General Partner and its officers and directors will not be liable for monetary damages to us or our limited partners resulting from any act or omission unless there has been a final and non- appealable judgment entered by a court of competent jurisdiction determining that our General Partner or its officers and directors, as the case may be, acted in bad faith or engaged in fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that the conduct was unlawful; and ● our General Partner will not be in breach of its obligations under the partnership agreement (including any duties to us or our unitholders) if a transaction with an affiliate or the resolution of a conflict of interest is: ● approved by the conflicts committee of the Board of Directors, although our General Partner is not obligated to seek such approval; ● approved by the vote of a majority of the outstanding common units, excluding any common units owned by our General Partner and its affiliates; ~~39~~ ● determined by the Board of Directors to be on terms no less favorable to us than those generally being provided to or available from third parties; or ● determined by the Board of Directors to be fair and reasonable to us, taking into account the totality of the relationships among the parties involved, including other transactions that may be particularly favorable or advantageous to us. ~~In~~ **39In** connection with a situation involving a transaction with an affiliate or a conflict of interest, any determination by our General Partner or the conflicts committee must be made in good faith. If an affiliate transaction or the resolution of a conflict of interest is not approved by our common unitholders or the conflicts committee and the Board of Directors determines that the resolution or course of action taken with respect to the affiliate transaction or conflict of interest satisfies either of the standards set forth in the third and fourth sub bullet points above, then it will be presumed that, in making its decision, the Board of Directors acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the partnership challenging such determination, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption. Our partnership agreement replaces our General Partner' s fiduciary duties to our unitholders with contractual standards governing its duties. Our partnership agreement contains provisions that eliminate the fiduciary standards to which our General Partner would otherwise be held by state fiduciary duty law and replaces those duties with several different contractual standards. For example, our partnership agreement permits our General Partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our General Partner, free of any duties to us and our unitholders other than the implied contractual covenant of good faith and fair dealing, which means that a court will enforce the reasonable expectations of the partners where the language in the partnership agreement does not provide for a clear course of action. This provision entitles our General Partner to consider only the interests and factors that it desires and relieves it of any duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or our limited partners. Examples of decisions that our General Partner may make in its individual capacity include: ● how to allocate corporate opportunities among us and its other affiliates; ● whether to exercise its limited call right; ● whether to seek approval of the resolution of a conflict of interest by the conflicts committee of the Board of Directors or by the unitholders; ● how to exercise its voting rights with respect to the units it owns; ● whether to sell or otherwise dispose of any units or other partnership interests it owns; and ● whether or not to consent to any merger or consolidation of the partnership or amendment to the partnership agreement. By acquiring an interest in us, a limited partner agrees to become bound by the provisions in the partnership agreement, including the provisions discussed above. Holders of our common units have limited voting rights and are not entitled to elect our General Partner or its directors, which could reduce the price at which our common units will trade. Unlike the holders of common stock in a corporation, our unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management' s decisions regarding our business. Our unitholders have no right on an annual or ongoing basis to elect our General Partner or its Board of Directors. The Board of Directors, including the independent directors, is chosen entirely by our Sponsors, as a result of such Sponsors controlling our General Partner, and not by our unitholders. Please read " Item 13. Certain Relationships and Related Party Transactions, and Director Independence. " Unlike publicly traded corporations, we do not conduct annual meetings of our ~~40unitholders~~ -- **unitholders** to elect directors or conduct other matters routinely conducted at annual meetings of stockholders of corporations. As a result of these limitations, the price at which our common units will trade could be diminished because of the absence or reduction of a takeover premium in the trading price. Even if our unitholders are dissatisfied, they cannot initially remove our General Partner without its consent. If our unitholders are dissatisfied with the performance of our General Partner, they will have limited ability to remove our General Partner. Our General Partner may not be removed unless such removal is both (i) for cause and **40** (ii) approved by the vote of the holders of not less than 662 / 3 % of all outstanding units (including common units and Class B units held by the General Partner and its affiliates). As of February ~~17~~ **16** , ~~2023~~ **2024** , the owners of our Sponsors own or control an aggregate of approximately ~~9~~ **8** . ~~9~~ **4** % of our outstanding common units and Class B units **(or approximately 6. 8 % of our units, including our Series A preferred units on an as- converted basis)** , and our Sponsors indirectly own and control our General Partner. Our partnership agreement restricts the voting rights of unitholders owning 20 % or more of the interests in any class of our securities, subject to certain exceptions. Our partnership agreement restricts unitholders' voting rights by providing that any units held by a person that owns 20 % or more of any class of units then outstanding, other than our General Partner, its affiliates and their transferees, the Contributing Parties and their respective affiliates, persons who acquired such units with the prior approval of the Board of Directors, **holders of Series A preferred units in connection with any vote, consent or approval of holders of the Series A preferred units, voting as a separate class or on an as- converted basis with the holders of common units,** and holders who own 20 % or more of any class of units as a result of any redemption or purchase of any other holder' s **units or any conversion of the Series A preferred** units at our option, may not vote on any matter. Our partnership agreement also contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the ability of our unitholders to influence the manner or direction of management. Cost reimbursements due to our General Partner and its affiliates for services provided to us or on our behalf will reduce cash available for distribution to our common unitholders. Our partnership agreement and the limited liability company agreement of the Operating Company do not set a limit on the amount of expenses for which our General Partner and its affiliates may be reimbursed. The amount and timing of such reimbursements will be determined by our General Partner. Prior to paying any distribution on our common units, we will reimburse our General Partner and its affiliates, including Kimbell Operating pursuant to its management services agreement discussed below, for all expenses they incur and payments they make on our behalf. Our partnership agreement and limited liability company agreement of the Operating Company do not set a limit on the amount of expenses for which our General Partner and its affiliates may be reimbursed. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our General Partner by its affiliates. Our partnership agreement and the limited liability company agreement of the Operating Company provide that our General Partner will determine the expenses that are allocable to us. The reimbursement of expenses and payment of fees, if any, to our General Partner and its affiliates will reduce the amount of cash available for distribution to our common unitholders. Please read " Item 5. Market for Registrant' s Common Equity, Related Unitholder Matters and Issuer Purchases of Equity Securities — Cash Distribution Policy and Restrictions on Distributions. " We have entered into a management services agreement with Kimbell Operating, which in turn has entered into separate services agreements with entities controlled by affiliates of certain of our Sponsors and certain Contributing Parties, pursuant to which they and Kimbell Operating provide management, administrative and operational services to us. Amounts paid to Kimbell Operating and such other entities under their respective services agreements will reduce the amount of cash available for distribution to our common unitholders. Please read " Item 13. Certain Relationships and Related Party Transactions, and Director Independence — Agreements and Transactions with Affiliates in Connection with our Initial Public Offering — Management Services Agreements. " Our General Partner interest or the control of our General Partner may be transferred to a third party without unitholder consent. Our General Partner may transfer its general partner interest to a third party without the consent of our unitholders. Furthermore, our partnership agreement does not restrict the ability of the owner of our General Partner to transfer its ~~41membership~~ -- **membership** interests in our General Partner to a third party. After any such transfer, the new member or members of our General Partner would then be in a position to replace the Board of Directors and executive officers of our General Partner with its own designees and thereby exert significant control over the decisions taken by the Board of Directors and executive officers of our General Partner. This effectively permits a " change of control " without the vote or consent of the unitholders. ~~Our~~ **41Our** sole cash- generating asset is our membership interest in the Operating Company, and we are accordingly dependent upon distributions from the Operating Company to pay taxes and cover our expenses and to make distributions to our unitholders. We are a holding company, and we have no material assets other than our membership interest in the Operating Company. We have no independent means of generating revenue. To the extent the Operating Company has available cash, we intend to cause the Operating Company to make distributions to its unitholders, including us, in an amount sufficient to cover all applicable taxes at assumed tax rates, to reimburse us for our expenses and to allow us to make distributions to our unitholders. To the extent that we need funds and the Operating Company is restricted from making such distributions under applicable law or regulation or under the terms of any financing arrangements, or is otherwise unable to provide such funds, it could materially adversely affect our liquidity and financial condition. Unitholders may have liability to repay distributions and in certain circumstances may be personally liable for the obligations of the partnership. Under certain circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17- 607 of the Delaware Revised Uniform Limited Partnership Act (the " Delaware Act "), we may not pay a distribution to our unitholders if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of the impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Liabilities to partners on account of their partnership interests and liabilities that are non- recourse to the partnership are not counted for purposes of determining whether a distribution is permitted. A limited partner that participates in the control of our business within the meaning of the Delaware Act may be held personally liable for our obligations under the laws of Delaware, to the same extent as our General Partner. This liability would extend to persons who transact business with us under the reasonable belief that the limited partner is a general partner. Neither our partnership agreement nor the Delaware Act specifically provides for legal recourse against our General Partner if a limited partner were to lose limited liability through any fault of our General Partner. Increases in interest rates may cause the market price of our common units to decline. The recent increases in interest rates may cause a corresponding decline in demand for equity investments in general, and in particular, for yield- based equity investments such as our common units. Any such increase in interest rates or reduction in demand for our common units resulting from other relatively more attractive investment opportunities may cause the trading price of our common units to decline. A global economic slowdown or recession and macroeconomic trends (such as higher inflation, volatility in the financial markets, increasing interest rates and currency rate fluctuations) may also result in unfavorable impact to the trading price of our common units. Our General Partner has a call right that may require unitholders to sell their units at an undesirable time or price. If at any time our General Partner and its affiliates (including our Sponsors and their respective affiliates) own more than 80 % of the sum of the number of our common units then outstanding and the number of Class B units then outstanding, our General Partner will have the right, which it may assign to any of its affiliates or to us, but not the obligation, to acquire all, but not less than all, of the common units and Class B units (being treated as a single class of units) held by unaffiliated persons at a price not less than the then- current market price of the common units, as calculated in accordance with our partnership agreement. As a result, unitholders may be required to sell their common units or Class B units at an undesirable time or price and may not receive any return or a negative return on their investment. Unitholders may also incur a tax liability upon a sale of their units. Our General Partner is not obligated to obtain a fairness opinion regarding the value of the common units or Class B units to be repurchased by it upon exercise of the limited call right. ~~42There~~ -- **There** is no restriction in our partnership agreement that prevents our General Partner from causing us to issue additional common units or Class B units and then exercising its call right. If our General Partner exercised its limited call right, the effect would be to take us private and, if the units were subsequently deregistered, we would no longer be subject to the reporting requirements of the Securities

