Risk Factors Comparison 2024-03-07 to 2023-03-15 Form: 10-K

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An investment in our common stock involves certain risks. If any of the following key risks were to develop into actual events, it could have a material adverse effect on our financial position, results of operations and cash flows. In any such circumstance and others described below, the trading price of our securities could decline and you could lose part or all of your investment. Risk Factors Summary The following is a summary of the material risk factors that could adversely affect our business, financial condition, and results of operations: ~~•~~ Risks Relating to the Oil and Natural Gas Industry and Our Business ◦ Oil, natural gas and NGL prices fluctuate widely due to a number of factors that are beyond our control ◦ Drilling for and producing oil and natural gas are high risk activities with many uncertainties ◦ Market conditions or operational impediments may hinder our access to oil, natural gas and NGL markets or delay production ◦ A financial downturn could negatively affect our business, results of operations, financial condition, cash flows and access to capital ◦ Future drilling activities face substantial uncertainties ◦ Certain of our undeveloped acreage is subject to leases that will expire over the next several years unless production is established on units containing the acreage or we renew the leases ◦ We may be unable to obtain needed capital or financing on satisfactory terms, which could lead to a loss of properties and our ability to offset the natural decline in our oil, natural gas and NGL reserves ◦ Future commodity price declines may result in reductions of the asset carrying values of our oil and natural gas properties ◦ Significant inaccuracies in our reserve estimates or underlying assumptions could materially affect the quantities and present value of our reserves ◦ The loss of senior management or technical personnel or our inability to hire additional qualified personnel could adversely affect our operations ◦ We are subject to litigation and adverse outcomes in such litigation could have a material effect on our financial condition ◦ Changes affecting the availability of the London Inter- bank Offered Rate (" LIBOR ") may have consequences for us that cannot yet be reasonably predicted ◦ The present value of future net cash flows from our proved reserves are not the same as the current market value of our estimated oil, natural gas and NGL reserves ◦ We will not know conclusively prior to drilling whether oil or natural gas will be present in sufficient quantities to be economically producible ◦ Production of oil, natural gas and NGLs could be materially and adversely affected by natural disasters or severe weather ◦ **Our business could be affected by macroeconomic risks ◦** Capital market volatility could adversely affect our ability to obtain capital, cause us to incur additional financing expense or affect the value of certain assets ◦ Properties we acquire may not produce as projected, and we may be unable to determine reserve potential, identify liabilities associated with the properties or obtain protection from sellers against them ◦ All of our operations are located in the Mid- Continent region, making us vulnerable to risks associated with operating in a limited number of major geographic areas ◦ Oil and natural gas wells are subject to operational hazards that can cause substantial losses for which we may not be adequately insured ◦ Shortages or increases in costs of equipment, services and qualified personnel could adversely affect our ability to execute our development plans ◦ Intense competition in the oil and natural gas industry may adversely affect our ability to succeed ◦ Seismic data may not accurately identify the presence of oil and natural gas, and the use of such technology requires greater predrilling expenditures ◦ Inflation may increase costs which can adversely impact cash flows and reserves value ◦ Disruptions or delays at our third- party service providers could adversely impact our operations ◦ Complex laws and regulations could adversely affect the cost, manner or feasibility of conducting our operations or expose us to significant liabilities ◦ Should we fail to comply with all applicable statutes, rules, regulations and orders of the FERC, the CFTC, the FTC or other regulators, we could be subject to substantial penalties and fines ◦ Our operations are subject to environmental and occupational safety and health laws and regulations that could adversely affect the cost, manner or feasibility of conducting operations ◦ Legislative or regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays and adversely affect our production ◦ Legislative or regulatory initiatives relating to seismic activity could limit our ability to produce oil and natural gas economically ◦ Climate change laws and regulations restricting emissions of GHGs could result in increased operating costs and reduced demand for the oil and natural gas that we produce ◦ Our failure to maintain an adequate system of internal control over financial reporting could adversely affect our ability to accurately report our results ◦ Our derivative activities could result in financial losses and are subject to new derivatives legislation and regulation, which could adversely affect our ability to hedge risks associated with our business ◦ **Cybersecurity incidents** ~~Cyber- attacks~~ or other failures in telecommunications or IT systems could result in information theft, data corruption and significant disruption of our business operations ◦ Repercussions from terrorist activities or armed conflict could harm our business ◦ Conservation measures and technological advances could reduce demand for oil and natural gas ◦ Events outside of our control, including an epidemic or outbreak of an infectious disease ~~, such as COVID- 19~~ , may materially adversely affect our business • Risks Relating to our NOLs ◦ Our ability to use our NOLs may be limited, and our Tax Benefits Preservation Plan may not prevent an ownership change resulting in loss of the Company' s NOLs • Risks Relating to our Common Stock ◦ We have adopted a Tax Benefits Preservation Plan, which may discourage a corporate takeover ◦ Anti- takeover provisions in our charter documents may make it more difficult to acquire us, even though such acquisitions may be beneficial to our stockholders For a more complete discussion of the material risk factors relevant to us, see below. Oil, natural gas and NGL prices fluctuate widely due to a number of factors that are beyond our control. Declines in oil, natural gas or NGL prices significantly affect our financial condition and results of operations. Our revenues, profitability and cash flow are highly dependent upon the prices we realize from the sale of oil, natural gas and NGLs. Historically, the markets for these commodities are very volatile. Prices for oil, natural gas and NGLs can move quickly and fluctuate widely in response to a variety of factors that are beyond our control. These factors include, among others: • changes in regional, domestic and foreign supply of, and demand for, oil, natural gas and NGLs, as well as perceptions of supply of, and demand for, oil, natural gas and NGLs generally; • the price and quantity of foreign imports; • the amount of exports from the U. S.; • U. S. and worldwide political and economic conditions, including armed conflict and related sanctions; • the level of global and U. S. inventories and reserves; • weather conditions and seasonal trends; • anticipated future prices of oil, natural gas and NGLs, alternative fuels and other commodities; • technological advances affecting energy consumption and energy supply; • the proximity, capacity, cost and availability of pipeline infrastructure, treating, transportation and refining capacity; • natural disasters and other extraordinary events; • domestic and foreign governmental regulations and taxation; • energy conservation and environmental measures; • the price and availability of alternative fuels and energy sources; • the strength or weakness of the U. S. dollar to other currencies; • inflation and ability to acquire critical material, equipment or services in a timely or cost effective manner; and • availability of capital or level of hedging across the energy industry in the U. S. and internationally. These factors and the volatility of the energy markets, which we expect will continue, make it extremely difficult to predict future oil, natural gas and NGL price movements with any certainty. For oil, from January ~~2018~~ **2019** through December ~~2022~~ **2023**, the NYMEX West Texas Intermediate (" WTI") settled price fluctuated between a high of $ 123. 64 per Bbl and a low of $ (36. 98) per Bbl. For natural gas, from January ~~2018~~ **2019** through December ~~2022~~ **2023**, the ~~month- end~~ NYMEX Henry Hub ~~settled~~ **spot** ~~price~~ **prices** fluctuated between a high of $ 24. ~~74~~ **77** per Mcf and a low of $ 1. 38 per Mcf. In addition, the market price of natural gas is generally higher in the winter months than during other months of the year due to increased demand for natural gas for heating purposes during the winter season. For NGLs, prices exhibited similar volatility from January ~~2018~~ **2019** through December ~~2022~~ **2023**. Drilling for and producing oil and natural gas are high risk activities with many uncertainties that could adversely affect our business, financial condition or results of operations. Drilling for oil and natural gas can be unprofitable if dry wells are drilled and if productive wells do not produce sufficient revenues to return a profit. Furthermore, even if sufficient amounts of oil or natural gas exist, we may damage the potentially productive hydrocarbon bearing formation or experience mechanical difficulties while drilling or completing the well, resulting in a reduction in production from the well or abandonment of the well. Decisions to develop properties depend in part on the evaluation of data obtained through geophysical and geological analyses, production data and engineering studies, the results of which are often inconclusive or subject to varying interpretations. The estimated cost of drilling, completing and operating wells is uncertain before drilling commences. Overruns in budgeted expenditures are common risks that can make a particular project uneconomical. In addition, our drilling and producing operations may be curtailed, delayed or canceled as a result of various factors, including among others the following: • reductions in oil, natural gas and NGL prices; • delays imposed by or resulting from compliance with regulatory requirements including permitting; • unusual or unexpected geological formations and miscalculations; • shortages of or delays in obtaining equipment and qualified personnel; • shortages of or delays in obtaining water and sand for hydraulic fracturing operations; • equipment malfunctions, failures or accidents; • lack of available gathering or midstream facilities or delays in construction of gathering or midstream facilities; • lack of available capacity on interconnecting transmission pipelines; • lack of adequate electrical