

Risk Factors Comparison 2024-02-29 to 2023-03-02 Form: 10-K

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

Our business and operations are subject to a number of risks and uncertainties as described below; however, the risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we may currently deem immaterial, may become important factors that harm our business, financial condition, results of operations and cash flow in the future. If any of the following risks actually occur, our business, financial condition, results of operations and cash flow could suffer and the trading price of our common stock could decline. Risks in this section are grouped in the following categories: (1) Risks Related to the Business; (2) Macroeconomic and Financial Risks; (3) Legal and Regulatory Risks; and (4) Risks Related to Ownership of Our Common Stock. Many risks affect more than one category, and the risks are not in the order of significance or probability of occurrence because they have been grouped by categories.

Summary of Risk Factors Below is a summary of the principal factors that make an investment in our securities speculative or risky. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary and other risks that we face can be found elsewhere in this report and should be carefully considered, together with other information in our other filings with the SEC, before making an investment decision regarding our securities.

- Oil and natural gas prices are volatile, and a substantial or extended decline in oil and natural gas prices would adversely affect our financial results, reduce liquidity and impede our growth.
- **Insufficient capital could lead to declines in our cash flow or in our oil and natural gas reserves, or a loss of properties.**
- **Most of our undeveloped leasehold acreage is subject to leases that will expire over the next several years unless production is established on units containing the acreage.**
- **Estimates of proved reserves are uncertain, and revenues from production may vary significantly from expectations.**
- **Our oil and natural gas exploration and production business involves high risks and we may suffer uninsured losses, which may be subject to substantial liability claims.**
- **The unavailability or high cost of drilling rigs, equipment, supplies, personnel, water disposal and oilfield services could adversely affect our ability to execute on a timely basis our exploration and development plans within our budget and operate profitably.**
- **Our ability to produce crude oil and natural gas economically and in commercial quantities could be impaired if we are unable to acquire adequate supplies of water for our drilling operations or are unable to dispose of or recycle the water we use economically and in an environmentally safe manner.**
- **A cyber incident could result in information theft, data corruption, operational disruption, and / or financial loss.**
- **Our lack of diversification increases the risk of an investment in us and we are vulnerable to risks associated with operating primarily in one major contiguous area.**
- **Our property acquisitions carry significant risks.**
- **Global health crises have adversely affected, and may continue to adversely affect, our business, financial position, results of operations and financial condition.**
- **Our commitments and disclosures related to sustainability expose us to numerous risks.**

Macroeconomic and Financial Risks:

- **Our Debt Facilities, as defined below, contain operating and financial restrictions that may restrict our business and financing activities.**
- **We have written down the carrying values on our oil and natural gas properties in the past and could incur additional write-downs in the future.**
- **A worldwide financial downturn or negative credit market conditions may impact our counterparties and have lasting effects on our liquidity, business and financial condition that we cannot control or predict.**
- **Our hedging program may limit potential gains from increases in commodity prices, result in losses, or be inadequate to protect us against continuing and prolonged declines in commodity prices.**

Legal and Regulatory Risks:

- **Pollution and property contamination arising from the Company's operations and the nearby operations of other oil and natural gas operators could expose the Company to significant costs and liabilities.**
- **Government regulation of the Company's activities could adversely affect the Company and its operations.**
- **The Company's operations are subject to environmental and worker safety and health laws and regulations that may expose the Company to significant costs and liabilities and could delay the pace or restrict the scope of the Company's operations.**
- **The ESA and other restrictions intended to protect certain species of wildlife govern our oil and natural gas operations, which constraints could have an adverse impact on our ability to expand some of our existing operations or limit our ability to explore for and develop new oil and natural gas wells.**
- **Federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays in the completion of oil and natural gas wells and adversely affect the Company's production.**
- **Federal or state legislative and regulatory initiatives related to induced seismicity could result in operating restrictions or delays that could adversely affect the Company's production of oil and natural gas.**
- **The Company's operations are subject to a number of risks arising out of the threat of climate change that could increase operating costs, limit the areas in which oil and natural gas production may occur, and reduce demand for the oil and natural gas the Company produces.**
- **Changes to the U. S. federal tax laws could adversely affect our financial position, results of operations and cash flow.**
- **We may not be able to utilize a portion of our net operating loss carryforwards ("NOLs") to offset future taxable income for U. S. federal income tax purposes, which could adversely affect our net income and cash flow.**
- **Legal proceedings could result in liability affecting our results of operations.**

Risks Related to Ownership of Our Common Stock:

- **Our business could be affected as a result of activist investors.**
- **Certain provisions of our Charter and our Bylaws may make it difficult for stockholders to change the composition of our Board and may discourage, delay or prevent a merger or acquisition that some stockholders may consider beneficial.**
- **Our Charter designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may**

be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents. Oil and natural gas prices historically have been volatile and are likely to continue to be volatile in the future. Prices for oil and natural gas fluctuate widely in response to relatively minor changes in the supply and demand for oil and natural gas, market uncertainty and a variety of additional factors beyond our control, such as: • the domestic and foreign supply of oil and natural gas; • the price and quantity of foreign imports of oil and natural gas; • actions by OPEC with respect to oil production levels and announcements of potential changes in such levels; • the level of consumer product demand, including as a result of competition from alternative energy sources; • the level of global oil and natural gas exploration and production activity; • domestic and foreign governmental regulations, including regulations in connection with a response to climate change; • stockholder activism or activities by non-governmental organizations to limit certain sources of funding for the energy sector or restrict the exploration, development and production of oil and natural gas; • political conditions in or affecting other oil-producing and natural gas-producing countries, including in the Middle East, South America, Africa and Russia; • weather conditions, natural disasters and global health events, ~~including the continuing economic and financial impacts of the COVID-19 pandemic~~; • technological advances affecting oil and natural gas production and consumption; • overall U. S. and global economic and political conditions, including inflationary pressures, further increases in interest rates, a general economic slowdown or recession, political tensions and war (including future developments in the ongoing ~~Russia-Ukraine conflict and the Gaza Strip~~); • the price and availability of alternative fuels; and • trade relations and policies, including the imposition of tariffs, **trade embargoes or sanctions** by the United States or others. Prices for oil and natural gas are particularly sensitive to actual and perceived threats to geopolitical stability and to changes in production from OPEC member states. For example, the ongoing ~~conflict~~ **conflicts**, ~~and the continuation of, or any increase in the severity of, the conflict between Russia and Ukraine, has~~ **and the Gaza Strip and surrounding areas have** led and may continue to lead to an increase in the volatility of global oil and natural gas prices, **including through their continuation or expansion**. Our financial condition, revenues, profitability and the carrying value of our properties depend upon the prevailing prices and demand for oil and natural gas. Any sustained periods of low prices for oil and natural gas are likely to materially and adversely affect our financial position and reduce our liquidity. This would impact the quantities of oil and natural gas reserves that we can economically produce, our cash flow available for capital expenditures and continued development of our operations, making it increasingly difficult to operate our business. Additionally, any extended period of low commodity prices would impact our ability to access funds through the capital markets, if they are available at all. ~~Insufficient capital could lead to declines in our cash flow or in our oil and natural gas reserves, or a loss of properties.~~ The oil and natural gas industry is capital intensive. Our ~~2023~~ **2024** capital plan, including expenditures for leasehold acquisitions, drilling and infrastructure and fulfillment of abandonment obligations, is expected to be ~~between~~ **in the range of** \$ ~~450-470~~ - \$ ~~475-510~~ million. In ~~2022-2023~~, we had approximately \$ ~~327-408~~ . ~~5-6~~ million of capital expenditures excluding acquisitions. Cash flow from operations is a principal source of our financing of our future capital expenditures. Insufficient cash flow from operations and inability to access capital could lead to the loss of leases that require us to drill new wells in order to maintain the lease. Lower liquidity and other capital constraints may make it difficult to drill those wells prior to the lease expiration dates, which could result in our losing reserves and production. Additionally, a decline in cash flow from operations may require us to revise our capital program or alter or increase our capitalization substantially through the incurrence of indebtedness or the issuance of debt or equity securities. Further, developing and exploring properties for oil and natural gas not only requires significant capital expenditures, but involves a high degree of financial risk, including the risk that no commercially productive oil or natural gas reservoirs will be encountered. Budgeted costs of drilling, completing, and operating wells are often exceeded and can increase significantly when drilling costs rise, impacting the Company's budgeted capital expenditures. Drilling may also be unsuccessful for many reasons, including title problems, weather, cost overruns, equipment shortages, and mechanical difficulties, which could impact the Company's cash flow from operations. ~~Most of our undeveloped leasehold acreage is subject to leases that will expire over the next several years unless production is established on units containing the acreage.~~ We own leasehold interests in areas not currently held by production. Unless production in paying quantities is established or we exercise an extension option on units containing certain of these leases during their terms, the leases will expire. If our leases expire, we will lose our right to develop the related properties. We have leases on ~~25-4~~, ~~566-262~~ net acres in Texas that could potentially expire during fiscal year ~~2023-2024~~, representing approximately ~~76-11~~% of our total net undeveloped acreage in Texas of ~~33-39~~, ~~618-593~~ net acres. Our drilling plans for areas not currently held by production are subject to change based upon various factors. Many of these factors are beyond our control, including drilling results, oil and natural gas prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, gathering system and pipeline transportation constraints and regulatory approvals. On our acreage that we do not operate, we have less control over the timing of drilling; therefore, there is additional risk of expirations occurring in those sections. ~~Estimates of proved reserves are uncertain, and revenues from production may vary significantly from expectations.~~ The quantities and values of our proved reserves included in our year-end ~~2022-2023~~ estimates of proved reserves are only estimates and subject to numerous uncertainties. The accuracy of any reserves estimate is a function of the quality of available data and of engineering and geological interpretation. These estimates depend on assumptions regarding quantities and production rates of recoverable oil and natural gas reserves, future prices for oil and natural gas, timing and amounts of development expenditures and operating expenses, all of which will vary from those assumed in our estimates. If the variances in these assumptions are significant, many of which are based upon extrinsic events we cannot control, they could significantly affect these estimates and could result in the actual amounts of oil and natural gas ultimately recovered and future net cash flow being materially different from the estimates in our reserves reports. These estimates may not accurately predict the present value of future net cash flow from our oil and natural gas reserves. ~~Our oil and natural gas exploration and production business involves high risks and we may suffer uninsured losses, which may be subject to substantial liability claims.~~ Losses and liabilities arising from uninsured and underinsured events could materially and adversely affect our