Exchange Act of 1934, as amended (the " Exchange Act "). As of February ~~17~~ **16** , ~~2023~~ **2024** , the owners of our Sponsors own or control up to an aggregate of approximately ~~9~~ **8** . ~~9~~ **4** % of our outstanding common ~~units~~ **42units** and Class B units **(or approximately 6. 8 % of our units, including our Series A preferred units on an as- converted basis)** , and our Sponsors indirectly own and control our General Partner. We may issue additional common units and other equity interests **ranking junior to the Series A preferred units** without unitholder approval, which would dilute existing common unitholder ownership interests. Under our partnership agreement, we are authorized, without the vote of unitholders, to issue an unlimited number of additional partnership interests **that, with respect to distributions on such partnership interests or distributions in respect of such partnership interests upon our liquidation, dissolution and winding up, rank junior to the Series A preferred units. The issuance of additional partnership interests that rank equal to or senior to the Series A preferred units requires the consent of the holders of 662 / 3 % of the outstanding Series A preferred units** . The terms of our partnership agreement and the limited liability company agreement of the Operating Company also authorize us and it to issue an unlimited number of Class B units and OpCo common units, respectively, which are together exchangeable on a one- for- one basis into common units. The issuance by us of additional common units or other equity interests of equal or senior rank to the common units would have the following effects: ● the proportionate ownership interest of unitholders in us immediately prior to the issuance will decrease; ● the amount of cash distributions on each common unit may decrease; ● the ratio of our taxable income to distributions may increase; ● the relative voting strength of each previously outstanding common unit may be diminished; and ● the market price of the common units may decline. There are no limitations in our partnership agreement on our ability to issue units ranking senior in right of distributions or liquidation to our common units. In accordance with Delaware law and the provisions of our partnership agreement, we may issue additional partnership interests that rank senior in right of distributions, liquidation or voting to our common units. In prior years, we have issued preferred units that ranked senior in right of distributions and liquidation to our common units, and we may issue senior partnership interests again in the future. The issuance by us of units of senior rank may (i) reduce or eliminate the amount of cash available for distribution to our common unitholders; (ii) diminish the relative voting strength of the total common units outstanding as a class; or (iii) subordinate the claims of the common unitholders to our assets in the event of our liquidation. The market price of our common units could be materially adversely affected by sales of substantial amounts of our common units in the public or private markets, including sales by our Sponsors, the Contributing Parties and other selling unitholders pursuant to any registration rights agreements. As of December 31, ~~2022~~ **2023** , we had ~~64~~ **73** , ~~231~~ **851** , ~~833~~ **458** common units outstanding and ~~15~~ **20** , ~~484~~ **847** , ~~400~~ **295** Class B units outstanding. Our Class B units are exchangeable on a one- for- one basis, together with an equal number of OpCo common units, for common units **. In addition, our Series A preferred units may be converted into common units at the then- applicable conversion rate** . A large percentage of our equity securities, including securities that are convertible or exchangeable into common units, are held by a relatively limited number of investors. Further, we have entered into registration rights agreements with many of such investors, pursuant to which we have filed registration statements with the SEC to facilitate potential future sales of such common units by them. Sales by holders of a substantial number of our common units in the public markets, or the perception that such sales might occur, could have a material adverse effect on the price of our common units or could impair our ability to obtain capital through an offering of equity securities. ~~43We are no longer an " emerging growth company, " and, as a result, we now must comply with increased reporting and disclosure requirements, which may increase our costs. We no longer qualify as an " emerging growth company " within the meaning of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 and, as a result, are subject to various disclosure and compliance requirements that did not previously apply, such as: ● the requirement that our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting under Section 404 (b) of the Sarbanes- Oxley Act of 2002; ● compliance with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding obligatory audit firm rotation or a supplement to the auditor' s report providing additional information about the audit and the financial statements; ● the requirement that we provide full and more detailed disclosures regarding executive compensation; and ● the requirement that we hold a non- binding advisory vote on executive compensation and obtain unitholder approval of any golden parachute payments not previously approved. We expect that the loss of emerging growth company status and compliance with these additional requirements may increase our legal and financial compliance costs and cause management and other personnel to divert attention from operational and other business matters to devote substantial time to public company reporting requirements. In addition, if we are not able to comply with changing requirements in a timely manner, the trading price of our common units could decline and we could be subject to sanctions or investigations by the NYSE, the SEC or other regulatory authorities, which would require additional financial and management resources. The~~ **43The** price of our common units may fluctuate significantly, and unitholders could lose all or part of their investment. The market price of our common units may be influenced by many factors, some of which are beyond our control, including: ● changes in commodity prices; ● public reaction to our press releases, announcements and filings with the SEC; ● fluctuations in broader securities market prices and volumes, particularly among securities of oil and natural gas companies and securities of publicly traded limited partnerships and limited liability companies; ● changes in market valuations of similar companies; ● departures of key personnel; ● commencement of or involvement in litigation; ● variations in our quarterly results of operations or those of other oil and natural gas companies; ● changes in general economic conditions, financial markets or the oil and natural gas industry; ● announcements by us or our competitors of significant acquisitions or other transactions; ● variations in the amount of our quarterly cash distributions to our unitholders; ● changes in accounting standards, policies, guidance, interpretations or principles; ● the failure of securities analysts to cover our common units or changes in their recommendations and estimates of our financial performance; ~~44~~ ● future sales of our common units; and ● the other factors described in these " Risk Factors. " The **New York Stock Exchange (the "** NYSE **")** does not require a publicly traded partnership like us to comply with certain of its corporate governance requirements. Because we are a publicly traded partnership, the NYSE does not require us to have, and we do not have, a majority of independent directors on our Board of Directors or to establish a compensation committee or a nominating and corporate governance committee. Additionally, any future issuance of common units or other securities, including to affiliates, will not be subject to the NYSE' s shareholder approval rules that apply to corporations. Accordingly, unitholders will not have the same protections afforded to stockholders of certain corporations that are subject to all of the NYSE' s corporate governance requirements. Please read " Item 10. Directors, Executive Officers and Corporate Governance. " Our partnership agreement includes exclusive forum, venue and jurisdiction provisions. By acquiring an interest in us, a limited partner is irrevocably consenting to these provisions regarding claims, suits, actions or proceedings and submitting to the exclusive jurisdiction of Delaware courts. Our partnership agreement is governed by Delaware law. Our partnership agreement includes exclusive forum, venue and jurisdiction provisions designating Delaware courts as the exclusive venue for most claims, suits, actions and proceedings involving us or our officers, directors and employees. By acquiring an interest in us, a limited partner is irrevocably consenting to these provisions regarding claims, suits, actions or proceedings and submitting to the exclusive jurisdiction of Delaware courts. These provisions may have the effect of discouraging lawsuits against us and our General Partner' s officers and directors. ~~If~~ **44If** a unitholder is an ineligible holder, the units of such unitholder may be subject to redemption. We have adopted certain requirements regarding those investors who may own our units. Ineligible holders are limited partners whose nationality, citizenship or other related status would create a substantial risk of cancellation or forfeiture of any property in which we have an interest, as determined by our General Partner with the advice of counsel. If a unitholder is an ineligible holder, in certain circumstances as set forth in our partnership agreement, the units held by such unitholder may be redeemed by us at the then- current market price. The redemption price will be paid in cash or by delivery of a promissory note, as determined by our General Partner. **Our Series A preferred units have rights, preferences and privileges that are not held by, and are preferential to the rights of, holders of our common units. On September 13, 2023, we issued 325, 000 preferred units representing limited partner interests in the Partnership. Our Series A preferred units rank senior to our common units with respect to distribution rights and rights upon liquidation. These preferences could adversely affect the market price for our common units or could make it more difficult for us to sell our common units in the future. Until the conversion of the Series A preferred units into common units or their redemption, holders of the Series A preferred units are entitled to receive cumulative quarterly distributions equal to 6. 0 % per annum plus accrued and unpaid distributions. We have the right, in any four non- consecutive quarters, to elect not to pay such quarterly distribution in cash and instead have the unpaid distribution amount added to the liquidation preference at the rate of 10. 0 % per annum. If we make such an election in consecutive quarters or if we fail to pay in full, in cash and when due, any distribution owed to the Series A preferred units or otherwise materially breach our obligations to the holders of the Series A preferred units, the distribution rate will increase to 20. 0 % per annum until the accumulated distributions are paid in full in cash, or any such material breach is cured, as applicable. Each holder of Series A preferred units has the right to share in any special distributions by us of cash, securities or other property pro rata with the common units on an as- converted basis, subject to customary adjustments. We cannot declare or make any distributions, redemptions, or repurchases on any junior securities, including any of our common units, prior to paying the quarterly distribution payable to the Series A preferred units, including any previously accrued and unpaid distributions. Our obligation to pay distributions on our Series A preferred units could impact our liquidity and reduce the amount of cash flow available for working capital, capital expenditures, growth opportunities, acquisitions and other general partnership purposes. Our obligations to the holders of the Series A preferred units could also limit our ability to obtain additional financing or increase our borrowing costs, which could have an adverse effect on our financial condition. The terms of our Series A preferred units contain covenants that may limit our business flexibility. The terms of our Series A preferred units contain covenants preventing us from taking certain actions without the approval of the holders of 662 / 3 % of the outstanding Series A preferred units, voting separately as a class. The need to obtain the approval of holders of the Series A preferred units before taking these actions could impede our ability to take certain actions that management or our board of directors may consider to be in the best interests of our common unitholders. The affirmative vote of 662 / 3 % of the outstanding Series A preferred units, voting separately as a class, will be necessary to amend our partnership agreement in any manner that is materially adverse to any of the rights, preferences and privileges of the Series A preferred units. The affirmative vote of 662 / 3 % of the outstanding Series A preferred units voting separately as a class, will be necessary to, among other things, (i) issue, authorize or create any additional Series A preferred units or any class or series of partnership interests (or any obligation or security convertible into, exchangeable for or evidencing the right to purchase any class or series of partnership interests) that, with respect to distributions on such partnership interests or distributions in respect of such partnership interests upon our liquidation, dissolution and winding up, ranks equal to or senior to the Series A preferred units or (ii) under certain circumstances, incur certain indebtedness for borrowed money.** ~~Risks~~ **45Risks** Related to Economic Conditions and Our IndustryAll of our revenues are derived from royalty payments that are based on the price at which oil, natural gas and NGLs produced from the acreage underlying our interests is sold. The volatility of these prices due to factors beyond our control greatly affects our business, financial condition, results of operations and cash available for distribution on common units. Our revenues, operating results, cash available for distribution on common units and the carrying value of our oil and natural gas properties depend significantly upon the prevailing prices for oil, natural gas and NGLs. Historically, oil, natural gas and NGL prices have been volatile and are subject to fluctuations in response to changes in supply and demand, market uncertainty and a variety of additional factors that are beyond our control, including: ● the domestic and foreign supply of and demand for oil, natural gas and NGLs; ● the level of prices and expectations about future prices of oil, natural gas and NGLs; ● the level of global oil and natural gas exploration and production; ● the cost of exploring for, developing, producing and delivering oil and natural gas; ● the price and quantity of foreign imports; ~~45~~ ● the level of United States domestic production; ● political and economic conditions in oil producing regions, including the Middle East, Africa, South America and Russia; ● the ability of members of the OPEC to agree to and maintain oil price and production controls; ● the ability of Iran to increase the export of oil and natural gas upon the relaxation of international sanctions; ● speculative trading in crude oil, natural gas and NGL derivative contracts; ● the level of consumer product demand; ● weather conditions and other natural disasters, the frequency and impact of which could be increased by the effects of climate change; ● risks associated with operating drilling rigs; ● technological advances affecting energy consumption; ● domestic and foreign governmental regulations and taxes; ● the continued threat of terrorism and the impact of military and other action, including military actions involving Russia and Ukraine **and the conflict in the Middle East** ; ● the proximity, cost, availability and capacity of oil and natural gas pipelines and other transportation facilities; ● the price and availability of alternative fuels; and ● overall domestic and global economic conditions. These factors and the volatility of the energy markets make it extremely difficult to predict future oil and natural gas price movements with any certainty. For example, during the past five years, the posted price for WTI, has ranged ~~from~~ **46from** a low of $ (36. 98) per Bbl in April 2020 to a high of $ 123. 64 per Bbl in March 2022, and the Henry Hub spot market price of natural gas has ranged from a low of $ 1. 33 per MMBtu in September 2020 to a high of $ 23. 