infrastructure and water disposal capacity; • unexpected operational events and drilling conditions; • pipe or cement failures and casing collapses; • pressures, fires, blowouts and explosions; • lost or damaged drilling and service tools; • loss of drilling fluid circulation; • uncontrollable flows of oil, natural gas, brine, water or drilling fluids; • natural disasters; • environmental hazards, such as oil spills and natural gas leaks, pipeline or tank ruptures, encountering naturally occurring radioactive materials and unauthorized discharges of brine, well stimulation and completion fluids, toxic gases or other pollutants into the surface and subsurface environment; • high costs, shortages or delivery delays of equipment, labor or other services, or water used in hydraulic fracturing; • compliance with environmental and other governmental requirements; • adverse weather conditions such as extreme cold, fires caused by extreme heat or lack of rain, and severe storms, tornadoes or hurricanes; • oil and natural gas property title problems; • market and midstream limitations for oil, natural gas and NGLs; • unexpected subsurface conditions; • lack of qualified labor; • lack of hydrocarbon content; and • low pressure, depletion from existing wells, parent / child effect, or other conditions that may reduce ultimate recovery of reserves. Certain of these risks can cause substantial losses, including personal injury or loss of life, damage to or destruction of property, natural resources and equipment, environmental contamination or loss of wells and regulatory fines or penalties. Market conditions or operational impediments may hinder our access to oil, natural gas and NGL markets or delay production of oil, natural gas and NGLs. Market conditions or a lack of satisfactory oil and natural gas transportation arrangements may hinder our access to oil, natural gas and NGL markets or delay production of oil, natural gas and NGLs. The availability of a ready market for our oil, natural gas and NGL production depends on a number of factors, including the demand for and supply of oil, natural gas and NGLs and the proximity of reserves to pipelines and terminal facilities. Our ability to market our production depends, in substantial part, on the availability and capacity of gathering systems, pipelines and treating facilities for oil, natural gas and NGLs as well as gathering systems, treating facilities and disposal wells for water produced alongside the hydrocarbons. Our failure to obtain such services on acceptable terms in the future or to expand our midstream assets could have a material adverse effect on our business. We may be required to shut in wells for a lack of a market or because access to natural gas pipelines, gathering system capacity, treating facilities or disposal wells may be limited or unavailable. We would be unable to realize revenue from any shut- in wells until production arrangements were made to deliver the production to market. A financial downturn could negatively affect our business, results of operations, financial condition, cash flows and access to capital. Actual or anticipated declines in domestic or foreign economic growth rates, regional or worldwide increases in tariffs or other trade restrictions, turmoil affecting the U. S. or global financial system and markets and a severe economic contraction either regionally or worldwide, resulting from a variety of factors ~~including COVID- 19,~~ could materially affect our business and financial condition and impact our ability to finance operations or acquisitions by worsening the actual or anticipated future drop in worldwide commodity demand, negatively impacting the price we receive for our oil and natural gas production. Negative economic conditions could also adversely affect the collectability of our trade receivables or performance by our vendors and suppliers. All of the foregoing may adversely affect our business, financial condition, results of operations, and cash flows.

Future drilling activities face substantial uncertainties. Our ability to drill and develop wells on our existing acreage depends on a number of uncertainties, including oil, natural gas and NGL prices, availability of qualified labor, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, drilling results, lease expirations, gathering and midstream system and pipeline transportation constraints, access to and availability of water sourcing and distribution systems, regulatory approvals and other factors. Because of these uncertain factors, we do not know if certain locations will ever be drilled or if we will be able to produce natural gas or oil from any of our potential locations. Certain of our undeveloped acreage is subject to leases that will expire over the next several years unless production is established on units containing the acreage or we renew the leases. A portion of our acreage is undeveloped and subject to leases that will expire unless we exercise our contractual rights to extend or renew the terms of the leases or we establish production in paying quantities prior to expiration. Our ability to establish production in paying quantities on or renew our expiring leases is based on various factors that may be beyond our control, such as the availability and cost of capital, equipment, services and personnel; the ability to renew leases on commercially favorable terms or at all; market prices of oil and natural gas; drilling costs and results; and production costs, among other factors. Renewing such leases may cause us to incur additional costs. If we are unable to establish production in paying quantities on or