business, financial condition or results of operations. Our oil and natural gas exploration and production activities are subject to all of the operating risks associated with drilling for and producing oil and natural gas, including the possibility of: • hurricanes, tropical storms or other natural disasters (including events that may be caused or exacerbated by climate change); • environmental hazards, such as natural gas leaks, oil and produced water spills, pipeline or tank ruptures, encountering naturally occurring radioactive materials, blowouts, explosions and unauthorized discharges of brine, well stimulation and completion fluids, toxic gases or other pollutants into the surface and subsurface environment; • abnormally pressured formations; • mechanical difficulties, such as stuck oil field drilling and service tools and casing collapse; • fires and explosions; and • personal injuries and death. Any of these risks could adversely affect our ability to conduct operations or result in substantial losses to the Company due to injury or loss of life, damage to or destruction of wells, production facilities, other property or natural resources, clean-up responsibilities, regulatory investigations and penalties and suspension of operations. Moreover, **a severe weather events, including flooding, freezing or extreme heat, can have an adverse impact on our operations from time to time. A** potential result of climate change is more frequent or more severe weather events or natural disasters. To the extent such weather events or natural disasters become more frequent or severe, disruptions to our business and costs to repair damaged facilities could increase, **our personnel, supply chain, and distribution chain may be adversely impacted, and we may observe higher insurance costs or a decrease in available coverage. Additionally, to the extent weather conditions may be affected by climate change, energy use could increase or decrease depending on the duration and magnitude of any changes. Increased energy use due to weather changes may require us to invest in more infrastructure to serve increased demand. A decrease in energy use due to weather changes may affect our financial condition through decreased revenues. Extreme weather conditions in general require more equipment redundancy, adding to costs.**

Although the Company currently maintains insurance coverage that it considers reasonable and that is similar to that maintained by comparable companies in the oil and natural gas industry, it is not fully insured against certain of these risks, such as business interruption, either because such insurance is not available or because of the high premium costs and deductibles associated with obtaining and carrying such insurance. Further, we may also elect not to obtain insurance if we believe that the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable. If a significant accident or other event occurs and is not fully covered by insurance, it could adversely affect our financial condition. ~~The unavailability or high cost of drilling rigs, equipment, supplies, personnel, water disposal and oilfield services could adversely affect our ability to execute on a timely basis our exploration and development plans within our budget and operate profitably.~~ Shortages, unavailability or the high cost of drilling rigs, equipment, supplies or personnel, have delayed and adversely affected and could continue to delay or adversely affect our development and exploration operations. If the price of oil and natural gas increases, the demand for production equipment and personnel will likely also increase, potentially resulting in shortages of equipment and personnel. In addition, larger producers may be more likely to secure access to such equipment by offering drilling companies more lucrative terms. If we are unable to acquire access to such resources, or can obtain access only at higher prices, this would potentially delay our ability to convert our reserves into cash flow and could also significantly increase the cost of producing those reserves, thereby negatively impacting anticipated net income. We have experienced, and expect to continue to experience, a shortage of labor for certain functions, including due to changing oil and natural gas industry investment patterns and other factors, which has increased our labor costs and negatively impacted our profitability. The extent and duration of the effect of these labor market challenges are subject to numerous factors, including the ~~continuing effect effects~~ of **global the COVID-19 pandemic pandemics**, or any other health crisis, the availability of qualified persons in the markets where we and our contracted service providers operate and unemployment levels within these markets, capital investment in the oil and natural gas industry as a whole, behavioral changes, prevailing wage rates and other benefits, inflation, the adoption of new or revised employment and labor laws and regulations (including increased minimum wage requirements) or government programs, the safety levels of our operations and our reputation within the labor market. Our ~~ability to produce crude oil and natural gas economically and in commercial quantities could be impaired if we are unable to acquire adequate supplies of water for our drilling operations or are unable to dispose of or recycle the water we use economically and in an environmentally safe manner.~~ Our operations include the need of water for use in oil and natural gas exploration and production activities. The Company's access to water may be limited due to reasons such as prolonged drought, private third party competition for water in localized areas, or the Company's inability to acquire or maintain water sourcing permits or other rights. In the past, Texas has experienced severe droughts that have limited the water supplies that are necessary to conduct hydraulic fracturing. In addition, some state and local governmental authorities have begun to monitor or restrict the use of water subject to their jurisdiction for hydraulic fracturing to ensure adequate local water supply. Any such decrease in the availability of water could adversely affect the Company's business and financial condition and operations. Moreover, any inability by the Company to locate or contractually acquire and sustain the receipt of sufficient amounts of water could adversely impact the Company's exploration and production operations and have a corresponding adverse effect on the Company's business and financial condition. ~~A cyber incident could result in information theft, data corruption, operational disruption, and / or financial loss.~~ Our business has become increasingly dependent on digital technologies to conduct day-to-day operations, including certain of our exploration, development and production activities. We depend on digital technology to estimate quantities of oil and natural gas reserves, process and record financial and operating data, analyze seismic and drilling information and in many other activities related to our business. Our technologies, systems and networks, **and those of third party vendors upon which we rely**, may become the target of cyber attacks or information security breaches that could result in the disruption of our business operations, damage to our properties and / or injuries. For example, unauthorized access to our seismic data, reserves information or other proprietary information could lead to data corruption, communication interruption, or other operational disruptions in our drilling or production operations. Additionally, a cyber attack or information security breach could expose our employees, customers and suppliers to risks of misuse of confidential personal information, which may