86 per MMBtu in February 2021. On December ~~31~~ **29** , ~~2022~~ **2023** , the WTI posted price for crude oil was $ ~~80~~ **71** . ~~16~~ **89** per Bbl and the Henry Hub spot market price of natural gas was $ ~~3~~ **2** . ~~52~~ **58** per MMBtu. On February ~~6~~ **5** , ~~2023~~ **2024** , the WTI posted price for crude oil was $ ~~74~~ **73** . ~~11~~ **21** per Bbl and the Henry Hub spot market price of natural gas was $ 2. ~~17~~ **12** per MMBtu. Reductions in prices can be caused by many factors, including increases in oil and natural gas production and reserves from unconventional (shale) reservoirs, without an offsetting increase in demand, as well as actions by the OPEC to maintain or raise production levels. This environment could cause prices to remain at current levels or to fall to lower levels. Any substantial decline in the price of oil, natural gas and NGLs or prolonged period of low commodity prices will materially adversely affect our business, financial condition, results of operations and cash available for distribution on common units. We may use various derivative instruments in connection with anticipated oil and natural gas sales to minimize the impact of commodity price fluctuations. However, we cannot always hedge the entire exposure of our operations from commodity price volatility. To the extent we do not hedge against commodity price volatility, or our hedges are not effective, our results of operations and financial position may be diminished. In addition, lower oil and natural gas prices may reduce the amount of oil and natural gas that can be produced economically by our operators. This may result in our having to make substantial downward adjustments to our estimated proved reserves, which could negatively impact our borrowing base and our ability to fund our operations. If this occurs or if production estimates change or exploration or development results deteriorate, full- cost efforts method of accounting principles may require us to write down, as a non-cash charge to earnings, the carrying value of our oil and natural gas ~~46properties~~ -- **properties** . Our operators could also determine during periods of low commodity prices to shut in or curtail production from wells on our properties. In addition, they could determine during periods of low commodity prices to plug and abandon marginal wells that otherwise may have been allowed to continue to produce for a longer period under conditions of higher prices. Specifically, they may abandon any well if they reasonably believe that the well can no longer produce oil or natural gas in commercially paying quantities. A deterioration in general economic, business or industry conditions would materially adversely affect our results of operations, financial condition and cash available for distribution on common units. Concerns over global economic conditions, higher interest rates, supply chain constraints, energy costs, geopolitical issues, inflation, the availability and cost of credit, and slow economic growth in the United States can contribute to economic uncertainty and diminish expectations for the global economy. In addition, consequences associated with the ongoing invasion of Ukraine by Russia, **the conflict in the Middle East,** and the occurrence or threat of terrorist attacks in the United States or other countries could adversely affect the economies of the United States and other countries. Concerns about global economic growth have had a significant adverse impact on global financial markets and commodity prices. With current global economic growth slowing, demand for oil, natural gas and NGL production has, in turn, softened. An oversupply of crude oil in 2015 led to a severe decline in worldwide oil prices. If the economic climate in the United States or abroad deteriorates, worldwide demand for petroleum products could further diminish, which could impact the price at which oil, natural gas and NGLs from our properties are sold, affect the ability of vendors, suppliers and customers associated with our properties to continue operations and ultimately materially adversely impact our results of operations, financial condition and cash available for distribution on common units. Conservation measures and technological advances could reduce demand for oil and natural gas. Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, technological advances in fuel economy and energy- generation devices could reduce demand for oil and natural gas. The impact of the changing demand for oil and natural gas services and products may materially adversely affect our business, financial condition, results of operations and cash available for distribution on common units. Competition in the oil and natural gas industry is intense, which may adversely affect our operators' ability to succeed. The oil and natural gas industry is intensely competitive, and the operators of our properties compete with other companies that may have greater resources. Many of these companies explore for and produce oil and natural gas, carry on midstream and refining operations, and market petroleum and other products on a regional, national or worldwide basis. ~~In~~ **47In** addition, these companies may have a greater ability to continue exploration activities during periods of low oil and natural gas market prices. Our operators' larger competitors have substantially greater financial and technological resources and may be able to absorb the burden of present and future federal, state, local and other laws and regulations more easily than our operators can, which would adversely affect our operators' competitive position. Our operators may have fewer financial and human resources than many companies in our operators' industry and may be at a disadvantage in bidding for exploratory prospects and producing oil and natural gas properties. We also compete with producers of alternative fuels or other forms of energy, including wind, solar and electric power, and in the future, could face increasing competition due to the development and adoption of new technologies and incentives granted to develop such technologies. The results of exploratory drilling in shale plays will be subject to risks associated with drilling and completion techniques and drilling results may not meet our expectations for reserves or production. The operators of our properties may use the latest drilling and completion techniques in their operations, and these techniques come with inherent risks. Certain of the new techniques that the operators of our properties may adopt, such as horizontal drilling, infill drilling and multi- well pad drilling, may cause irregularities or interruptions in production due to, in the case of infill drilling, offset wells being shut in and, in the case of multi- well pad drilling, the time required to drill and complete multiple wells before these wells begin producing. 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 ~~47established~~ -- **established** production. Newer or emerging formations and areas often have limited or no production history and consequently the operators of our properties will be less able to predict future drilling results in these areas. Ultimately, the success of these drilling and completion techniques can only be evaluated over time as more wells are drilled and production profiles are established over a sufficiently long time period. If our operators' drilling results are weaker than anticipated or they are unable to execute their drilling program on our properties because of capital constraints, lease expirations, access to gathering systems ~~,~~ or declines in oil and natural gas prices, our operating and financial results in these areas may be lower than we anticipate. Further, as a result of any of these developments we could incur material write- downs of our oil and natural gas properties and the value of our undeveloped acreage could decline, and our results of operations and cash available for distribution on common units could be materially adversely affected. The marketability of oil and natural gas production is dependent upon transportation and other facilities, certain of which neither we nor the operators of our properties control. If these facilities are unavailable, our operators' operations could be interrupted and our results of operations and cash available for distribution on common units could be materially adversely affected. The marketability of our operators' oil and natural gas production will depend in part upon the availability, proximity and capacity of transportation facilities, including gathering systems, trucks and pipelines, owned by third parties. Neither we nor the operators of our properties control these third party transportation facilities and our operators' access to them may be limited or denied. Insufficient production from the wells on our acreage or a significant disruption in the availability of third party transportation facilities or other production facilities could adversely impact our operators' ability to deliver to market or produce oil and natural gas and thereby cause a significant interruption in our operators' operations. If they are unable, for any sustained period, to implement acceptable delivery or transportation arrangements or encounter production related difficulties, they may be required to shut in or curtail production. In addition, the amount of oil and natural gas that can be produced and sold may be subject to curtailment in certain other circumstances outside of our or our operators' control, such as pipeline interruptions due to maintenance, excessive pressure, inability of downstream processing facilities to accept unprocessed gas, physical damage to the gathering system or transportation system or lack of contracted capacity on such systems. The curtailments arising from these and similar circumstances may last from a few days to several months. In many cases, we and our operators are provided with limited notice, if any, as to when these curtailments will arise and the duration of such curtailments. Any such shut in or curtailment, or an inability to obtain favorable terms for delivery of the oil and natural gas produced from our acreage, could materially adversely affect our financial condition, results of operations and cash available for distribution on common units. ~~Drilling~~ **48Drilling** for and producing oil and natural gas are high- risk activities with many uncertainties that may materially adversely affect our business, financial condition, results of operations and cash available for distribution on common units. The drilling activities of the operators of our properties will be subject to many risks. For example, we will not be able to assure our unitholders that wells drilled by the operators of our properties will be productive. Drilling for oil and natural gas often involves unprofitable efforts, not only from dry wells but also from wells that are productive but do not produce sufficient oil or natural gas to return a profit at then realized prices after deducting drilling, operating and other costs. The seismic data and other technologies used do not provide conclusive knowledge prior to drilling a well that oil or natural gas is present or that it can be produced economically. The costs of exploration, exploitation and development activities are subject to numerous uncertainties beyond our control and increases in those costs can adversely affect the economics of a project. Further, our operators' drilling and producing operations may be curtailed, delayed, canceled or otherwise negatively impacted as a result of other factors, including: ● unusual or unexpected geological formations; ● loss of drilling fluid circulation; ● title problems; ● facility or equipment malfunctions; ~~48~~ ● unexpected operational events; ● shortages or delivery delays of equipment and services; ● compliance with environmental and other governmental requirements; and ● adverse weather conditions. Any of these risks can cause substantial losses, including personal injury or loss of life, damage to or destruction of property, natural resources and equipment, pollution, environmental contamination or loss of wells and other regulatory penalties. In the event that planned operations, including the drilling of development wells, are delayed or cancelled, or existing wells or development wells have lower than anticipated production due to one or more of the factors above or for any other reason, our financial condition, results of operations and cash available for distribution to our common unitholders may be materially adversely affected. Risks Related to Our Indebtedness and DerivativesOur derivative activities could result in financial losses and reduce earnings. To achieve a more predictable cash flow and to reduce our exposure to adverse fluctuations in the prices of oil and natural gas, we currently have entered, and may in the future enter, into derivative contracts for a portion of our future oil and natural gas production, including fixed price swaps, collars and basis swaps. We have not designated and do not plan to designate any of our derivative contracts as hedges for accounting purposes and, as a result, record all derivative contracts on our balance sheet at fair value with changes in fair value recognized in current period earnings. Accordingly, our earnings may fluctuate significantly as a result of changes in the fair value of our derivative contracts. Derivative contracts also expose us to the risk of financial loss in some circumstances, including when: ● production is less than expected; ● the counterparty to the derivative contract defaults on its contract obligation; or ● the actual differential between the underlying price in the derivative contract and actual prices received is materially different from that expected. ~~In~~ **49In** addition, these types of derivative contracts can limit the benefit we would receive from increases in the prices for oil and natural gas. Restrictions in our secured revolving credit facility and future debt agreements could limit our growth and our ability to engage in certain activities, including our ability to pay distributions to our unitholders. Our secured revolving credit facility has commitments up to $ ~~350~~ **550** . 0 million **. On December 8, 2023, we amended our** ~~and includes an elected commitment amount feature permitting aggregate commitments under the~~ secured revolving credit facility to ~~be~~ **, among other things,** ~~increased~~ **increase** ~~to up to~~ **each of the borrowing base and aggregate elected commitments from** $ ~~500~~ **400** . 0 million ~~, subject~~ to ~~the limitations of our borrowing base, which is currently~~ $ ~~350~~ **550** . 0 million ~~, and to the satisfaction of certain conditions and the election of existing lenders to increase commitments or the procurement of additional commitments from new lenders~~ . Our secured revolving credit facility is secured by substantially all of our assets. Our secured revolving credit facility contains various covenants and restrictive provisions that limit our ability to, among other things: ● incur or guarantee additional debt; ● make distributions on, or redeem or repurchase, common units, including if an event of default or borrowing base deficiency exists; ● make certain investments and acquisitions; ● incur certain liens or permit them to exist; ~~49~~ ● enter into certain types of transactions with affiliates; ● merge or consolidate with another company; and ● transfer, sell or otherwise dispose of assets. Our secured revolving credit facility also contains covenants requiring us to maintain the following financial ratios or to reduce our indebtedness if we are unable to comply with such ratios: (i) a Debt to EBITDAX Ratio (as defined in the secured revolving credit facility) of not more than 3. 5 to 1. 0; and (ii) a ratio of current assets to current liabilities of not less than 1. 0 to 1. 