renew such leases, those leases will expire, and we will lose our right to participate in the development of the subject leases, which may adversely affect our results of operations. As of December 31, ~~2022~~ **2023** , we hold **364** ~~approximately 365~~ , ~~000~~ **201** total net acres (including developed and undeveloped net acres), of which ~~27~~ **26** , ~~011~~ **070** net aces is undeveloped. Of our undeveloped acreage, less than 5 % are subject to expiration at the end of their primary terms. For additional information on our developed and undeveloped acreage please see the section " Item 1. Business — Developed and Undeveloped Acreage. " Our development operations or ability to acquire oil and gas properties and reserves require substantial capital. Outside of our cash assets, **if we need to obtain additional capital,** we may be unable to obtain needed capital or financing on satisfactory terms, which ~~could~~ **would** lead to a loss in our ability to offset the natural decline in our oil, natural gas and NGL reserves, which would adversely affect our business, financial condition and results of operations. The oil and natural gas industry is capital intensive. Our future oil, natural gas and NGL reserves and production **are naturally depleting resources** , ~~and therefore~~ **which in turn impacts** our cash flow and income ~~, are~~ **. Our ability to offset these declines may be** highly dependent on our success in efficiently developing ~~and exploiting~~ our **undeveloped assets,** ~~current estimated proved reserves~~ and finding or acquiring additional economically recoverable reserves. We ~~make~~ **have historically utilized** substantial capital expenditures in our business and operations for the acquisition, development and production of oil, natural gas and NGL reserves ~~. Historically~~ , ~~we~~ **and** have financed capital expenditures primarily ~~with~~ **from** cash generated by operations, credit facility borrowings and proceeds from asset sales. In particular, cash flow from operations were $ **115. 6 million and $** 164. 7 ~~million and $ 110. 3~~ million for the years ended December 31, **2023 and** 2022 ~~and 2021~~ , respectively. **We are not actively trying** ~~The capital markets that we have historically accessed have recently been and may continue~~ to **raise** ~~be constrained to such an extent that~~ debt or equity capital ~~raises are practically unfeasible~~ **at this time, with current projected activity for the year financed by cash flow from operations or cash held on the balance sheet** . ~~If~~ **However, a change in economic conditions or the need to access additional capital may be necessary in the future, and if** the debt and ~~equity~~ capital markets are not accessible, we may be unable to implement our development plans or otherwise carry out our business strategy as expected. Our cash flow from operations and access to capital are subject to a number of variables, including: • the prices at which oil, natural gas and NGLs are sold; • our proved reserves; • the level of oil, natural gas and NGLs we are able to produce from existing wells; • our ability to acquire, locate and produce new reserves; and • our capital and operating costs. Further, we may not be able to develop, find or acquire additional reserves to replace our current and future production at acceptable costs, which could adversely affect our business, financial condition, access to capital and results of operations. Disruptions in the global financial and capital markets could also adversely affect our ability to obtain debt or equity financing on favorable terms, or at all. The failure to obtain additional financing could result in a curtailment of our operations relating to development of prospects, which in turn could lead to a possible loss of properties and a decline in our oil, natural gas and NGL reserves. Future price declines may result in reductions of the asset carrying values of our oil and natural gas properties. We utilize the full cost method of accounting for costs related to our oil and natural gas properties. Under this accounting method, all costs for both productive and nonproductive properties are capitalized and amortized on an aggregate basis over the estimated lives of the properties using the unit- of- production method. However, the amount of these costs that can be carried as capitalized assets is subject to a ceiling, which limits such pooled costs to the aggregate of the present value of future net revenues of proved oil, natural gas and NGL reserves attributable to proved properties, discounted at 10 %, plus the cost of unproved properties. The full cost ceiling is evaluated at the end of each quarter using the SEC prices, adjusted for the impact of derivatives accounted for as cash flow hedges, if any. The Company did not recognize any full cost ceiling impairment charges for the years ended December 31, **2023 or** 2022 ~~or 2021~~ . Cumulative full cost ceiling impairment from the Emergence Date through December 31, ~~2022~~ **2023** totaled $ 947. 