expose us to reputational damage or legal liability. Geopolitical tensions or conflicts, such as **the ongoing conflicts in Russia's invasion of Ukraine and the Gaza Strip, and the rapid evolution and increased adoption of artificial intelligence technologies** may further heighten the risk of cyber attacks. We have experienced, and expect to continue to experience, efforts by hackers and other third parties to gain unauthorized access or deny access to, or otherwise disrupt, our information technology systems and networks. To date we are not aware of any material losses relating to cyber attacks or any material impact on our operations to date, however there can be no assurance that we will not suffer such losses in the future, and future incidents could have a material adverse effect on our business, financial condition, results of operations or liquidity. **Moreover, cyber and other security threats are constantly evolving, thereby making it more difficult to successfully defend against them or to implement adequate preventative measures. We may not have the current capability to detect certain vulnerabilities, which may allow those vulnerabilities to persist in our systems over long periods of time.** As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any cyber vulnerabilities. In addition to the risks presented to our systems and networks, cyber attacks affecting oil and natural gas distribution systems maintained by third parties, or the networks and infrastructure on which they rely, could delay or prevent delivery of our production to markets. Further, cyber attacks on a communications network or power grid could cause operational disruption resulting in loss of revenues. A cyber attack of this nature would be outside our control, but could have a material, adverse effect on our business, financial condition and results of operations. **Our lack of diversification increases the risk of an investment in us and we are vulnerable to risks associated with operating primarily in one major contiguous area.** All of our operations are in the Eagle Ford Shale and Austin Chalk in South Texas, making us vulnerable to risks associated with operating in one geographic area. A number of our properties could experience any of the same adverse conditions at the same time, resulting in a relatively greater impact on our results of operations than they might have on other companies that are more diversified. In particular, we may be disproportionately exposed to the impact of regional supply and demand factors, delays or interruptions of production from wells in which we have an interest that are caused by transportation capacity constraints, curtailment of production, availability of equipment, facilities, personnel or services, significant governmental regulation, natural disasters, adverse weather conditions, water shortages or other drought related conditions, plant closures for scheduled maintenance or interruption of transportation of crude oil or natural gas produced from wells in the Eagle Ford and Austin Chalk. For example, a decrease in commodity prices or an excess supply of oil and natural gas in South Texas could result in a temporary curtailment or shut-in of our production or an inability to obtain favorable terms for delivery of the natural gas and oil we produce. Such delays, curtailments, shortages or interruptions could have a material adverse effect on our financial condition, results of operations and cash flow. **Our property acquisitions carry significant risks.** Acquisition of oil and gas properties is a key element of maintaining and growing reserves and production. Competition for these assets has been and will continue to be intense. We may not be able to identify attractive acquisition opportunities. Even if we do identify attractive candidates, we may not be able to complete the acquisition or do so on commercially acceptable terms. In the event we do complete an acquisition, **such as the recently completed Chesapeake Transaction, there can be no assurance that it will be beneficial to us, and** its success will depend on a number of factors, many of which are beyond our control. These factors include future crude oil, NGL and natural gas prices, the ability to reasonably estimate or assess the recoverable volumes of reserves, rates of future production and future net revenues attainable from reserves, future operating and capital costs, results of future exploration, exploitation and development activities on the acquired properties and future abandonment, possible future environmental or other liabilities and the effect on our liquidity or financial leverage of using available cash or debt to finance acquisitions. There are numerous uncertainties inherent in estimating quantities of proved oil and gas reserves, actual future production rates and associated costs and the assumption of potential liabilities with respect to prospective acquisition targets. Actual results may vary substantially from those assumed in the estimates. A customary review of subject properties, **including the properties acquired as part of the Chesapeake Transaction,** will not necessarily reveal all existing or potential problems. Additionally, significant acquisitions can change the nature of our operations and business depending upon the character of the acquired properties if they have substantially different operating and geological characteristics or are in different geographic locations than our existing properties. To the extent that acquired properties are substantially different than our existing properties, our ability to efficiently realize the expected economic benefits of such transactions may be limited. Integrating acquired businesses and properties, **including the properties acquired as part of the Chesapeake Transaction,** involves a number of special risks. These risks include potential unknown liabilities and unforeseen expenses, the possibility that management may be distracted from regular business concerns by the need to integrate operations and systems and that unforeseen difficulties can arise in integrating operations and systems and in retaining and assimilating employees. **With respect to the Chesapeake Transaction, our ability to make specified claims against the Chesapeake Sellers generally expires over time, and we may be left with no recourse for liabilities and other problems associated with the Chesapeake Transaction that we do not discover prior to the expiration date related to such matters under the Purchase Agreement.** Any of these or other similar risks could lead to potential adverse short-term or long-term effects on our operating results, and may cause us to not be able to realize any or all of the anticipated benefits of the acquisitions. **Global Health health crises and pandemics,** such as the COVID-19 pandemic, **have adversely affected, and may continue to adversely affect, our business, financial position, results of operations and financial condition. The initial phase of the COVID-19 pandemic caused, and could in the future cause,** a significant decrease in the demand for natural gas and oil. **The An** imbalance between the supply of and demand for these products, **due to a global health crisis,** as well as the uncertainty around the extent and timing of an economic recovery, **have in the past** caused, and may continue to **in the future** cause, extreme market volatility and a substantial adverse effect on commodity prices. The lack of a market, due to low commodity prices or a future decrease in commodity prices, or available storage for any one natural gas product or oil could result in us temporarily curtailing or shutting in such production as we may be unable to curtail the production of individual

products in a meaningful way without reducing the production of other products. Any such shut- in or curtailment, or any inability to obtain favorable terms for delivery of the natural gas and oil we produce, could adversely affect our financial condition and results of operations. Any excess supply could also lead to potential curtailments by our purchasers. Additionally, while we believe that any potential shutting- in of such production will not impact the productivity of such wells when reopened, there is no assurance we will not have a degradation in well performance upon returning those wells to production. The storing or shutting in of a portion of our production could potentially also result in increased costs under our midstream and other **transportation** contracts. Any of the foregoing could result in an adverse impact on our revenue, financial position and cash flow. Additionally, **global** health crises **have and pandemics** contributed to, and may **again continue to** contribute to, a shortage of equipment, supplies, labor and services. The extent to which our financial condition and results of operations will ~~continue to~~ be affected by **a future global** the COVID-19 pandemic or **other any future** health crisis will depend on various factors, many of which are uncertain **and**, cannot be predicted **and are out of our control**, such as the duration ~~,~~ and severity **and sustained geographic resurgence** of the **subject virus health crisis** and any government **policies and restrictions implements in reaction -- actions taken in response** to such virus. Our commitments and disclosures related to sustainability expose us to ~~numerous risks~~. We have made, and **will expect to** continue to make, commitments and disclosures related to sustainability matters. The Company published **an inaugural sustainability report in 2023 and** an inaugural Sustainability Accounting Standards Board (“ SASB ”) and Global Reporting Initiative (“ GRI ”) inaugural report in 2022 **and plans to publish an inaugural sustainability report in the first half of 2023**. Statements related to sustainability goals, targets and objectives reflect our current plans and do not constitute a guarantee that they will be achieved. Our efforts to research, establish, accomplish, and accurately report on these goals, targets, and objectives expose us to numerous operational, reputational, financial, legal, and other risks. Our ability to achieve any stated goal, target, or objective, including with respect to emissions reduction, is subject to numerous factors and conditions, some of which are outside of our control. Examples of such factors include: (1) the extent our customers' decisions directly impact, relate to, or influence the use of our equipment that creates the emissions we report, (2) the availability and cost of low- or non- carbon- based energy sources and technologies, (3) evolving regulatory requirements affecting sustainability standards or disclosures, (4) the availability of suppliers that can meet our sustainability and other standards. In addition, standards for tracking and reporting on sustainability matters, including climate- related matters, have not been harmonized and continue to evolve. Our processes and controls for reporting sustainability matters may not always comply with evolving and disparate standards for identifying, measuring, and reporting such metrics, including sustainability- related disclosures that may be required of public companies by the SEC, and such standards may change over time, which could result in significant revisions to our current goals, reported progress in achieving such goals, or ability to achieve such goals in the future. Changes in such standards may also require us to alter our accounting or operational policies and to implement new or enhance existing systems to reflect new reporting obligations. Our business may also face increased scrutiny from investors and other stakeholders related to our sustainability activities, including the goals, targets, and objectives that we announce, and our methodologies and timelines for pursuing them. If our sustainability practices do not meet investor or other stakeholder expectations and standards, which continue to evolve, our reputation, our ability to attract or retain employees, and our attractiveness as an investment or business partner could be negatively affected. Similarly, our failure or perceived failure to pursue or fulfill our sustainability- focused goals, targets, and objectives, to comply with ethical, environmental, or other standards, regulations, or expectations, or to satisfy various reporting standards with respect to these matters, within the timelines we announce, or at all, could adversely affect our business or reputation, as well as expose us to government enforcement actions and private litigation. **At the same time** **Macroeconomic and Financial Risks: Our Debt Facilities, some stakeholders as defined below, contain operating and financial restrictions that regulators have expressed or pursued contrary views, legislation, and investment expectations with respect to sustainability, including the enactment or proposal of “ anti- ESG ” legislation or policies, which may restrict expose us to additional legal or business reputational risks based upon our sustainability commitments and disclosures** ~~financing activities~~. Our Credit Facility and Second Lien (collectively “ Debt Facilities ”) contain a number of restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things: • sell assets, including equity interests in our subsidiary; • redeem our debt; • make investments; • incur or guarantee additional indebtedness; • create or incur certain liens; • make certain acquisitions and investments; • redeem or prepay other debt; • enter into agreements that restrict distributions or other payments from our restricted subsidiary to us; • consolidate, divide, merge or transfer all or substantially all of our assets; • engage in transactions with affiliates; • create unrestricted subsidiaries; • enter into swap agreements beyond certain maximum thresholds; • enter into sale and leaseback transactions; and • engage in certain business activities. As a result of these covenants, we are limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs. Our ability to comply with some of the covenants and restrictions contained in our Debt Facilities may be affected by events beyond our control. If market or other economic conditions deteriorate or if oil and natural gas prices decline further from their current level or remain volatile for an extended period of time, our ability to comply with these covenants may be impaired. A failure to comply with the covenants, ratios or tests in our Debt Facilities or any future indebtedness could result in an event of default under our Debt Facilities or our future indebtedness, which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations. If an event of default under either of our Debt Facilities occurs and remains uncured, the lenders or holders under the applicable Credit Facility: • would not be required to lend any additional amounts to us; • could elect to declare all borrowings or notes outstanding, together with accrued and unpaid interest and fees, to be due and payable; • may have the ability to require us to apply all of our available cash to repay these borrowings or notes; or • may prevent us from making debt service payments under our other agreements. The borrowing base under our Credit Facility is redetermined at least semi-annually, based in part on methodologies and assumptions of the administrative agent with respect to, among other things, crude