0. Our ability to meet those financial ratios and tests can be affected by events beyond our control. These restrictions may also limit our ability to obtain future financings to withstand a future downturn in our business or the economy in general, or to otherwise conduct necessary corporate activities. We may also be prevented from taking advantage of business opportunities that arise or paying distributions to our common unitholders or OpCo common unitholders because of the limitations that the restrictive covenants under our secured revolving credit facility impose on us. For example, our secured revolving credit facility restricts us from paying distributions to our common unitholders and OpCo common unitholders if our Debt to EBITDAX Ratio exceeds 3. 0 to 1. 0 on a trailing twelve- month basis. A failure to comply with the provisions of our secured revolving credit facility could result in an event of default, which could enable the lenders to declare, subject to the terms and conditions of our secured revolving credit facility, any outstanding principal of that debt, together with accrued and unpaid interest, to be immediately due and payable. If the payment of the debt is accelerated, cash flows from our operations may be insufficient to repay such debt in full, and our unitholders could experience a partial or total loss of their investment. Our secured revolving credit facility contains events of default customary for transactions of this nature, including the occurrence of a change of control. Please read “ Item 7. Management’ s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Indebtedness. ” Any significant reduction in our borrowing base under our secured revolving credit facility as a result of the periodic borrowing base redeterminations or otherwise may negatively impact our ability to fund our operations. Our secured revolving credit facility limits the amounts we can borrow up to a borrowing base amount, which the lenders, in their sole discretion, determine on a semi- annual basis based upon projected revenues from the oil and natural gas properties securing our loan. The borrowing base is determined based on our oil and gas properties and the oil and gas properties of our wholly owned subsidiaries. We have non- wholly owned subsidiaries whose assets are not subject to a lien and not included in borrowing base valuations. The lenders can unilaterally adjust the borrowing base and the borrowings permitted to be outstanding under our secured revolving credit facility. Any increase in the borrowing base ~~requires~~ **50requires** the consent of the lenders holding 100 % of the commitments. If the requisite number of lenders do not agree to an increase, then the borrowing base will be the lowest borrowing base acceptable to such lenders. Decreases in the available borrowing amount could result from declines in oil and natural gas prices, operating difficulties or increased costs, declines in reserves, lending requirements or regulations or certain other circumstances. Outstanding borrowings in excess of the borrowing base must be repaid, or we must pledge other oil and natural gas properties as additional collateral after applicable grace periods. We do not have substantial unpledged properties, and we may not have the financial resources in the future to make mandatory principal prepayments required under our secured revolving credit facility. Our debt levels may limit our flexibility to obtain additional financing and pursue other business opportunities. As of December 31, ~~2022~~ **2023** , we had approximately $ ~~233~~ **294** . ~~0~~ **2** million in borrowings outstanding under our senior secured credit facility. Our existing and any future indebtedness could have important consequences to us, including: ● our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired, or such financing may not be available on terms acceptable to us; ● covenants in our existing and future credit and debt arrangements will require us to meet financial tests that may affect our flexibility in planning for and reacting to changes in our business, including possible acquisition opportunities; ~~50~~ ● our access to the capital markets may be limited; ● our borrowing costs may increase; ● we will need a substantial portion of our cash flow to make principal and interest payments on our indebtedness, reducing the funds that would otherwise be available for operations, future business opportunities and distributions to unitholders; and ● our debt level will make us more vulnerable than our competitors with less debt to competitive pressures or a downturn in our business or the economy generally. Our ability to service our indebtedness will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to service our current or future indebtedness, we will be forced to take actions such as reducing distributions, reducing or delaying business activities, acquisitions, investments and / or capital expenditures, selling assets, restructuring or refinancing our indebtedness, or seeking additional equity capital or bankruptcy protection. We may not be able to effect any of these remedies on satisfactory terms or at all. Risks Related to Our OperationsOur business is difficult to evaluate because we have made several significant acquisitions. We have grown our business primarily through acquisitions, which have significantly expanded our portfolio of mineral and royalty interests. We do not have historical financial statements with respect to our mineral and royalty interests for periods prior to their acquisition by the respective sellers. As a result, with respect to many of our assets, including any assets that we may acquire in the future, there is, or may be, only limited historical financial information available upon which to base an evaluation of our performance. We depend on unaffiliated operators for all of the exploration, development and production on the properties in which we own mineral and royalty interests. Substantially all of our revenue is derived from royalty payments made by these operators. A reduction in the expected number of wells to be drilled on the acreage underlying our interests by these operators or the failure of these operators to adequately and efficiently develop and operate the underlying acreage could materially adversely affect our results of operations and cash available for distribution on common units. Because we depend on our third ~~-~~party operators for all of the exploration, development and production on our properties, we have no control over the operations related to our properties. As of December 31, ~~2022~~ **2023** , we received revenue ~~from~~ **51from** approximately 1, ~~500~~ **100** operators and we received approximately ~~40~~ **38** . ~~3~~ **0** % of revenues from the top ten purchasers of our properties. During the year ended December 31, ~~2022~~ **2023** , payments we received from our top purchaser accounted for approximately ~~11~~ **6** . ~~3~~ **7** % of our revenues. In the absence of a specific contractual obligation, any development and production activities will be subject to their sole discretion (subject, however, to certain implied obligations to develop imposed by state law). The operators of our properties could determine to drill and complete fewer wells on our acreage than we currently expect. The success and timing of drilling and development activities on our properties, and whether the operators elect to drill any additional wells on our acreage, depends on a number of factors that will be largely outside of our control, including: ● the capital costs required for drilling activities by the operators of our properties, which could be significantly more than anticipated; ● the ability of the operators of our properties to access capital; ● prevailing commodity prices; ● the availability of suitable drilling equipment, production and transportation infrastructure and qualified operating personnel; ~~51~~ ● the operators’ expertise, operating efficiency and financial resources; ● approval of other participants in drilling wells; ● the operators’ expected return on investment in wells drilled on our acreage as compared to opportunities in other areas; ● the selection of technology; ● the selection of counterparties for the marketing and sale of production; and ● the rate of production of the reserves. The operators may elect not to undertake development activities, or may undertake these activities in an unanticipated fashion, which may result in significant fluctuations in our oil, natural gas and NGL revenues and cash available for distribution on common units. Additionally, if an operator were to experience financial difficulty, the operator might not be able to pay its royalty payments or continue its operations, which could have a material adverse impact on us. Sustained reductions in production by the operators of our properties may also materially adversely affect our results of operations and cash available for distribution on common units. We may not be able to terminate our leases if any of the operators of the properties in which we own mineral interests declare bankruptcy, and we may experience delays and be unable to replace operators that do not make royalty payments. A failure on the part of the operators of the properties in which we own mineral interests to make royalty payments typically gives us the right to terminate the lease, repossess the property and enforce payment obligations under the lease. If we repossessed any of the properties in which we own mineral interests, we would seek a replacement operator. However, we might not be able to find a replacement operator and, if we did, we might not be able to enter into a new lease on favorable terms within a reasonable period of time. In addition, the outgoing operator could be subject to bankruptcy proceedings that could prevent the execution of a new lease or the assignment of the existing lease to another operator. In addition, if we enter into a new lease, the replacement operator may not achieve the same levels of production or sell oil, natural gas or NGLs at the same price as the operator it replaced. Our future success depends on replacing reserves through acquisitions and the exploration and development activities of the operators of our properties. Our future success depends upon our ability to acquire additional oil and natural gas reserves that are economically recoverable. Our proved reserves will generally decline as reserves are depleted, except to the extent that ~~successful~~ **52successful** exploration or development activities are conducted on our properties, or we acquire properties containing proved reserves, or both. Because we depend on our third ~~-~~party operators for all of the exploration, development and production on our properties, we have no control over the operations related to our properties. In addition, we do not currently intend to retain cash from our operations for capital expenditures necessary to replace our existing oil and gas reserves or otherwise maintain an asset base. To increase reserves and production, we would need the operators of our properties to undertake replacement activities or use third parties to accomplish these activities. Our failure to successfully identify, complete and integrate acquisitions of properties or businesses would slow our growth and could materially adversely affect our results of operations and cash available for distribution on common units. We depend in part on acquisitions to grow our reserves, production and cash generated from operations. Our decision to acquire a property will depend in part on the evaluation of data obtained from production reports and engineering studies, geophysical and geological analyses and seismic data, and other information, the results of which are often inconclusive and subject to various interpretations. The successful acquisition of properties requires an assessment of several factors, including: ● recoverable reserves; ~~52~~ ● future oil, natural gas and NGL prices and their applicable differentials; ● development plans; ● operating costs; and ● potential environmental and other liabilities. The accuracy of these assessments is inherently uncertain **,** and we may not be able to identify attractive acquisition opportunities. In connection with these assessments, we perform a review of the subject properties that we believe to be generally consistent with industry practices, given the nature of our interests. Our review will not reveal all existing or potential problems, nor will it permit us to become sufficiently familiar with the properties to assess fully their deficiencies and capabilities. Inspections are often not performed on every well, and environmental problems, such as groundwater contamination, are not necessarily observable even when an inspection is undertaken. Even when problems are identified, the seller may be unwilling or unable to provide effective contractual protection against all or part of the problems. Even if we do identify attractive acquisition opportunities, we may not be able to complete the acquisition or do so on commercially acceptable terms. Unless our operators further develop our existing properties, we will depend on acquisitions to grow our reserves, production and cash flow. There is intense competition for acquisition opportunities in our industry. Competition for acquisitions may increase the cost of, or cause us to refrain from, completing acquisitions. Our ability to complete acquisitions is dependent upon, among other things, our ability to obtain debt and equity financing and, in some cases, regulatory approvals. Further, these acquisitions may be in geographic regions in which we do not currently hold assets, which could result in unforeseen operating difficulties. In addition, if we acquire interests in new states, we may be subject to additional and unfamiliar legal and regulatory requirements. Compliance with regulatory requirements may impose substantial additional obligations on us and our management, cause us to expend additional time and resources in compliance activities and increase our exposure to penalties or fines for non- compliance with such additional legal requirements. Further, the success of any completed acquisition will depend on our ability to integrate effectively the acquired business into our existing business. The process of integrating acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of our managerial and financial resources. In addition, potential future acquisitions may be larger and for purchase prices significantly higher than those paid for earlier acquisitions. No assurance can be given that we will be able to identify suitable acquisition opportunities, negotiate acceptable terms, obtain financing for acquisitions on acceptable terms or successfully acquire identified targets. Our failure to minimize any unforeseen difficulties could materially adversely affect our financial condition and cash available for ~~distribution~~ **53distribution** on common units. The inability to effectively manage these acquisitions could reduce our focus on subsequent acquisitions, which, in turn, could negatively impact our growth and cash available for distribution on common units. Any acquisitions of additional mineral and royalty interests that we complete will be subject to substantial risks. Even if we do make acquisitions that we believe will increase our cash generated from operations, these acquisitions may nevertheless result in a decrease in our cash distributions per unit. Any acquisition involves potential risks, including, among other things: ● the validity of our assumptions about estimated proved reserves, future production, prices, revenues, capital expenditures and production costs; ● a decrease in our liquidity by using a significant portion of our cash generated from operations or borrowing capacity to finance acquisitions; ● a significant increase in our interest expense or financial leverage if we incur debt to finance acquisitions; ● the assumption of unknown liabilities, losses or costs for which we are not indemnified or for which any indemnity we receive is inadequate; ~~53~~ ● mistaken assumptions about the overall cost of equity or debt; ● our inability to obtain satisfactory