1 million. If oil, natural gas and NGL prices decline further in the near term, and without other mitigating circumstances, we may experience additional losses of future net revenues, including losses attributable to quantities that cannot be economically produced at lower prices, which would likely cause us to record additional write- downs of capitalized costs of oil and natural gas properties and non- cash charges against future earnings. The amount of such future write- downs and non- cash charges could be substantial. Our estimated reserves are based on many assumptions that may turn out to be different. Any significant inaccuracies in these reserve estimates or underlying assumptions could materially affect the quantities and present value of our reserves. Our current estimates of reserves could change, potentially in material amounts, in the future. The process of estimating oil, natural gas and NGL reserves is complex and inherently imprecise, requiring interpretations of available technical data and many assumptions, including assumptions relating to production rates and economic factors such as historic oil and natural gas prices, drilling and operating expenses, capital expenditures, the assumed effect of governmental regulation and availability of funds for development expenditures. Inaccuracies in these interpretations or assumptions could materially affect the estimated quantities and present value of our reserves. See “ Business — Primary Business Operations ” in Item 1 of this report for information about our oil, natural gas and NGL reserves. Actual future production, oil, natural gas and NGL prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil, natural gas and NGL reserves will vary and could vary significantly from our estimates shown in this report, which in turn could have a negative effect on the value of our assets. In addition, from time to time in the future, we will adjust estimates of proved reserves, potentially in material amounts, to reflect production history, results of exploration and development, changes in oil, natural gas and NGL prices and other factors, many of which are beyond our control. The ability to attract and retain key personnel is critical to the success of our business and the loss of senior management or technical personnel or our inability to hire additional qualified personnel could adversely affect our operations. The success of our business depends on key personnel, including members of senior management and technical personnel. The ability to attract and retain these key personnel may be difficult in light of the uncertainties currently facing the business and changes we may make to the organizational structure to adjust to changing circumstances. The market for qualified personnel has historically been, and we expect that it will continue to be, intensely competitive. We cannot assure that we will be successful in attracting or retaining such personnel. We may need to enter into retention or other arrangements that could be costly to maintain. If executives, managers or other key personnel resign, retire or are terminated, or their service is otherwise interrupted, we may not be able to replace them in a timely manner and we could experience significant declines in productivity or effectiveness. We are subject to litigation and adverse outcomes in such litigation could have a material effect on our financial condition. We are, and from time to time may become, subject to litigation and various legal proceedings, including stockholder derivative suits, class action lawsuits and other matters, that involve claims for substantial amounts of money or for other relief or that might necessitate changes to our business or operations. Refer to Item 3. “ Legal Proceedings ” for additional information. Changes affecting the availability of the London Inter- bank Offered Rate (“ LIBOR ”) may have consequences for us that cannot yet be reasonably predicted. The LIBOR benchmark has been the subject of national, international and other regulatory guidance and proposals to reform. In July 2017, the United Kingdom Financial Conduct Authority (the authority that regulates LIBOR) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. In March 2021, ICE Benchmark Administration, the administrator for LIBOR, ceased publishing United States Dollar LIBOR (“ USD LIBOR ”) for one week and two- month tenors after December 31, 2021, and confirmed its intention to cease all remaining USD LIBOR tenors after June 30, 2023. Concurrently, the United Kingdom Financial Conduct Authority announced the cessation or loss of representativeness of the USD LIBOR tenors from those dates. The Alternative Reference Rates Committee, a group of market participants convened by the United States Federal Reserve Board and the Federal Reserve Bank of New York, has recommended the Secured Overnight Financing Rate (“ SOFR ”), a rate calculated based on repurchase agreements backed by United States Treasury securities, as its recommended alternative benchmark rate to replace USD LIBOR. At this time, it is not known whether or when SOFR or other alternative reference rates will attain market traction as replacements for LIBOR. These reforms may cause LIBOR to perform differently than it has in the past, and LIBOR will cease to exist after June 30, 2023. After the cessation of LIBOR, alternative benchmark rates will replace LIBOR and could affect our debt securities, debt payments and receipts. At this time, it is not possible to predict the effect of any changes to LIBOR, any phase out of LIBOR or any establishment of alternative benchmark rates. Any new benchmark rate will likely not replicate LIBOR exactly, which could impact our contracts that terminate after June 30, 2023. There is uncertainty about how applicable law and the courts will address the replacement of LIBOR with alternative rates on variable rate retail loan contracts and other contracts that do not include alternative rate fallback provisions. In addition, any changes to benchmark rates may have an uncertain impact on our cost of funds and our access to the capital markets, which could impact our results of operations and cash flows. Uncertainty as to the nature of such