oil and natural gas prices and advancement rates for proved reserves. **In For example, a positive adjustment was made to our Credit Facility in November 2022-2023, in conjunction with the closing of the Chesapeake Transaction, as** our borrowing base was **reaffirmed at increased to \$ 1.2 billion from** \$ 775 million **as part of our regularly scheduled redetermination.** In contrast, a negative adjustment to the borrowing base could occur if crude oil and natural gas prices used by the lenders are significantly lower than those used in the last redetermination, including as a result of a decline in commodity prices or an expectation that reduced prices will continue. Further, changes in lenders' methodologies related to advancement rates for proved reserves could significantly affect our borrowing base. The next redetermination of our borrowing base is scheduled to occur in **the** spring of **2023-2024**. As of February **28-29, 2023-2024**, we had \$ **543-668.0** million outstanding under our Credit Facility. In the event that the amount outstanding under our Credit Facility exceeds the redetermined borrowing base, we could be forced to repay a portion of our borrowings. In addition, the portion of our borrowing base made available to us for borrowing is subject to the terms and covenants of our Credit Facility, including compliance with the ratios and other financial covenants of such facility. Our obligations under the Debt Facilities are collateralized by first and second priority liens and security interests on substantially all of our assets, including mortgage liens on oil and natural gas properties having at least 85 % of the PV- 9 (determined using commodity price assumptions by the administrative agent of the Credit Facility) of the borrowing base properties (with respect to the Credit Facility) or the oil and gas properties constituting proved reserves as set forth in the most recent reserve report (with respect to the Second Lien). If we are unable to repay our indebtedness under the Debt Facilities, (including any amount of borrowings in excess of the borrowing base resulting from a redetermination of our Credit Facility), the lenders could seek to foreclose on substantially all our assets. ~~We have written down the carrying values on our oil and natural gas properties in the past and could incur additional write-downs in the future.~~ SEC accounting rules require that on a quarterly basis we review the carrying value of our oil and natural gas properties for possible write- down or impairment (the " ceiling test "). Any capital costs in excess of the ceiling amount must be permanently written down. If oil and natural gas prices remain low for an extended period of time, we could be required to record additional non- cash write- downs of our oil and gas properties. For example, due to the effects of pricing and timing of projects we reported a non- cash impairment write- down, on a pre- tax basis, of \$ 355.9 million for the year ended December 31, 2020. While the demand for and price of oil and natural gas has generally recovered from the lows experienced in 2020, if future capital expenditures outpace future discounted net cash flow in our reserve calculations, if we have significant declines in our oil and natural gas reserves volumes (which also reduces our estimate of discounted future net cash flow from proved oil and natural gas reserves) or if oil or natural gas prices decline, it is possible that non- cash write- downs of our oil and natural gas properties will occur again in the future. We cannot control and cannot predict what future prices for oil and natural gas will be; therefore, we cannot estimate the amount of any potential future non- cash write- down of our oil and natural gas properties due to decreases in oil or natural gas prices. However, it is reasonably possible that we will record additional ceiling test write- downs in future periods. Refer to Note 1 of the consolidated financial statements in this Form 10- K for further discussion of the ceiling test calculation. ~~A worldwide financial downturn or negative credit market conditions may impact our counterparties and have lasting effects on our liquidity, business and financial condition that we cannot control or predict.~~ We may be adversely affected by uncertainty in the global financial markets and a worldwide economic downturn. Our future results may be impacted by a worldwide economic downturn, continued volatility or deterioration in the debt and equity capital markets, changes in interest rates, continued high inflation, deflation or other adverse economic conditions that may negatively affect us or parties with whom we do business. Such circumstances may increase the credit and performance risk associated with our purchasers, suppliers, insurers, and commodity derivative counterparties under the terms of contracts or financial arrangements we have with them. Additionally, our assessment of these counterparty risks is hindered by swings in the financial markets. The same circumstances may adversely impact insurers and their ability to pay current and future insurance claims that we may have. The global economic environment, including high inflation and continued increases in interest rates, may also adversely impact our future access to capital. Tightening credit markets have affected, and may continue to affect, the oil and gas markets more strongly than other industries. In addition, long- term restriction upon or freezing of the capital markets and legislation related to financial and banking reform may affect short- term or long- term liquidity. Due to the above- listed factors, we cannot be certain that additional funding will be available if needed and, to the extent required, on acceptable terms. ~~Our hedging program may limit potential gains from increases in commodity prices, result in losses, or be inadequate to protect us against continuing and prolonged declines in commodity prices.~~ We enter into arrangements to hedge a portion of our production from time to time to reduce our exposure to fluctuations in oil, natural gas and natural gas liquids prices and to achieve more predictable cash flow. As of December 31, **2022-2023**, we were over 50 % hedged in both oil and gas production over the next 24 months consistent with the covenant under our Debt Facilities. Our hedges were in the form of collars, swaps, put and call options, basis swaps, and other structures placed with the commodity trading branches of certain national banking institutions and with certain other commodity trading groups. These hedging arrangements may limit the benefit we could receive from increases in the market or spot prices for oil, natural gas and natural gas liquids. We cannot be certain that the hedging transactions we have entered into, or will enter into, will adequately protect us from continuing volatility or prolonged declines in oil and natural gas prices. To the extent that oil and natural gas prices remain volatile or decline further, we would not be able to hedge future production at the same pricing level as our current hedges and our results of operations and financial condition may be negatively impacted. In addition, our hedging transactions expose us to risk of financial loss if a counterparty fails to perform under a derivative contract, particularly during periods of falling commodity prices. Disruptions in the financial markets or other factors outside our control could lead to sudden decreases in a counterparty' s liquidity, which could make them unable to perform under the terms of the derivative contract. We are unable to predict sudden changes in a counterparty' s creditworthiness or ability to perform, and even if we do accurately predict sudden changes, our ability to negate the risk may be limited depending on market conditions at the time. If the creditworthiness of any of our counterparties deteriorates and results in their nonperformance, we