title to the assets we acquire; ● an inability to hire, train or retain qualified personnel to manage and operate our growing business and assets; and ● the occurrence of other significant changes, such as impairment of oil and natural gas properties, goodwill or other intangible assets, asset devaluation or restructuring charges. In addition, we entered into a transition services agreement in connection with the ~~Springbok~~ **LongPoint** Acquisition, and we may enter into transition services agreements with future sellers (or their affiliates) of any mineral and royalty interests that we may acquire. The services to be provided under such transition services agreements may not be performed timely and effectively, and any significant disruption in such transition services or unanticipated costs related to such services could adversely affect our business and results of operations. If we are unable to make acquisitions on economically acceptable terms from our Sponsors, the Contributing Parties or third parties, our future growth will be limited. Our ability to grow depends in part on our ability to make acquisitions that increase our cash generated from our mineral and royalty interests. The acquisition component of our strategy is based, in large part, on our expectation of ongoing acquisitions from industry participants, including our Sponsors and the Contributing Parties. Although a portion of the mineral and royalty interests acquired in connection with the ~~Dropdown~~ **dropdown** were subject to the right of first offer provided by the Contributing Parties, that right of first refusal is now expired, and there can be no assurance that, should the Contributing Parties choose to sell any additional mineral and royalty interests, any offer will be made to us, and there can be no assurance we will reach agreement on the terms with respect to the assets or any other acquisition opportunities offered to us by any of our Sponsors and the Contributing Parties or be able to obtain financing for such acquisition opportunities. Furthermore, many factors could impair our access to future acquisitions, including a change in control of any of our Sponsors and the Contributing Parties. A material decrease in the sale of oil and natural gas properties by any of our Sponsors and the Contributing Parties or by third parties would limit our opportunities for future acquisitions and could materially adversely affect our business, results of operations, financial condition and ability to pay quarterly cash distributions to our unitholders. ~~Project~~ **54Project** areas on our properties, which are in various stages of development, may not yield oil or natural gas in commercially viable quantities. Project areas on our properties are in various stages of development, ranging from project areas with current drilling or production activity to project areas that have limited drilling or production history. If the wells in the process of being completed do not produce sufficient revenues or if dry holes are drilled, our financial condition, results of operations and cash available for distribution on common units may be materially adversely affected. Our estimated reserves are based on many assumptions that may prove to be inaccurate. Any material inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves. It is not possible to measure underground accumulations of oil or natural gas in an exact way. Oil and natural gas reserve engineering requires subjective estimates of underground accumulations of oil and natural gas and assumptions concerning future oil and natural gas prices, production levels, ultimate recoveries and operating and development costs. As a result, estimated quantities of proved reserves, projections of future production rates and the timing of development expenditures may prove to be incorrect. Our historical estimates of proved reserves and related valuations as of December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ were prepared by Ryder Scott, an independent petroleum engineering firm, which conducted a well- by- well review of all of our properties for the period covered by its reserve report using information provided by us. Over time, we may make material changes to reserve estimates taking into account the results of actual drilling, testing and production and changes in prices. Some of our reserve estimates were made without the benefit of a lengthy production history, which are less reliable than ~~54estimates -~~ -- **estimates** based on a lengthy production history. In estimating our reserves, we and our reserve engineers make certain assumptions that may prove to be incorrect, including assumptions regarding future oil and natural gas prices, production levels and operating and development costs. Any significant variance from these assumptions to actual figures could greatly affect our estimates of reserves, the economically recoverable quantities of oil and natural gas attributable to any particular group of properties, the classifications of reserves based on risk of recovery and estimates of future net cash flows. Numerous changes over time to the assumptions on which our reserve estimates are based, as described above, often result in the actual quantities of oil and natural gas that are ultimately recovered being different from our reserve estimates. The present value of future net cash flows from our proved reserves is not necessarily the same as the current market value of our estimated reserves. In accordance with rules established by the SEC and the Financial Accounting Standards Board (the " FASB "), we base the estimated discounted future net cash flows from our proved reserves on the twelve- month average oil and gas index prices, calculated as the unweighted arithmetic average for the first- day- of- the- month price for each month, and costs in effect on the date of the estimate, holding the prices and costs constant throughout the life of the properties. Actual future prices and costs may differ materially from those used in the present value estimate, and future net present value estimates using then current prices and costs may be significantly less than the current estimate. In addition, the 10 % discount factor we use when calculating discounted future net cash flows may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with us or the oil and natural gas industry in general. We do not intend to retain cash from our operations for replacement capital expenditures. Unless we replenish our oil and natural gas reserves, our cash generated from operations and our ability to pay distributions to our unitholders could be materially adversely affected. Producing oil and natural gas wells are characterized by declining production rates that vary depending upon reservoir characteristics and other factors. Our oil and natural gas reserves and the operators' production thereof and our cash generated from operations and ability to pay distributions are highly dependent on the successful development and exploitation of our current reserves. As of December 31, ~~2022~~ **2023** , the average estimated yearly five- year decline rate for our existing proved developed producing reserves is ~~12~~ **14** . ~~4~~ **1** %. However, the production decline rates of our properties may be significantly higher than currently estimated if the wells on our properties do not produce as expected. We may also not be able to acquire additional reserves to replace the current and future production of our properties at economically acceptable terms, which could materially adversely affect our business, financial condition, results of operations and cash available for distribution on common units. ~~We~~ **55We** are unlikely to be able to sustain or increase distributions without making accretive acquisitions or capital expenditures that maintain or grow our asset base. We will need to make substantial capital expenditures to maintain and grow our asset base, which will reduce our cash available for distribution on common units. We do not intend to retain cash from our operations for replacement capital expenditures primarily due to our expectation that the continued development of our properties and completion of drilled but uncompleted wells by working interest owners will substantially offset the natural production declines from our existing wells. Over a longer period of time, if we do not set aside sufficient cash reserves or make sufficient expenditures to maintain or grow our asset base, we would expect to reduce our distributions. With our reserves decreasing, if we do not reduce our distributions, then a portion of the distributions may be considered a return of part of the unitholders' investment in us as opposed to a return on the unitholders' investment. We rely on a few key individuals whose absence or loss could materially adversely affect our business. Many key responsibilities within our business have been assigned to a small number of individuals. We rely on our founders for their knowledge of the oil and natural gas industry, relationships within the industry and experience in identifying, evaluating and completing acquisitions. We have entered into a management services agreement with Kimbell Operating, which in turn has entered into separate services agreements with certain entities controlled by affiliates of certain of our Sponsors, pursuant to which they and Kimbell Operating provide management, administrative and operational services to us. In addition, under each of their respective services agreements, affiliates of certain of our Sponsors will identify, evaluate and recommend to us acquisition opportunities and negotiate the terms of such acquisitions. The loss of their services, or the services of one or more members of our executive team or those providing services to us ~~55pursuant~~ -- **pursuant** to a contract, could materially adversely affect our business. Further, we do not maintain " key person " life insurance policies on any of our executive team or other key personnel. As a result, we are not insured against any losses resulting from the death of these key individuals. Loss of our or our operators' information and computer systems could materially adversely affect our business. We are dependent on our and our operators' information systems and computer- based programs. If any of such programs or systems were to fail for any reason, including as a result of a cyber- attack, or create erroneous information in our or our operators' hardware or software network infrastructure, possible consequences include loss of communication links and inability to automatically process commercial transactions or engage in similar automated or computerized business activities. In addition to the service providers who provide substantial services to us under our services agreement with Kimbell Operating, we rely on third party service providers to perform some of our data entry, investor relations and other functions. If the programs or systems used by our third ~~–~~party service providers are not adequately functioning, we could experience loss of important data. Any of the foregoing consequences could materially adversely affect our business. Title to the properties in which we have an interest may be impaired by title defects. We depend in part on acquisitions to grow our reserves, production and cash generated from operations. We have in the past elected not to, and may in the future not elect to, incur the expense of retaining lawyers to examine the title to acquired mineral interests. Rather, we may rely upon the judgment of oil and gas lease brokers or landmen who perform the fieldwork in examining records in the appropriate governmental office before attempting to acquire a lease in a specific mineral interest. The existence of a material title deficiency can render an interest worthless and can materially adversely affect our results of operations, financial condition and cash available for distribution on common units. No assurance can be given that we will not suffer a monetary loss from title defects or title failure. Additionally, undeveloped acreage has greater risk of title defects than developed acreage. If there are any title defects or defects in assignment of leasehold rights in properties in which we hold an interest, we will suffer a financial loss. The potential drilling locations identified by the operators of our properties are susceptible to uncertainties that could materially alter the occurrence or timing of their drilling. The ability of the operators of our properties to drill and develop identified potential drilling locations depends on a number of uncertainties, including the availability of capital, construction of infrastructure, inclement weather, regulatory changes and approvals, oil and natural gas prices, costs, drilling results and the availability of water. Further, ~~the~~ **56the** potential drilling locations identified by the operators of our properties are in various stages of evaluation, ranging from locations that are ready to drill to locations that will require substantial additional interpretation. The use of technologies and the study of producing fields in the same area will not enable the operators of our properties 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 sufficient quantities to be economically viable. Even if sufficient amounts of oil or natural gas exist, the operators of our properties may damage the potentially productive hydrocarbon- bearing formation or experience mechanical difficulties while drilling or completing the well, possibly resulting in a reduction in production from the well or abandonment of the well. If the operators of our properties drill additional wells that they identify as dry holes in current and future drilling locations, their drilling success rate may decline and materially harm their business as well as ours. We cannot assure our unitholders that the analogies our operators draw from available data from the wells on our acreage, more fully explored locations or producing fields will be applicable to their drilling locations. Further, initial production rates reported by our or other operators in the areas in which our reserves are located may not be indicative of future or long- term production rates. Because of these uncertainties, we do not know if the potential drilling locations our operators have identified will ever be drilled or if our operators will be able to produce oil or natural gas from these or any other potential drilling locations. As such, the actual drilling activities of the operators of our properties may materially differ from those presently identified, which could materially adversely affect our business, results of operation and cash available for distribution on common units. ~~56Acreage~~ -- **Acreage** must be drilled before lease expiration, generally within three to five years, in order to hold the acreage by production. Our operators' failure to drill sufficient wells to hold acreage may result in loss of the lease and prospective drilling opportunities. Leases on oil and natural gas properties typically have a term of three to five years, after which they expire unless, prior to expiration, production is established within the spacing units covering the undeveloped acres. Any reduction in our operators' drilling programs, either through a reduction in capital expenditures or the unavailability of drilling rigs, could result in the loss of acreage through lease expirations which may terminate our overriding royalty interests derived from such leases. If our royalties are derived from mineral interests and production or drilling ceases on the leased property, the lease is typically terminated, subject to certain exceptions, and all mineral rights revert back to us and we will have to seek new lessees to explore and develop such mineral interests. Any such losses of our operators or lessees could materially and adversely affect the growth of our financial condition, results of operations and cash available for distribution on common units. The unavailability, high cost, or shortages of