potential changes may also adversely affect the trading market for our securities. The full effects of the transition away from LIBOR remain uncertain. The present value of future net cash flows from our proved reserves calculated in accordance with SEC guidelines are not the same as the current market value of our estimated oil, natural gas and NGL reserves. We base the estimated discounted future net cash flows from our proved reserves on 12- month average index prices and costs, as is required by SEC rules and regulations. Actual future net cash flows from our oil and natural gas properties will be affected by actual prices we receive for oil, natural gas and NGLs, as well as other factors such as: • the actual cost of development and production expenditures; • the amount and timing of actual production; • supply of and demand for oil, natural gas and NGLs; and • changes in governmental regulation or taxation. The timing of both our production and incurrence of expenses in connection with the development and production of oil and natural gas properties will affect the timing of actual future net cash flows from proved reserves, and thus their actual present value. In addition, we use a 10 % discount factor when calculating discounted future net cash flows, which may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with the Company or the oil and natural gas industry in general. We will not know conclusively prior to drilling whether oil or natural gas will be present in sufficient quantities to be economically producible. The cost of drilling, completing and operating any well is often uncertain, and new wells may not be productive or may suffer from declining production faster than anticipated. The use of seismic data and other technologies and the study of producing fields in the same area do not enable us to know conclusively prior to drilling whether oil or natural gas will be present or, if present, whether oil or natural gas will be present in sufficient quantities to be economically viable. Production of oil, natural gas and NGLs could be materially and adversely affected by natural disasters or severe weather. Production of oil, natural gas and NGLs could be materially and adversely affected by natural disasters or severe weather. Repercussions of natural disasters or severe weather conditions may include: • evacuation of personnel and curtailment of operations; • damage to drilling rigs or other facilities, resulting in suspension of operations; • inability to deliver materials to worksites; and • damage to, or shutting in of, pipelines and other transportation facilities. In addition, our hydraulic fracturing operations require significant quantities of water. Regions in which we operate may experience drought conditions from time to time. Any diminished access to water for use in hydraulic fracturing, whether due to usage restrictions or drought or other weather conditions, could curtail our operations or otherwise result in delays in operations or increased costs. Our business could be affected by macroeconomic risks. Our operations and performance depend significantly on global and regional economic conditions. Macroeconomic conditions, including inflation, slower growth or recession, changes to fiscal and monetary policy, tighter credit, higher interest rates, high unemployment and currency fluctuations can materially adversely affect demand for our products and services. In addition, confidence and spending can be materially adversely affected in response to financial market volatility, negative financial news, declines in income or asset values, energy shortages and cost increases, labor costs and other economic factors. An adverse impact on demand for our products and services, uncertainty about, or a decline in, global or regional economic conditions can have a significant impact on our operations. Potential effects include financial instability; inability to obtain credit to finance operations and purchases of our products. We cannot predict the timing or scale of these various macroeconomic conditions, but they could have a material adverse affect on our business, results of operations and financial condition. The capital markets could be volatile, and such volatility could adversely affect our ability to obtain capital, cause us to incur additional financing expense or affect the value of certain assets. In some cases, financial markets produced downward pressure on stock prices and credit capacity for certain issuers without regard to those issuers' underlying financial and / or operating strength. Volatility in the capital markets can significantly increase the cost of raising ~~money~~ **capital** in the debt and equity capital markets. Generally, future market volatility and risk of persistent weakness in commodity prices may adversely affect our ability to access capital and credit markets or to obtain funds at low interest rates or on other advantageous terms. These factors may adversely affect our business, results of operations or liquidity. Adverse credit and capital market conditions may require us to reduce the carrying value of assets associated with any derivative contracts to account for non- performance by, or increased credit risk from, counterparties to those contracts. If financial institutions that extended credit commitments to us are adversely affected by volatile conditions of the U. S. and international capital markets, they may become unable to fund borrowings under their credit commitments to us, which could have a material adverse effect on our financial condition and ability to borrow funds, if needed, for working capital, capital