could incur a significant loss. ~~Legal and Regulatory Risks: Pollution and property contamination arising from the Company's operations and the nearby operations of other oil and natural gas operators could expose the Company to significant costs and liabilities.~~ The performance of the Company's operations may result in significant environmental costs and liabilities as a result of handling of petroleum hydrocarbons and wastes, because of air emissions and wastewater or other fluid discharges related to operations, and due to historical industry operations and waste disposal practices. Spills or other unauthorized releases of regulated substances by or resulting from the Company's operations, or the nearby operations of other oil and natural gas operators, could expose the Company to material losses, expenditures and liabilities under environmental laws and regulations. Certain of the properties upon which the Company conducts operations were acquired from third parties, whose actions with respect to the management and disposal or release of hydrocarbons, hazardous substances or wastes at or from such properties were not under the Company's control. Moreover, certain of these laws may impose strict liability, which means that in some situations the Company could be exposed to liability as a result of the Company's conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, prior operators or other third parties. Neighboring landowners and other third parties may file claims against the Company for personal injury or property damage allegedly caused by the release of pollutants into the environment. New laws and regulations, amendment of existing laws and regulations, reinterpretation of legal requirements or increased governmental enforcement relating to environmental requirements may occur, resulting in the occurrence of restrictions, delays or cancellations in the permitting or performance of new or expanded projects, or more stringent or costly well drilling, construction, completion or water management activities or waste handling, storage, transport, disposal or cleanup requirements. Any of these developments could require the Company to make significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on the oil and natural gas exploration and production industry in general in addition to the Company's own results of operations, competitive position or financial condition. The Company may not be able to recover some or any of its costs with respect to such developments from insurance - ~~Government regulation of the Company's activities could adversely affect the Company and its operations.~~ The oil and natural gas business is subject to extensive governmental regulation under which, among other things, rates of production from oil and natural gas wells may be regulated. Governmental regulation also may affect the market for the Company's production and operations. Costs of compliance with governmental regulation are significant, and the cost of compliance with new and emerging laws and regulations and the incurrence of associated liabilities could adversely affect the results of the Company. Numerous executive, legislative and regulatory proposals affecting the oil and natural gas industry have been introduced, are anticipated to be introduced, or are otherwise under consideration, by the President, Congress, state legislatures and various federal and state agencies. We cannot predict the timing or impact of new or changed laws, regulations, or permit requirements or changes in the ways that such laws, regulations, or permit requirements are enforced, interpreted or administered. For example, various governmental agencies, including the EPA and analogous state agencies, the federal Bureau of Land Management ("BLM"), and the Federal Energy Regulatory Commission can enact or change, begin to enforce compliance with, or otherwise modify their enforcement, interpretation or administration of, certain regulations that could adversely affect the Company. Additionally, the current presidential administration may increase the likelihood of potential changes in these laws and regulations and the enforcement of any existing legislation or directives by government authorities. The trend toward stricter standards, increased oversight and regulation and more extensive permit requirements, along with any future laws and regulations, could result in increased costs or additional operating restrictions which could have an effect on the Company, its operations, the demand for oil and natural gas, or the prices at which it can be sold. However, until such legislation or regulations are enacted into law or adopted and thereafter implemented, it is not possible to gauge their impact on our future operations or our results of operations and financial condition. ~~The Company's operations are subject to environmental and worker safety and health laws and regulations that may expose the Company to significant costs and liabilities and could delay the pace or restrict the scope of the Company's operations.~~ The Company's oil and natural gas exploration, production and development operations are subject to stringent federal, state and local laws and regulations governing worker safety and health, the release or disposal of materials into the environment or otherwise relating to environmental protection. Numerous governmental entities, including the EPA, OSHA and analogous state agencies, have the power to enforce compliance with these laws and regulations, which may require the Company to take actions resulting in costly capital and operating expenditures at its wells and properties. These laws and regulations may restrict or affect the Company's business in many ways, including applying specific health and safety criteria addressing worker protection, requiring the acquisition of a permit before drilling or other regulated activities commence, restricting the types, quantities and concentration of substances that can be released into the environment, limiting or prohibiting construction or drilling activities on certain lands lying within wilderness, wetlands and other protected areas, and imposing substantial liabilities for pollution resulting from the Company's operations. Failure to comply with these laws and regulations may result in the assessment of sanctions, including administrative, civil and criminal penalties, the imposition of investigative, remedial or corrective action obligations, the occurrence of restrictions, delays or cancellations in the permitting, development or expansion of projects, and the issuance of orders enjoining performance of some or all of the Company's operations in a particular area. We could be exposed to liabilities for cleanup costs, natural resource damages, and other damages under these laws and regulations, with certain of these legal requirements imposing strict liability for such damages and costs, even though the conduct in pursuing the Company's operations was lawful at the time it occurred or the conduct resulting in such damage and costs were caused by prior operators or other third-parties. Over time, environmental laws and regulations in the United States protecting the environment generally have become more stringent and are expected to continue to do so in the future. If existing environmental regulatory requirements or enforcement policies change or new regulatory or enforcement initiatives are developed and implemented in the future, the Company may be required to make significant, unanticipated capital and operating expenditures with respect to its continued operations. Moreover, these risks are likely to be enhanced under the current presidential administration. Examples of recent environmental regulations include the

following:

- **Ground- Level Ozone Standards.** In 2015, the EPA issued a final rule under the CAA, lowering the National Ambient Air Quality Standard (“NAAQS”) for ground- level ozone from 75 parts per billion to 70 parts per billion under both the primary and secondary standards to provide requisite protection of public health and welfare, respectively. Since that time, the EPA has issued area designations with respect to ground- level ozone and final requirements that apply to state, local, and tribal air agencies for implementing the 2015 NAAQS for ground- level ozone. State implementation of the revised NAAQS could, among other things, require installation of new emission controls on some of the Company’ s equipment, result in longer permitting timelines, and significantly increase the Company’ s capital expenditures and operating costs arising from the program’ s operations.
- **EPA Review of Drilling Waste Classification.** Drilling, fluids, produced water and most of the other wastes associated with the exploration, development and production of oil or natural gas, if properly handled, are currently exempt from regulation as hazardous waste under the RCRA and instead, are regulated under RCRA’ s less stringent non-hazardous waste provisions. However, it is possible that certain oil and natural gas drilling and production wastes now classified as non- hazardous could be classified as hazardous wastes in the future. Any future loss of the RCRA exclusion for drilling fluids, produced waters and related wastes could result in an increase in the Company’ s costs to manage and dispose of generated wastes, which could have a material adverse effect on the industry as well as on the Company’ s business.
- **Federal Jurisdiction over Waters of the United States.** In 2015, the EPA and U. S. Army Corps of Engineers (“Corps”) under the Obama Administration released a final rule outlining federal jurisdictional reach under the Clean Water Act, over waters of the United States, including wetlands. However, the EPA rescinded this rule in 2019 and promulgated the Navigable Waters Protection Rule in 2020. The Navigable Waters Protection Rule defined what waters qualify as navigable waters of the United States and are under Clean Water Act jurisdiction. This new rule has generally been viewed as narrowing the scope of waters of the United States as compared to the 2015 rule, but litigation in multiple federal district courts is currently challenging the rescission of the 2015 rule and the promulgation of the Navigable Waters Protection Rule. In June 2021, the Biden Administration announced plans to develop its own definition for jurisdictional waters, and in August 2021, a federal judge for the U. S. District Court for the District of Arizona issued an order striking down the Navigable Water Protection Rule. On December 7, 2021, the U. S. Environmental Protection Agency and the Department of the Army announced a proposed rule to revise the definition of “waters of the United States,” which would return to the 2015 definition of “waters of the United States,” updated to reflect consideration of Supreme Court decisions. On January 24, 2022, the Supreme Court agreed to consider the scope of the Clean Water Act again in *Sackett v. EPA*. To the extent that a revised rule or Supreme Court decision expands the scope of the Clean Water Act’ s jurisdiction in areas where the Company conducts operations, the Company could incur increased costs and restrictions, delays or cancellations in permitting or projects, which developments could expose it to significant costs and liabilities. Additionally, the federal Occupational Safety and Health Act and analogous state occupational safety and health laws require the program manager to organize information about materials, some of which may be hazardous or toxic, that are used, released or produced in the Company’ s operations. Moreover, the OSHA hazard communication standard, the EPA community right- to- know regulations under Title III of the federal Superfund Amendment and Reauthorization Act and comparable state statutes require that information be maintained concerning hazardous materials used or produced in the Company’ s operations and that this information be provided to employees, state and local government authorities and citizens. Compliance of the Company with these regulations or other laws, regulations and regulatory initiatives, or any other new environmental and occupational health and safety legal requirements could, among other things, require the Company to install new or modified emission controls on equipment or processes, incur longer permitting timelines, and incur significantly increased capital or operating expenditures, which costs may be significant. Moreover, any failure of the Company’ s operations to comply with applicable environmental laws and regulations may result in governmental authorities taking actions against the Company that could adversely impact its operations and financial condition. ~~The ESA and other restrictions intended to protect certain species of wildlife govern our oil and natural gas operations, which constraints could have an adverse impact on our ability to expand some of our existing operations or limit our ability to explore for and develop new oil and natural gas wells. The ESA and~~ comparable state laws and other regulatory initiatives restrict activities that may affect endangered or threatened species or their habitats. Similar protections are offered to migrating birds under the federal Migratory Bird Treaty Act and the Bald and Golden Eagle Protection Act. Some of the Company’ s operations may be located in or near areas that are designated as habitat for endangered or threatened species and, in these areas, the Company may be obligated to develop and implement plans to avoid potential adverse effects to protected species and their habitats, and the Company may be prohibited from conducting operations in certain locations or during certain seasons, such as breeding and nesting seasons, when its operations could have an adverse effect on the species. It is also possible that a federal or state agency could order a complete halt to the Company’ s drilling activities in certain locations if it is determined that such activities may have a serious adverse effect on a protected species. Moreover, the U. S. Fish and Wildlife Service, may make determinations on the listing of species as endangered or threatened under the ESA pursuant to specific timelines. The identification or designation of previously unprotected species as threatened or endangered or the redesignation of lesser protected species in areas where underlying property operations are conducted could cause the Company to incur increased costs arising from species protection measures, time delays or limitations or cancellations on its exploration and production activities, which costs, delays, limitations or cancellations could have an adverse impact on the Company’ s ability to develop and produce reserves. If the Company were to have a portion of its leases designated as critical or suitable habitat, it could adversely impact the value of its leases. ~~Federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays in the completion of oil and natural gas wells and adversely affect the Company’ s production.~~ Hydraulic fracturing is an important and common practice that is used to stimulate production of gas and / or oil from dense subsurface rock formations. The hydraulic fracturing process involves the injection of water, sand or other proppant and chemical additives under pressure into targeted subsurface formations to fracture the surrounding rock and stimulate production.