rigs, equipment, raw materials, supplies or personnel may restrict or result in increased costs for operators related to developing and operating our properties. The oil and natural gas industry is cyclical, which can result in shortages of drilling rigs, equipment, raw materials (particularly sand and other proppants), supplies and personnel. When shortages occur, the costs and delivery times of rigs, equipment, and supplies increase and demand for, and wage rates of, qualified drilling rig crews also rise with increases in demand. We cannot predict whether these conditions will exist in the future and, if so, what their timing and duration will be. In accordance with customary industry practice, the operators of our properties rely on independent third ~~-~~party service providers to provide many of the services and equipment necessary to drill new wells. If the operators of our properties are unable to secure a sufficient number of drilling rigs at reasonable costs, our financial condition and results of operations could suffer. In addition, they may not have long- term contracts securing the use of their rigs, and the operator of those rigs may choose to cease providing services to them. Shortages of drilling rigs, equipment, raw materials (particularly sand and other proppants), supplies, personnel, trucking services, tubulars, fracking and completion services and production equipment could delay or restrict our operators' exploration and development operations, which in turn could materially adversely affect our financial condition, results of operations and cash available for distribution on common units. Operating hazards and uninsured risks may result in substantial losses to the operators of our properties, and any losses could materially adversely affect our results of operations and cash available for distribution on common units. The operators of our properties will be subject to all of the hazards and operating risks associated with drilling for and production of oil and natural gas, including the risk of fire, explosions, blowouts, surface cratering, uncontrollable ~~flows~~ **57flows** of natural gas, oil and formation water, pipe or pipeline failures, abnormally pressured formations, casing collapses and environmental hazards such as oil spills, natural gas leaks and ruptures or discharges of toxic gases. In addition, their operations will be subject to risks associated with hydraulic fracturing, including any mishandling, surface spillage or potential underground migration of fracturing fluids, including chemical additives. The occurrence of any of these events could result in substantial losses to the operators of our properties due to injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean- up responsibilities, regulatory investigations and penalties, suspension of operations and repairs required to resume operations. If the operators of our properties suspend our right to receive royalty payments due to title or other issues, our business, financial condition, results of operations and cash available for distribution on common units may be adversely affected. We depend in part on acquisitions to grow our reserves, production and cash generated from operations. In connection with these acquisitions, and in subsequent acquisitions, record title to a significant amount of the acquired mineral and royalty interests was conveyed to us or our subsidiaries by asset assignment, and we or our subsidiaries became the record owner of these interests. Upon such a change in ownership, and at regular intervals pursuant to routine audit procedures at each of our operators otherwise at its discretion, the operator of the underlying property has the right to investigate and verify the title and ownership of mineral and royalty interests with respect to the properties it operates. If any title or ownership issues are not resolved to its reasonable satisfaction in accordance with customary industry standards, the operator may suspend payment of the related royalty. If an operator of our properties is not satisfied with the ~~57documentation~~ -- **documentation** we provide to validate our ownership, it may place our royalty payment in suspense until such issues are resolved, at which time we would receive in full payments that would have been made during the suspense period, without interest. Certain of our operators impose significant documentation requirements for title transfer and may keep royalty payments in suspense for significant periods of time. During the time that an operator puts our assets in pay suspense, we would not receive the applicable mineral or royalty payment owed to us from sales of the underlying oil or natural gas related to such mineral or royalty interest. If a significant amount of our royalty interests are placed in suspense, our quarterly distribution may be reduced significantly. With each acquisition, we expect the risk of payment suspense to be greatest during the immediately succeeding fiscal quarters due to the number of title transfers that will take place. We will be required to take write- downs of the carrying values of our **proved** properties if commodity prices decrease to a level such that ~~our~~ **the** future ~~undiscounted~~ cash flows **discounted at 10 %** from our **proved** properties are less than their carrying value. Accounting ~~rules~~ **standards** require that we periodically review the carrying value of our 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 may be required to write down the carrying value of our properties. The net capitalized costs of proved oil and natural gas properties are subject to a full cost ceiling limitation for which the costs are not allowed to exceed their related estimated future net revenues discounted at 10 %. To the extent capitalized costs of evaluated oil and natural gas properties, net of accumulated depreciation, depletion, amortization and impairment, exceed estimated discounted future net revenues of proved oil and natural gas reserves, the excess capitalized costs are charged to expense. The risk that we will be required to recognize impairments of our oil and natural gas properties increases during periods of low commodity prices. In addition, impairments would occur if we were to experience sufficient downward adjustments to our estimated proved reserves or the present value of estimated future net revenues. An impairment recognized in one period may not be reversed in a subsequent period even if higher oil and natural gas prices increase the cost center ceiling applicable to the subsequent period. We recorded ~~material~~ **an** ~~impairments~~ - **impairment on our** ~~in prior years as a result of the decline in~~ oil and natural gas ~~prices~~ **properties of $ 18** . **2 million** ~~For example,~~ for the year ended December 31, ~~2020~~ **2023** ~~, we recorded an impairment on our~~ **as a result of the decline in** oil and natural gas **prices** ~~properties of $ 251. 6 million~~ . The Partnership did not record an impairment on its oil and natural gas properties for the years ended December 31, 2022 and 2021. ~~Tax~~ **58Tax** Risks to Common Unitholders We may incur substantial income tax liabilities on our allocable share of income from the Operating Company. We are classified as a corporation for United States federal income tax purposes and for state income tax purposes in most states in which we do business. Current law provides that we are subject to federal income tax on our taxable income at the United States corporate tax rate, which is currently 21. 0 %, and to state income tax at rates that vary from state to state. The amount of cash available for distribution to you will be reduced by the amount of any such income taxes payable by us. Taxable gain or loss on the sale of our common units could be more or less than expected. A holder of common units generally will recognize capital gain or loss on a sale, an exchange, certain redemptions, or other taxable dispositions of our common units equal to the difference, if any, between the amount realized upon the disposition of such common units and the holder' s adjusted tax basis in those units. To the extent that the amount of our distributions exceeds our current and accumulated earnings and profits, the distributions will be treated as a tax- free return of capital and will reduce a holder' s tax basis in the common units. Because our distributions in excess of our earnings and profits decrease a holder' s tax basis in the common units, such excess distributions will result in a corresponding increase in the amount of gain, or a corresponding decrease in the amount of loss, recognized by the holder upon the sale of the common units. Our tax liability may be greater than expected if we do not generate sufficient depletion deductions to offset our taxable income and reduce our tax liability. We expect to generate depletion deductions that we can use to offset our taxable income; however, there is no guarantee that we will not have any taxable income as a result of our equity interests in the Operating Company. Because ~~58an~~ **an** entity- level tax is imposed on us due to our status as a corporation for U. S. federal income tax purposes, our distributable cash flow may **be** substantially reduced by our tax liabilities. While we expect that our depletion deductions will be available to us as a benefit, in the event that the depletion deductions are not available as expected, are successfully challenged by the Internal Revenue Service (" IRS ") (in a tax audit or otherwise) or are subject to future limitations, our ability to realize these benefits may be limited. Further, the IRS or other tax authorities could challenge one or more tax positions we or the Operating Company take. Further, any change in law may affect our tax positions. Future tax legislation could have an adverse impact on our cash tax liabilities, results of operations and financial condition, which could affect our cash available for distribution on common units and the value of our common units. Changes in federal income tax law relating to our tax treatment could result in (i) our being subject to additional taxation at the entity level with the result that we would have less cash available for distribution on common units and (ii) a greater portion of our distributions being treated as taxable dividends. Congress could, in the future, enact tax law changes, such as increasing the corporate tax rate or reducing or eliminating certain tax preferences currently available with respect to production of oil and gas. We are unable to predict whether any such changes will be enacted, but any such changes could have a material impact on our cash tax liabilities, results of operations or financial condition. Moreover, we are subject to tax in numerous jurisdictions. Changes in current law in these jurisdictions could result in our being subject to additional taxation at the entity level with the result that we would have less cash available for distribution on common units. ~~For example, in August 2022, the U. S. government enacted the Inflation Reduction Act of 2022 (the " Inflation Reduction Act "), which includes a new corporate alternative minimum tax, beginning in fiscal year 2024, and an excise tax of 1 % tax on the fair market value of net units repurchases made after December 31, 2022. We are evaluating the corporate alternative minimum tax and its potential impact on our future U. S. tax expense, cash taxes, and effective tax rate, as well as any other impacts the Inflation Reduction Act may have on our financial position and results of operations.~~ Certain decreases in the price of our common units could adversely affect our amount of cash available for distribution on common units. Changes in certain market conditions may cause the price of our common units to decrease. If holders of our OpCo common units and Class B units exercise their right to exchange those units for common units at a point in time when the price of our common units is relatively low, the ratio of our income tax deductions to gross income could decline. Any resulting decline in the ratio of our income tax deductions to gross income could result in our being subject to tax ~~sooner~~ **59sooner** than expected, our tax liability being greater than expected or a greater portion of our distributions being treated as taxable dividends. The IRS Form 1099- DIV that you receive from your broker may over- report your dividend income with respect to our units for United States federal income tax purposes, and failure to report your dividend income in a manner consistent with the IRS Form 1099- DIV that you receive from your broker may cause the IRS to assert audit adjustments to your United States federal income tax return. Distributions we pay with respect to our units constitute " dividends " for United States federal income tax purposes to the extent of our current and accumulated earnings and profits. Distributions we pay in excess of our earnings and profits are not **to** be treated as " dividends " for United States federal income tax purposes; instead, they are treated first as a tax- free return of capital to the extent of your tax basis in your units and then as capital gain realized on the sale or exchange of such units. If you are a holder of our common units, the IRS Form 1099- DIV may not be consistent with our determination of the amount that constitutes a " dividend " to you for United States federal income tax purposes or you may receive a corrected IRS Form 1099- DIV (and you may therefore need to file an amended federal, state or local income tax return). We will attempt to timely notify you of available information to assist you with your income tax reporting (such as posting the correct information on our website). However, the information that we provide to you may be inconsistent with the ~~59amounts~~ -- **amounts** reported to you by your broker on IRS Form 1099- DIV, and the IRS may disagree with any such information and may make audit adjustments to your tax return. The portion of our distributions taxable as dividends may be greater than expected. If we make distributions from current or accumulated earnings and profits as computed for United States federal income tax purposes, such distributions will generally be taxable to our common unitholders as dividend income for United States federal income tax purposes. Under current law, distributions paid to non- corporate United States common unitholders will be subject to United States federal income tax at preferential rates, provided that certain holding period and other requirements are satisfied. It is difficult to predict whether we will generate earnings and profits in any given tax year. Although we expect that a significant portion of our distributions to common unitholders will exceed our current and accumulated earnings and profits as computed for United States federal income tax purposes, and therefore constitute a non- taxable return of capital to each unitholder to the extent of such unitholder' s basis in its common units, this may not occur. In addition, although distributions treated as a return of capital are generally non- taxable to the extent of a unitholder' s basis in its common units, such distributions will reduce such unitholder' s adjusted tax basis in its common units, which will result in an increase in the amount of gain (or a decrease in the amount of loss) that will be recognized by the unitholder on a future disposition of our common units, and to the extent any such distribution exceeds a unitholder' s basis in its common units, such distribution will be treated as gain on the sale or exchange of such common units. If the Operating Company were to become a publicly traded partnership taxable as a corporation for United States federal income tax purposes, we and the Operating Company might be subject to potentially significant tax inefficiencies. We intend to operate such that the Operating Company does not become a publicly traded partnership taxable as a corporation for United States federal income tax purposes. A " publicly