expenditures and other corporate purposes. Properties we acquire may not produce as projected, and we may be unable to determine reserve potential, identify liabilities associated with the properties or obtain protection from sellers against them. Our initial technical reviews of properties we acquire are necessarily limited because an in- depth review of every individual property involved in each acquisition generally is not feasible. Even a detailed review of records and properties may not necessarily reveal existing or potential problems, nor will it permit a buyer to become sufficiently familiar with the properties to assess fully their deficiencies and potential. Inspections may not always be performed on every well and environmental problems, such as soil or ground water contamination, are not necessarily observable even when an inspection is undertaken. Even when problems are identified, we may assume certain environmental and other risks and liabilities in connection with acquired properties, and such risks and liabilities could have a material adverse effect on our results of operations and financial condition. All of our operations are located in the Mid- Continent region, making us vulnerable to risks associated with operating in a limited number of major geographic areas. With the divestment of our North Park Basin assets in February 2021, all of our production and reserves are located in the Mid- Continent region. This concentration could disproportionately expose us to operational and regulatory risk in this area. This relative lack of diversification in location of our key operations could expose us to adverse developments in the Mid- Continent or the oil and natural gas markets, including, for example, transportation or treatment capacity constraints, curtailment of production due to weather, electrical outages, treatment plant closures for scheduled maintenance, changes in the regulatory environment or other factors. These factors could have a significantly greater impact on our financial condition, results of operations and cash flows than if our properties were more diversified. Oil and natural gas wells are subject to operational hazards that can cause substantial losses for which we may not be adequately insured. There are a variety of operating risks inherent in oil, natural gas and NGL production and associated activities, such as fires, leaks, explosions, mechanical problems, major equipment failures, blowouts, uncontrollable flow of oil, natural gas and NGLs, water or drilling fluids, casing collapses, abnormally pressurized formations and natural disasters. The occurrence of any of these or similar accidents that temporarily or permanently halt the production and sale of oil, natural gas and NGLs at any of our properties could have a material adverse impact on our business activities, financial condition and results of operations. Additionally, if any of such risks or similar accidents occur, we could incur substantial losses as a result of injury or loss of life, severe damage or destruction of property, natural resources and equipment, regulatory investigation and penalties and environmental damage and clean- up responsibility. If we experience any of these problems, our ability to conduct operations could be adversely affected. While we maintain insurance coverage that we deem appropriate for these risks, our operations may result in liabilities exceeding such insurance coverage or liabilities not covered by insurance. Shortages or increases in costs of equipment, services and qualified personnel could adversely affect our ability to execute our development plans on a timely basis and within our budget. The demand for qualified and experienced personnel to conduct field operations, geologists, geophysicists, engineers and other professionals in the oil and natural gas industry can fluctuate significantly, often in correlation with oil and natural gas prices, causing periodic shortages. Additionally, higher oil and natural gas prices generally stimulate demand and result in increased prices for drilling rigs, crews and associated supplies, equipment and services. Shortages of field personnel and equipment or price increases could significantly affect our ability to execute our development plans as projected. Competition in the oil and natural gas industry is intense, which may adversely affect our ability to succeed. The oil and natural gas industry is intensely competitive, and we compete with many companies that have greater financial and other resources than we do. Many of these companies not only explore for and produce oil and natural gas, but also conduct refining operations and market petroleum and other products on a regional, national or worldwide basis. These companies may be able to pay more for productive oil and natural gas properties and exploratory prospects or identify, evaluate, bid for and purchase a greater number of properties and prospects than our financial or human resources permit. In addition, these companies may have a greater ability to continue exploration and development activities during periods of low oil and natural gas market prices. Our larger competitors may be able to absorb the burden of present and future federal, state, local and other laws and regulations more easily than we can, which would adversely affect our competitive position. Our use of 2- D and 3- D seismic data is subject to interpretation and may not accurately identify the presence of oil and natural gas. In addition, the use of such technology requires greater predrilling expenditures, which could adversely affect the economic results of drilling