The Company uses hydraulic fracturing techniques in certain of its operations. Hydraulic fracturing typically is regulated by state oil and gas commissions or similar state agencies, but several federal agencies have conducted studies or asserted regulatory authority over certain aspects of the process. For example, in late 2016, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources, concluding that “ water cycle ” activities associated with hydraulic fracturing may impact drinking water resources under some circumstances. Additionally, the EPA has asserted regulatory authority pursuant to the SDWA Underground Injection Control (“ UIC ”) program over hydraulic fracturing activities involving the use of diesel and issued guidance covering such activities as well as published an Advance Notice of Proposed Rulemaking regarding Toxic Substances Control Act reporting of the chemical substances and mixtures used in hydraulic fracturing. The EPA also issued final regulations in 2012 and in 2016 under the CAA that govern performance standards, including standards for the capture of methane and volatile organic compound (“ VOC ”) air emissions released during oil and natural gas hydraulic fracturing. While the EPA rescinded parts of the 2016 regulations in 2020, they were subsequently reinstated in July 2021. In November 2021, the EPA expanded upon the performance standards to impose more stringent methane and volatile organic compound emission standards for new, reconstructed and modified sources in the oil and natural gas industry and to create guidelines for existing oil and natural gas sources to be included in individual states' implementation plans. Additionally, in December 2022-2023, the EPA issued-adopted a final rule supplemental proposal to further expand-expanding the standards. Moreover, the EPA has published an effluent limit guideline final rule prohibiting the discharge of wastewater from onshore unconventional oil and natural gas extraction facilities to publicly owned wastewater treatment plants. Also, the BLM published a final rule in 2015 that established new or more stringent standards relating to hydraulic fracturing on federal and American Indian lands but the BLM rescinded the 2015 rule in late 2017; however, litigation challenging the BLM' s decision to rescind the 2015 rule remains pending in the U. S. Court of Appeals for the Ninth Circuit. From time to time, legislation has been considered, but not adopted, in the U. S. Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the hydraulic fracturing process. Moreover, these risks are likely to be enhanced under the current presidential administration. Additionally, a bill was introduced in the Senate on January 28, 2020 that, if enacted as proposed, would ban hydraulic fracturing nationwide by 2025. In addition, certain states, including Texas where we conduct operations, have adopted, and other states are considering adopting legal requirements that could impose new or more stringent permitting, public disclosure, or well construction requirements on hydraulic fracturing activities. States could elect to place certain prohibitions on hydraulic fracturing, following the approach taken by the States of Maryland, New York and Vermont. Local governments also may seek to adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular. If new or more stringent federal, state, or local laws, regulations, presidential executive orders or other legal restrictions relating to the hydraulic fracturing process are adopted in areas where the Company operates, the Company could incur potentially significant added costs to comply with such requirements, experience restrictions, delays or cancellation in the pursuit of exploration, development or production activities, and perhaps even be precluded from drilling wells. Increased regulation and attention given to the hydraulic fracturing process could lead to greater opposition to, and litigation concerning, oil and natural gas production activities using hydraulic fracturing techniques. Additional legislation or regulation could also lead to added restrictions, delays or cancellations with respect to our operations or increased operating costs in our production of oil and natural gas. The adoption of any federal, state or local laws or the implementation of regulations restricting or banning some or all of hydraulic fracturing could result in delays, eliminate certain drilling and injection activities and prohibit or make more difficult or costly the performance of hydraulic fracturing. These developments could adversely affect demand for our production and have a material adverse effect on our business or results of operations. ~~Federal or state legislative and regulatory initiatives related to induced seismicity could result in operating restrictions or delays that could adversely affect the Company' s production of oil and natural gas.~~ Operations associated with our production and development activities generate drilling muds, produced waters and other waste streams, some of which may be disposed of by means of injection into underground wells situated in non-producing subsurface formations. These disposal wells are regulated pursuant to the UIC program established under the SDWA and analogous state laws. The UIC program requires permits from the EPA or an analogous state agency for construction and operation of such disposal wells, establishes minimum standards for disposal well operations, and restricts the types and quantities of fluids that may be disposed. While these permits are issued pursuant to existing laws and regulations, these legal requirements are subject to change based on concerns of the public or governmental authorities regarding such disposal activities. One such concern relates to seismic events near underground disposal wells used for the disposal by injection of produced water or certain other oilfield fluids resulting from oil and natural gas activities. Developing research suggests that the link between seismic activity and produced water disposal may vary by region, and that only a very small fraction of the tens of thousands of injection wells have been suspected to be, or may have been, the likely cause of induced seismicity. In 2016, the United States Geological Survey identified Texas, where the Company conducts operations, as one of six states with more significant rates of induced seismicity. Since that time, the United States Geological Survey indicates that this rate has decreased in Texas, although concern continues to exist over earthquakes arising from induced seismic activities. In response to concerns regarding induced seismicity, regulators in some states have imposed, or are considering imposing, additional requirements in the permitting of produced water disposal wells or otherwise to assess any relationship between seismicity and the use of such wells. For example, Oklahoma has issued rules for produced water disposal wells that imposed certain permitting and operating restrictions and reporting requirements on disposal wells in proximity to faults and also, from time to time, is developing and implementing plans directing certain wells where seismic incidents have occurred to restrict or suspend disposal well operations. In Texas, the Railroad Commission of Texas has adopted similar rules for the permitting of produced water disposal wells. Another consequence of seismic events may be lawsuits alleging that disposal well operations have caused damage to neighboring properties or otherwise violated state and federal rules regulating waste disposal. These developments could result