traded partnership " is a partnership the interests of which are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof. Under certain circumstances, it is possible that certain exchanges of the OpCo common units could cause the Operating Company to be treated as a publicly traded partnership. Applicable United States Treasury regulations provide for certain safe harbors from treatment as a publicly traded partnership, and we intend to operate such that exchanges of the OpCo common units qualify for one or more such safe harbors. If the Operating Company were to become a publicly traded partnership taxable as a corporation for United States federal income tax purposes, significant tax inefficiencies might result for us and for the Operating Company including as a result of our inability to file a consolidated United States federal income tax return with the Operating Company. In addition, we would no longer have the benefit of increases in the tax bases of the Operating Company' s assets. ~~Legal~~ **60Legal** , Environmental and Regulatory RisksOil and natural gas operations are subject to various governmental laws and regulations. Compliance with these laws and regulations can be burdensome and expensive, and failure to comply could result in significant liabilities, which could reduce our cash available for distribution on common units. Operations on the properties in which we hold interests are subject to various federal, state and local governmental regulations that may be changed from time to time in response to economic and political conditions. Matters subject to regulation include drilling operations, discharges or releases of pollutants or wastes and production and conservation matters (discussed in more detail below). From time to time, regulatory agencies have imposed price controls and limitations on production by restricting the rate of flow of oil and natural gas wells below actual production capacity to conserve supplies of oil and natural gas. For example, on January 20, 2021, the Acting Secretary for the Department of the Interior signed an order suspending new fossil fuel leasing and permitting on federal lands for 60 days. In addition, President Biden issued certain Executive Orders focused on addressing climate change, which, among other things, directed the Secretary of the Interior to pause entering into new oil and natural gas leases on public lands or offshore waters " to the extent possible " pending completion of a comprehensive review and reconsideration of federal oil and gas permitting and leasing practices. President Biden also issued an Executive Order directing all federal agencies to review and take action to address any federal regulations, orders, guidance documents, policies and any similar agency actions during the prior administration that may be inconsistent with the current administration' s policies. Further actions of ~~60President~~ -- **President** Biden, and the Biden Administration, may negatively impact oil and gas operations and favor renewable energy projects in the United States, which may negatively impact the demand for oil and natural gas. In addition, the production, handling, storage, transportation, remediation, emission and disposal of oil and natural gas, by- products thereof and other substances and materials produced or used in connection with oil and natural gas operations are subject to regulation under federal, state and local laws and regulations primarily relating to protection of human health and safety and the environment. Failure to comply with these laws and regulations by the operators of our properties may result in the assessment of sanctions, including administrative, civil or criminal penalties, permit revocations, requirements for additional pollution controls and injunctions limiting or prohibiting some or all of their operations. Moreover, these laws and regulations have continually imposed increasingly strict requirements for water and air pollution control and solid waste management. Laws and regulations governing exploration and production may also affect production levels. The operators of our properties must comply with federal and state laws and regulations governing conservation matters, including: ● provisions related to the unitization or pooling of the oil and natural gas properties; ● the establishment of maximum rates of production from wells; ● the spacing of wells; ● the plugging and abandonment of wells; and ● the removal of related production equipment. Additionally, state and federal regulatory authorities may expand or alter applicable pipeline safety laws and regulations, compliance with which may require increased capital costs on the part of our operators and third party downstream natural gas transporters associated with production from our properties. The operators of our properties must also comply with laws and regulations prohibiting fraud and market manipulations in energy markets. To the extent the operators of our properties are shippers on interstate pipelines, they must comply with the tariffs of those pipelines and with federal policies related to the use of interstate capacity. The operators of our properties may be required to make significant expenditures to comply with the governmental laws and regulations described above and are subject to potential fines and penalties if they are found to have violated these laws and regulations. These and other potential regulations could increase the operating costs of the ~~operators~~ **61operators** and delay production from our properties, which could reduce the amount of cash available for distribution to our common unitholders. The operators of our properties are subject to complex and evolving environmental and occupational health and safety laws and regulations. As a result, they may incur significant delays, costs and liabilities that could materially adversely affect our business and financial condition. The operators of our properties may incur significant delays, costs and liabilities as a result of environmental and occupational health and safety laws and regulations applicable to their exploration, development and production activities on our properties. These delays, costs and liabilities could arise under a wide range of federal, regional, state and local laws and regulations relating to protection of the environment and worker health and safety. These laws, regulations and enforcement policies have become increasingly strict over time, resulting in longer waiting periods to receive permits and other regulatory approvals, and we believe this trend will continue. These laws include, but are not limited to, the federal Clean Air Act (and comparable state laws and regulations that impose obligations related to air emissions), the Clean Water Act and OPA (and comparable state laws and regulations that impose requirements related to discharges of pollutants into regulated bodies of water), the RCRA (and comparable state laws that impose requirements for the handling and disposal of waste), the CERCLA, also known as the " Superfund " law, and the community right to know regulations under Title III of the act (and comparable state laws that regulate the cleanup of hazardous substances that may have been released at properties currently or previously owned or operated by our operators or at locations our operators sent waste for disposal and comparable state laws that require organization and / or disclosure of information about hazardous materials ~~61our~~ -- **our** operators use or produce), the federal Occupational Safety and Health Act (which establishes workplace standards for the protection of health and safety of employees and requires a hazardous communications program) and the Endangered Species Act and the Migratory Bird Treaty Act (and comparable state laws that seek to ensure activities do not jeopardize endangered or threatened animals, fish, plant species by limiting or prohibiting construction activities in areas that are inhabited by such species and penalizing the taking, killing or possession of migratory birds). Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, imposition of cleanup and site restoration costs and liens and, in some instances, issuance of orders or injunctions limiting or requiring discontinuation of certain operations. Additionally, actions taken by federal or state agencies under these laws and regulations, such as the designation of previously unprotected species as being endangered or threatened or the designation of previously unprotected areas as a critical habitat for such species, can cause the operators of our properties to incur additional costs or become subject to operating restrictions. Strict, joint and several liabilities may be imposed under certain environmental laws, which could cause the operators of our properties to become liable for the conduct of others or for consequences of our operators' actions that were in compliance with all applicable laws at the time those actions were taken. In addition, claims for damages to persons or property, including natural resources, may result from the environmental and worker health and safety impacts of operations by the operators of our properties. Also, new laws, regulations or enforcement policies could be more stringent and impose unforeseen liabilities, significantly increase our operating or compliance costs, reduce our liquidity, delay or halt our operations or otherwise alter the way we conduct our business. If the operators of our properties are not able to recover the resulting costs through insurance or increased revenues, our business, financial condition or results of operations could be materially and adversely affected. Please read " Item 1. Business — Regulation " for a description of the laws and regulations that affect the operators of our properties and that may affect us. Federal and state legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays. The operators of our properties use hydraulic fracturing for the completion of their wells. Hydraulic fracturing is a process that involves pumping fluid and proppant at high pressure into a hydrocarbon bearing formation to create and hold open fractures. Those fractures enable gas or oil to move through the formation' s pores to the wellbore. Typically, the fluid used in this process is primarily water. In plays where hydraulic fracturing is necessary for successful development, the demand for water may exceed the supply. If the operators of our properties are unable to obtain water to use in their operations from local sources or are unable to effectively utilize flowback water, they may be unable to economically drill for or produce oil and natural gas, which could materially adversely affect our financial condition, results of operations and cash available for distribution on common units. ~~Certain~~ **62Certain** governmental reviews have been conducted or are underway that focus on the potential environmental impacts of hydraulic fracturing. For example, in December 2016, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources, concluding that hydraulic fracturing activities can impact drinking water resources under certain circumstances, including large volume spills and inadequate mechanical integrity of wells. These and other ongoing or proposed studies could spur initiatives to further regulate hydraulic fracturing and could ultimately make it more difficult or costly for the operators of our properties to perform fracturing and increase the costs of compliance and doing business. Additional legislation or regulation could also make it easier for parties opposing the hydraulic fracturing process to initiate legal proceedings based on allegations that specific chemicals used in the fracturing process could adversely affect groundwater. There has also been increasing public controversy regarding hydraulic fracturing with regard to the use of fracturing fluids, impacts on drinking water supplies, the use of water and the potential for impacts to surface water, groundwater and the environment generally. The imposition of stringent new regulatory and permitting requirements related to the practice of hydraulic fracturing could significantly increase our cost of doing business, could create adverse effects on our operators, including creating delays related to the issuance of permits and, depending on the specifics of any particular proposal that is enacted, could be material. State and federal regulatory agencies recently have focused on a possible connection between the hydraulic fracturing related activities, particularly the disposal of produced water in underground injection wells, and the increased occurrence of seismic activity. When caused by human activity, such events are called induced seismicity. In some instances, operators of injection wells in the vicinity of seismic events have been ordered to reduce injection volumes or ~~62suspend~~ -- **suspend** operations. Some state regulatory agencies, including those in Colorado, Ohio, Oklahoma and Texas, have modified their regulations or taken other regulatory actions to curtail injection of produced water to account for induced seismicity. Regulatory agencies at all levels are continuing to study the possible linkage between oil and gas activity and induced seismicity. These developments could result in additional regulation and restrictions on the use of injection wells and hydraulic fracturing. Such regulations and restrictions could cause delays and impose additional costs and restrictions on the operators of our properties and on their waste disposal activities. Please read " Item 1. Business — Regulation " for a description of the laws and regulations that affect the operators of our properties and that may affect us. The adoption of climate change legislation and regulations could result in increased operating costs and reduced demand for the oil and natural gas that our operators produce. Climate change and sustainability and other environmental considerations are a growing global concern with increasing focus from the public, investors and other stakeholders. In response to findings that emissions of carbon dioxide, methane and other GHGs present an endangerment to public health and the environment, the EPA has adopted regulations under existing provisions of the federal Clean Air Act that, among other things, require preconstruction and operating permits for certain large stationary sources. In addition, the EPA has adopted rules requiring the monitoring and reporting of GHG emissions from specified onshore oil and natural gas production sources in the United States on an annual basis, which include operations on certain of our properties. Recently, President Biden has issued Executive Orders seeking to adopt new regulations and policies to address climate change and suspend, revise or rescind prior agency actions that are identified as conflicting with the Biden Administration' s climate policies, including, for example, directing the Secretary of the Interior to pause new oil and natural gas leases on public lands or in offshore waters pending completion of a comprehensive review and reconsideration of federal oil and gas permitting and leasing practices. An expansion of federal climate regulations could increase the costs of development and production, reducing the profits available to us and potentially impairing our operator' s ability to economically develop our properties. Please read " Item 1. Business — Regulation " for a description of the laws and regulations that affect the operators of our properties and that may affect us. Efforts have been made and continue to be made in the international community toward the adoption of international treaties or protocols that would address global climate change issues. For example, in April 2016, the United States was one of 175 countries to sign the Paris Agreement, which requires member countries to review and " represent a progression " in their intended nationally determined contributions, which set GHG emission reduction goals, every five years beginning in 2020. The Paris Agreement entered into force in November 2016. In line with a June 2017 announcement from President Trump, the United States withdrew from the Paris Agreement in November 2020. However, on January 20, 2021, President Biden signed an instrument that reversed this withdrawal, and the United States formally re- joined the Paris Agreement on February 19, 2021. In April 2021, President Biden announced a new, more rigorous nationally determined emissions reduction level of 50 percent to 52 percent from 2005 levels in economy- wide net GHG emissions by 2030, and in November 2021, the international community gathered again in Glasgow at COP26. During ~~COP26~~ **63COP26** , multiple efforts (not having the effect of law) were announced, including a call for countries to eliminate certain fossil fuel subsidies and pursue further action to reduce non-carbon dioxide GHG emissions. Relatedly, the United States and European Union jointly announced at COP26 the launch of a Global Methane Pledge, an initiative joined by more than 100 countries, committing to a collective goal of reducing global methane emissions by at least 30 percent from 2020 levels by 2030, including " all feasible reductions " in the energy sector. Initiatives to implement pledges made at COP26, the Paris Agreement goals or other or similar initiatives or regulatory changes could result in increased costs of development and production, reducing the profits available to us and potentially impairing our operators' ability to economically develop our properties. Congress has from time to time considered legislation to reduce emissions of GHGs and may consider adopting legislation to reduce GHG emissions at the federal level in the coming years. In the absence of federal climate legislation, a number of state and regional efforts have emerged that are aimed at tracking or reducing GHG emissions by means of cap and trade programs. These programs typically require major sources of GHG emissions to acquire and surrender emission allowances in return for emitting those GHGs. Although it is not possible at this time to predict how legislation or new regulations that may be adopted to address GHG emissions would impact our business, any future laws and regulations imposing reporting obligations on, or limiting emissions of GHGs from, our operators' equipment and operations could require them to incur costs to reduce emissions of GHGs associated with their operations. In addition, substantial limitations on GHG emissions could adversely affect demand for the oil and natural gas produced from our properties. Restrictions on emissions of methane or carbon dioxide that may be imposed in various states, as well as state ~~63and~~ -- **and** local climate change initiatives, could adversely affect the oil and natural gas industry, and, at this time, it is not possible to accurately estimate how potential future laws or regulations addressing GHG emissions would impact our business. Moreover, activists and members of the investment community concerned about the potential effects of climate change have directed their attention at sources of funding for energy companies, which has resulted in certain financial institutions, funds and other sources of capital restricting or eliminating their investment in oil and natural gas activities. Ultimately, this could make it more difficult for operators on our properties to secure funding for exploration and production activities. Additionally, activist shareholders have introduced proposals that may seek to force companies to adopt aggressive emission reduction targets or restrict more carbon- intensive activities. While we cannot predict the outcomes of such proposals, they could ultimately make it more difficult for operators to engage in exploration and production activities. Finally, increasing concentrations of GHGs in the Earth' s atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods, and other climatic events; if any of these effects were to occur, they could materially adversely affect our properties and operations. General Risk FactorsIncreased costs of capital could materially adversely affect our business. Our business, ability to make acquisitions and operating results could be harmed by factors such as the availability, terms and cost of capital or increases in interest rates. Changes in any one or more of these factors could cause our cost of doing business to increase, limit our access to capital, limit our ability to pursue acquisition opportunities and place us at a competitive disadvantage. Certain institutional lenders who provide financing to oil and gas companies have become more attentive to sustainable lending practices and some of them may substantially reduce, or elect not to provide, funding for oil and gas companies. A significant reduction in the availability of credit could materially and adversely affect our ability to achieve our planned growth and operating results. ~~The ongoing COVID- 19 pandemic and the related impact on oil and natural gas prices have adversely affected, and could continue to adversely affect, our business, financial condition and results of operations. The ongoing COVID- 19 pandemic reached more than 200 countries and has continued to be a rapidly evolving economic and public health situation. The pandemic resulted in widespread adverse impacts on the global economy and financial markets, including record economic contraction in the United States, and we and our third- party operators and other parties with whom we have business relations experienced disrupted business operations as a result. There is considerable uncertainty regarding the extent to which COVID- 19, or any of its variants, will continue to spread and the extent and duration of governmental and other measures implemented to try to slow the spread of COVID- 19, or any of its variants, such as large- scale travel bans and restrictions, border closures, quarantines, shelter- in- place orders and business and government shutdowns. While many countries have removed or reduced the restrictions taken in response to COVID- 19, the emergence of new variants may result in renewed governmental lockdowns, quarantine requirements or other restrictions. The impact of the pandemic, including the resulting significant reduction in global demand for oil and, to a lesser extent, natural gas, coupled with the sharp decline in oil prices following the announcement of price reductions and production increases in March 2020 by members of OPEC and other foreign, oil- exporting countries, led to significant global economic contraction generally and in our industry in particular. Although OPEC agreed in April 2020 to cut oil production and extended such production cuts through March 2021, crude oil prices remained depressed through December 31, 2020 as a result of an increasingly utilized global storage network and the decrease in crude oil demand due to COVID- 19. Oil and natural gas prices are expected to continue to be volatile as a result of these events and the ongoing COVID- 19 pandemic, and as changes in oil and natural gas inventories, industry demand and economic performance are reported. The volatile price environment in 2020 and early 2021 caused some of our operators' wells to become uneconomic, which resulted, and may result in the future, in suspension of production from those wells or a significant reduction in, or no royalty revenues from, existing production. Some operators may also attempt to shut in producing wells and avoid lease 64termination or payment of shut- in royalties by claiming force majeure, if provided for in the applicable lease. The curtailment of production or the shut- in of wells as a result of the ongoing COVID- 19 pandemic and any drop in commodity prices are both outside of our control, and the materialization of either circumstance could have a significant impact on our result of operations. We cannot predict whether any shut- ins or curtailments of production will be instituted by our operators in the future. Due to the significant decline in oil and natural gas prices related to reduced demand for oil and natural gas as a result of COVID- 19, the announcement of price reductions and production increases in March 2020 by members of OPEC and other foreign, oil- exporting countries, and other supply factors, as well as longer- term commodity price outlooks that existed during 2020, we recorded an impairment on our oil and natural gas properties of $ 251. 6 million for the year ended December 31, 2020. If the price of oil, natural gas and NGLs decrease further in future periods, we may be required to record additional impairments as a result of the full- cost ceiling limitation. The Partnership did not record an impairment on its oil and natural gas properties for the years ended December 31, 2022 and 2021. To the extent that access to the capital and other financial markets is adversely affected by the effects of COVID- 19, or it variants, and commodity prices generally, we may need to consider alternative sources of funding for our future acquisitions, which may increase our cost of, as well as adversely impact our access to, capital or otherwise impact our ability to complete acquisitions. We cannot predict the full impact that COVID- 19, or its variants, or the significant disruption and volatility in the oil and natural gas markets will have on our business, cash flows, liquidity, financial condition and results of operations at this time, due to numerous uncertainties. The ultimate impact will depend on future developments beyond our control, which are highly uncertain and cannot be predicted, including, among others, the ultimate severity of COVID- 19 and its variants, the consequences of governmental and other measures designed to prevent the spread of COVID- 19, the development, availability and administration of effective treatments and vaccines, the duration of the pandemic, future actions taken by members of OPEC and other foreign oil- exporting countries, actions taken by governmental authorities, third- party operators and other third parties and the timing and extent of any return to normal economic and operating conditions.~~ A terrorist attack or armed conflict could harm our business. Terrorist activities, anti- terrorist activities and other armed conflicts involving the United States or other countries may adversely affect the United States and global economies. If any of these events occur, the resulting political instability and societal disruption could reduce overall demand for oil and natural gas, potentially putting downward pressure on demand for our operators' services and causing a reduction in our revenues. Oil and natural gas facilities, including those of our operators, could be direct targets of terrorist attacks, and if infrastructure integral to our operators is destroyed or **64** ~~damaged, they may experience a significant disruption in their operations. Any such disruption could materially adversely affect our financial condition, results of operations and cash available for distribution on common units. 65Cyber- attacks targeting systems and infrastructure used by the oil and gas industry and related regulations may adversely impact our operations and, if we are unable to obtain and maintain adequate protection for our data, our business may be harmed. The oil and natural gas industry has become increasingly dependent on digital technologies to conduct certain exploration, development and production activities. For example, the oil and natural gas industry depends on digital technology to estimate quantities of oil, natural gas and NGL reserves, process and record financial and operating data, analyze seismic and drilling information, and communicate with customers, employees and third- party partners. At the same time, cyber incidents, including deliberate attacks or unintentional events, have increased. The United States government has issued public warnings that indicate that energy assets might be~~

~~specific targets of cyber security threats. We are dependent on our and our operators' information systems and computer- based programs. If any of such programs or systems were to fail for any reason, including as a result of a cyber- attack, or create erroneous information in our or our operators' hardware or software network infrastructure, possible consequences include loss of communication links and inability to automatically process commercial transactions or engage in similar automated or computerized business activities. In addition to the service providers who provide substantial services to us under our services agreement with Kimbell Operating, we rely on third party service providers to perform some of our data entry, investor relations and other functions. If the programs or systems used by our third- party service providers are not adequately functioning, we could experience loss of important data. In addition, unauthorized access to our reserves information or other proprietary or commercially sensitive information could lead to data corruption, communication interruption or other disruptions in our operations or planned business transactions, any of which could have a material adverse impact on our results of operations. Our systems for protecting against cyber security risks may not be sufficient. Further, as cyber- attacks continue to evolve, including by state actors or other abroad, we or our service providers, who we are generally obligated to reimburse for costs incurred in connection with the provision of their services to us, may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerabilities to cyber- attacks. In addition, new laws and regulations governing data privacy and the unauthorized disclosure of confidential information pose increasingly complex compliance challenges and potentially elevate costs, and any failure to comply with these laws and regulations could result in significant penalties and legal liability. Risks Related to Our Investment in TGRTGR may not be able to complete its initial business combination within the prescribed time frame, in which case it would cease all operations except for the purpose of winding up and it would redeem its public shares and liquidate. In that circumstance, we would lose our entire investment in TGR, including the Private Placement Warrants. TGR must complete its initial business combination within 15 months from its IPO (or up to 21 months, if TGR Sponsor exercises its extension options). TGR may not be able to find a suitable target business and complete its initial business combination within such time period, in which case it would cease all operations except for the purpose of winding up and it would redeem its public shares and liquidate. In that circumstance, we would lose our entire investment in TGR, including the Private Placement Warrants, which were purchased for $ 14, 100, 000, and this would likely have a negative effect on the trading price of our common units. Resources could be wasted in researching acquisitions that are not completed, which could materially adversely affect subsequent attempts to locate and acquire or merge with another business. We will be required to devote significant management and employee attention and resources to matters relating to TGR while it pursues a business combination. The investigation of each specific target business and the negotiation, drafting and execution of relevant agreements, disclosure documents and other instruments will require substantial management time and attention and substantial costs for accountants, attorneys and others. If TGR decides not to complete a specific initial business combination, the costs incurred up to that point for the proposed transaction likely would not be recoverable. Furthermore, if TGR reaches an agreement relating to a specific target business, it may fail to complete its initial business combination for any number of reasons including those beyond its control. Any such event will result in a loss of the related costs incurred which could materially adversely affect subsequent attempts to locate and acquire or merge with another business. 66~~