in additional regulation and restrictions on the use of injection wells in connection with Company activities to dispose of produced water and certain other oilfield fluids. Increased regulation and attention given to induced seismicity also could lead to greater opposition, including litigation, to oil and natural gas activities utilizing injection wells for waste disposal. Any one or more of these developments may result in the Company having to limit disposal well volumes, disposal rates or locations, or require third party disposal well operators the Company may engage to dispose of produced water generated by Company activities to shut down disposal wells, which development could adversely affect the Company's production or result in the Company incurring increased costs and delays with respect to Company operations. ~~The Company's operations are subject to a number of risks arising out of the threat of climate change that could increase operating costs, limit the areas in which oil and natural gas production may occur, and reduce demand for the oil and natural gas the Company produces.~~ Climate change continues to attract considerable public, governmental and scientific attention. As a result, numerous proposals have been made and are likely to continue to be made at the international, national, regional and state levels of government to monitor and limit emissions of GHGs as well as to restrict or eliminate such future emissions. As a result, our operations, as well as the operations of our oil and natural gas exploration and production customers, are subject to a series of regulatory, political, litigation, and financial risks associated with the production and processing of fossil fuels and emission of GHGs. At the federal level, no comprehensive climate change legislation has been implemented to date. However, the EPA has determined that emissions of GHGs present an endangerment to public health and the environment and has adopted regulations under existing provisions of the CAA that, among other things, establish Prevention of Significant Deterioration construction and Title V operating permit reviews for GHG emissions from certain large stationary sources, require the monitoring and annual reporting of GHG emissions from certain petroleum and natural gas system sources, implement CAA emission standards directing the reduction of methane from certain new, modified, or reconstructed facilities in the oil and natural gas sector, and together with the U. S. Department of Transportation, implement GHG emissions limits on vehicles manufactured for operation in the United States. The EPA has also ~~proposed~~ **adopted** strict new methane emission regulations for certain oil and gas facilities. Additionally, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas as GHG cap and trade programs, carbon taxes, reporting and tracking programs, and restriction of emissions. At the international level, there exists the United Nations- sponsored " Paris Agreement, " which is a non- binding agreement for nations to limit their GHG emissions through individually- determined reduction goals every five years after 2020. Although the Trump Administration had withdrawn the United States from the Paris Agreement in November 2020, the Biden Administration officially reentered the United States into the agreement in February 2021 and committed the United States to reducing its greenhouse gas emissions by 50 to 52 % from 2005 levels by 2030. In November 2021, the United States and other countries entered into the Glasgow Climate Pact, which includes a range of measures designed to address climate change, including but not limited to the phase- out of fossil fuel subsidies, reducing methane emissions 30 % by 2030, and cooperating toward the advancement of the development of clean energy. President Biden and the Democratic Party have identified climate change as a priority, and it is possible that new executive orders, regulatory action, and / or legislation targeting greenhouse gas emissions, or prohibiting, delaying or restricting oil and gas development activities in certain areas, will continue to be proposed and / or promulgated during the Biden Administration. On August 16, 2022, President Biden signed into law the Inflation Reduction Act (the " IRA "), which, among other things, contains tax inducements and other provisions that incentivize investment, development, and deployment of alternative energy sources and technologies, which could increase operating costs within the oil and gas industry and accelerate the transition away from fossil fuels. The IRA also establishes a charge on methane emissions above certain limits from the same facilities. Additionally, in January 2021, President Biden signed an executive order that, among other things, instructed 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 natural gas permitting and leasing practices. In August 2022, a federal judge for the U. S. District Court of the Western District of Louisiana issued a permanent injunction against the pause of oil and natural gas leasing on public lands or in offshore waters of the 13 plaintiff states that brought the lawsuit, which followed a June 2021 nationwide preliminary injunction by the district court that was subsequently vacated by the U. S. Court of Appeals for the Fifth Circuit. President Biden's executive order also established climate change as a primary foreign policy and national security consideration, affirms that achieving net-zero greenhouse gas emissions by or before midcentury is a critical priority, affirms the Biden Administration's desire to establish the United States as a leader in addressing climate change, generally further integrates climate change and environmental justice considerations into government agencies' decision- making, and eliminates fossil fuel subsidies, among other measures. Litigation risks are also increasing, as a number of cities, local governments, and other plaintiffs have sought to bring suit against the largest oil and natural gas exploration and production companies in state or federal court, alleging, among other things, that such companies created public nuisances by producing fuels that contributed to global warming effects, such as rising sea levels, and therefore are responsible for roadway and infrastructure damages as a result, or alleging that the companies have been aware of the adverse effects of climate change for some time but defrauded their investors by failing to adequately disclose those impacts. Should we be targeted by any such litigation or investigation, we may incur liability, which, to the extent that societal pressures or political or other factors are involved, could be imposed without regard to our causation of or contribution to the asserted damage, or to other mitigating factors. There are also increasing financial risks for fossil fuel producers, as stockholders and bondholders currently invested in fossil fuel energy companies concerned about the potential effects of climate change may elect to shift some or all of their investments into non- fossil fuel energy related investments. Institutional investors who provide capital to fossil fuel energy companies also have become more attentive to sustainability issues, and some of them may elect not to provide funding for fossil fuel energy companies. Additionally, the lending and investment practices of institutional lenders have been the subject of intensive lobbying efforts in recent years, oftentimes public in nature, by environmental activists, proponents of the international Paris Agreement, and foreign citizenry concerned about

climate change ~~not to provide~~ **prohibit** funding for fossil fuel producers. Limitation of investments in and financings for fossil fuel energy could restrict the availability of capital, resulting in the restriction, delay, or cancellation of development and production activities. The adoption and implementation of any international, federal or state laws or regulations that impose more stringent standards for GHG emissions from the oil and natural gas sector or otherwise restrict the areas in which this sector may produce oil and natural gas or generate GHG emissions could require the Company to incur increased operating costs or costs of compliance and thereby reduce demand for the oil and natural gas produced by the Company. Additionally, political, litigation, and financial risks may result in the Company restricting or cancelling development or production activities, incurring liability for infrastructure damages as a result of climate changes, or impairing its ability to continue to operate in an economic manner, which also could reduce demand for or lower the value of, the oil and natural gas the Company produces. One or more of these developments could have a material adverse effect on the Company's business, financial condition and results of operations. Finally, it should be noted that 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, floods and other climatic events. If any such effects were to occur, they could have an adverse effect on the Company's operations. For example, our exploration and development activities and ability to transport our production to market could be adversely affected, as these events could cause a loss of production from temporary cessation of activity or damaged facilities and equipment. If any such events were to occur, they could have an adverse effect on our financial condition, results of operations and cash flows.

~~At this time, the Company has not developed a comprehensive plan to address the legal, economic, social, or physical impacts of climate change on the Company's operations. Changes to the U. S. federal tax laws could adversely affect our financial position, results of operations and cash flow.~~ Our future effective tax rates could be adversely affected by changes in tax laws, both domestically and internationally, or the interpretation or application thereof. From time to time, U. S. and foreign tax authorities, including state and local governments consider legislation that could increase our effective tax rate. On August 16, 2022, the U. S. enacted the IRA, which includes several provisions that are specifically applicable to corporations. The IRA includes an annual 15 % minimum tax on corporations that have " average annual adjusted financial statement income " in excess of \$ 1 billion over a three year period. The IRA also includes a 1 % tax on publicly traded corporations on the fair market value of stock repurchased during any taxable year. Such tax applies to the extent such buybacks exceed \$ 1 million during such year, which buyback value may be offset by other stock issuances. Further, the U. S. Congress has advanced a variety of tax legislation proposals, and while the final form of any legislation is uncertain, the current proposals, if enacted, could have a material effect on our effective tax rate. Additionally, in recent years, lawmakers and the U. S. Department of the Treasury have proposed certain significant changes to U. S. tax laws applicable to oil and gas companies. These changes include, but are not limited to; (i) the repeal of the percentage depletion allowance for oil and gas properties, (ii) the elimination of current deductions for intangible drilling and development costs, and (iii) an extension of the amortization period for certain geological and geophysical expenditures. No accurate prediction can be made as to whether any such legislative changes will be proposed or enacted in the future or, if enacted, what the specific provisions or the effective date of any such legislation would be. This legislation or any future similar changes in U. S. federal income tax laws, as well as any similar changes in state law, could eliminate or postpone certain tax deductions that currently are available with respect to natural gas and oil exploration and production, which could negatively affect our results of operations and financial condition. We may not be able to utilize a portion of our ~~net operating loss carryforwards~~ ("NOLs") to offset future taxable income for U. S. federal income tax purposes, which could adversely affect our net income and cash flow. As of December 31, ~~2022~~ **2023**, we had federal NOLs of approximately \$ ~~616.679~~ **1.5** million, approximately \$ 274. 2 million of which will expire in varying amounts beginning in 2033 through 2037. Utilization of these NOLs depends on many factors, including our future taxable income, which cannot be assured. In addition, Section 382 of the Internal Revenue Code of 1986, as amended (the " Code "), imposes limitations on a corporation's ability to utilize its NOLs if it experiences an ownership change (as determined under Section 382 of the Code). Generally, an ownership change occurs if one or more shareholders (or groups of shareholders), each of whom is deemed to own five percent or more in value of a corporation's stock, increase their aggregate percentage ownership by more than 50 percent over the lowest percentage of stock owned by those shareholders at any time during the preceding three- year period. In the event of an ownership change, utilization of the NOLs would be subject to an annual limitation under Section 382. We believe we had an ownership change in August 2022 and, therefore, are subject to an annual limitation on the usage of our NOLs generated prior to the ownership change. However, we do not expect to have any of our NOLs expire before becoming available to be utilized by the Company. Management will continue to monitor the potential impact of Section 382 with respect to our NOLs. Additional changes in our future stock ownership or future regulatory changes could also limit our ability to utilize our NOLs. To the extent we are not able to offset future taxable income with our NOLs, our net income and cash flow may be adversely affected. ~~Legal proceedings could result in liability affecting our results of operations.~~ We are involved in various legal proceedings, such as title, royalty, environmental or contractual disputes, in the ordinary course of business. We defend ourselves vigorously in all such matters, if appropriate. Because we maintain a portfolio of assets in the various areas in which we operate, the complexity and types of legal proceedings with which we may become involved may vary, and we could incur significant legal and support expenses in different jurisdictions. If we are not able to successfully defend ourselves, there could be a delay or even halt in our exploration, development or production activities or other business plans, resulting in a reduction in reserves, loss of production and reduced cash flow. Legal proceedings could result in a substantial liability. In addition, legal proceedings distract management and other personnel from their primary responsibilities.

Risks Related to Ownership of ~~We value constructive input from investors and engage in dialogue with our shareholders regarding strategy and performance.~~ **Our Common Stock: There Board and senior management are committed to acting in the best interests of all of our shareholders. Publicly traded companies, including SilverBow, have increasingly become subject to campaigns by activist investors advocating corporate actions, including changes to the composition of the board of directors and**

strategic initiatives. Responding to proxy contests and other actions by such activist investors or others could be costly and time-consuming, disrupt our operations and divert the attention of our board of directors and senior management from the pursuit of our business strategies, which could materially adversely affect our financial position, operating results or cash flows. Additionally, perceived uncertainties as to our future direction as a result of investor activism or changes to the composition of the board of directors may lead to the perception of a change in the direction of our business, instability or lack of continuity which may be circumstances in which exploited by our competitors, cause concern to our current or potential customers, and make it more difficult to attract and retain qualified personnel. If customers choose to delay, defer or reduce transactions with us or transact with our competitors instead of us because of any such issues, the then interests of our financial position, operating results or significant stockholders cash flows could be materially in conflict with the interests of our other stockholders. Funds associated with Strategic Value Partners LLC (“SVP”) own approximately 18.8% of our outstanding common stock. SVP currently has a right to nominate two of our directors under our director nomination agreement described below. Our current board consists of nine directors in accordance with the Bylaws, as defined below, and existing terms of the director nomination agreement. Circumstances may arise in which these stockholders may have an interest in pursuing or preventing acquisitions, divestitures or other transactions, including the issuance of additional shares or debt, that, in their judgment, could enhance their investment in us or another company in which they invest. Such transactions might adversely affect affected us or other holders of our common stock. Furthermore----

Further, we have entered into a director nomination agreement with SVP, a former holder of our senior notes that provides for continuing nomination rights of two directors subject to conditions on share ownership. In addition, our significant concentration of share ownership may adversely affect the trading price of our common shares **could experience periods** because investors may perceive disadvantages in owning shares in companies with significant stockholders. For example, this concentration of **increased volatility** ownership may limit our other stockholders’ ability to influence corporate matters, as our significant stockholders are able to influence matters that require approval by our stockholders, including the election and removal of directors, changes to our organizational documents and approval of acquisition offers and other significant corporate transactions. Certain provisions of our Charter and our Bylaws may make it difficult for stockholders to change the composition of our Board and may discourage, delay or prevent a **result of investor activism** merger or acquisition that some stockholders may consider beneficial. Certain provisions of our Certificate of Incorporation, as amended, effective April 22, 2016 (the “Charter”), and our Second Amended and Restated Bylaws, effective October 31, 2022 (the “Bylaws”), and our existing director nomination agreement may have the effect of delaying or preventing changes in control if our Board determines that such changes in control are not in the best interests of the Company and our stockholders. The provisions in our Charter and Bylaws and our existing director nomination agreement include, among other things, those that: • provide for a classified board of directors; • authorize our Board to issue preferred stock and to determine the price and other terms, including preferences and voting rights, of those shares without stockholder approval; • establish advance notice procedures for nominating directors or presenting matters at stockholder meetings; • provide SVP the right to nominate up to two of our directors; and • limit the persons who may call special meetings of stockholders; While these provisions have the effect of encouraging persons seeking to acquire control of the Company to negotiate with our Board, they could enable the Board to hinder or frustrate a transaction that some, or a majority, of the stockholders may believe to be in their best interests and, in that case, may prevent or discourage attempts to remove and replace incumbent directors. These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board, which is responsible for appointing the members of our management. Furthermore, we have entered into a director nomination agreement with SVP, a former holder of our senior notes that provides for continuing nomination rights of two directors subject to conditions on share ownership. Additionally, on September 20, 2022, the Board adopted a stockholder rights agreement, dated as of September 20, 2022, by and between the Company and American Stock Transfer & Trust Company, LLC, as rights agent (**as amended May 16, 2023**, the “Rights Agreement”), and declared a dividend distribution of one right (each, a “Right”) and together with all such rights distributed or issued pursuant to the Rights Agreement, the “Rights”) for each outstanding share of Company common stock to holders of record on October 5, 2022. In the event that a person or group acquires beneficial ownership of 15% or more of the Company’s then-outstanding common stock, subject to certain exceptions, each Right would entitle its holder (other than such person or members of such group) to purchase additional shares of Company common stock at a substantial discount to the public market price. In addition, at any time after a person or group acquires beneficial ownership of 15% or more of the outstanding common stock, subject to certain exceptions, the Board may direct the Company to exchange the Rights (other than Rights owned by such person or certain related parties, which will have become null and void), in whole or in part, at an exchange ratio of one share of common stock per Right (subject to adjustment). While in effect, the Rights Agreement could make it more difficult for a third party to acquire control of the Company or a large block of the common stock of the Company without the approval of the Board. The Rights Agreement will expire on the earliest of (a) 5:00 p. m., New York City time, on the first business day after the **2023-2024** annual stockholders’ meeting, (b) **the 5:00 p. m., New York City time, on June 30, 2023, at which the Rights are redeemed and** (c) the time at which the Rights are redeemed and (d) the time at which the Rights are exchanged in full. Our Charter designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents. Our Charter provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our Charter or our Bylaws, or (iv) any action asserting a claim against us or

any director or officer or other employee of ours governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. The exclusive forum provision would not apply to suits brought to enforce any liability or duty created by the Securities Act of 1933, as amended (the “ Securities Act ”), or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. To the extent that any such claims may be based upon federal law claims, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. The enforceability of similar choice of forum provisions in other companies’ certificates of incorporation or similar governing documents has been challenged in legal proceedings, and it is possible that a court could find the choice of forum provisions contained in our Charter to be inapplicable or unenforceable, including with respect to claims arising under the U. S. federal securities laws. Any person or entity purchasing or otherwise holding any interest in shares of our capital stock will be deemed to have notice of, and consented to, the provisions of our Charter described in the preceding sentence. This choice of forum provision may limit a stockholder’ s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find these provisions of our Charter inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.