operations. Even when properly used and interpreted, 2- D and 3- D seismic data and visualization techniques are only tools used to assist geoscientists in identifying subsurface structures and hydrocarbon indicators and do not enable the interpreter to know whether hydrocarbons are present in those structures. Other geologists and petroleum professionals, when studying the same seismic data, may have significantly different interpretations than our professionals. Our drilling activities may not be geologically successful or economical, and our overall drilling success rate or our drilling success rate for activities in a particular area may not improve as a result of using 2- D and 3- D seismic data. The use of 2- D and 3- D seismic and other advanced technologies requires greater predrilling expenditures than traditional drilling strategies, and we could incur losses due to such expenditures. In addition, we may often gather 2- D and 3- D seismic data over large areas in order to help us delineate those portions of an area that we believe are desirable for drilling. Therefore, we may choose not to acquire option or lease rights prior to acquiring seismic data, and in many cases, we may identify hydrocarbon indicators before seeking option or lease rights in such location. If we are not able to lease those locations on acceptable terms, we will have made substantial expenditures to acquire and analyze 2- D and 3- D seismic data without having an opportunity to benefit from those expenditures. Inflation can adversely affect us by increasing costs of critical materials, equipment, labor, and other services. In addition, inflation is often accompanied by higher interest rates. Continued inflationary pressures could impact our cash flows, reserves value, and our profitability. Additionally, inflation can impact the economics of future projects which could result in reduced investment activity and our ability to offset natural declines. As we outsource functions, we become more dependent on the entities performing those functions. Disruptions or delays at our third- party service providers could adversely impact our operations. As part of our long- term profitable growth strategy, we are continually looking for opportunities to provide essential business services in a more cost- effective manner. In some cases, this requires the outsourcing of functions or parts of functions that can be performed more effectively by external service providers. For example, we currently outsource a significant portion of our accounting functions to third- party service providers. While we believe we conduct appropriate diligence before entering into agreements with any outsourcing entity, the failure of one or more of such entities to meet our performance standards and expectations, including with respect to providing services on a timely basis or providing services at the prices we expect, may have an adverse effect on our results of operations or financial condition. For example, our outsourcing entities and other third- party service providers may experience difficulties, disruptions, delays, or failures in their ability to deliver services to us as a result of a variety of factors ~~including COVID- 19~~ . We could face increased costs or disruption associated with finding replacement vendors or hiring new employees in order to return these services in- house, which may have a significant impact on our cost of operations. Any failures of these vendors to properly deliver their services could similarly have a material effect on our business. We may outsource other functions in the future, which would increase our reliance on third parties. We are subject to complex federal, state, local and other laws and regulations that could adversely affect the cost, manner or feasibility of conducting our operations or expose us to significant liabilities. Our oil and natural gas development, production, transportation and treatment operations are subject to complex and stringent laws and regulations. In order to conduct our operations in compliance with these laws and regulations, we must obtain and maintain numerous permits, approvals and certificates from various federal, state and local governmental authorities. We may incur substantial costs in order to maintain compliance with these laws and regulations **and permits issued pursuant thereto** . As a result of recent incidents involving the release of oil and natural gas and fluids as a result of drilling activities in the United States, there have been a variety of regulatory initiatives at the federal and state levels to restrict oil and natural gas drilling operations in certain locations. Any increased regulation or suspension of oil and natural gas exploration and production, or revision or reinterpretation of existing laws and regulations, that arises out of these incidents or otherwise could result in delays and higher operating costs. Such costs or significant delays could have a material adverse effect on our business, financial condition and results of operations. We must also comply with laws and regulations prohibiting fraud and market manipulations in energy markets. To the extent we are a shipper on interstate pipelines, we must comply with the FERC- approved tariffs of such pipelines and with federal policies related to the use of interstate capacity. Laws and regulations governing oil and natural gas operations may also affect production levels. We are required to comply with federal and state laws and regulations governing conservation matters, including provisions related to the unitization or pooling of our oil and natural gas properties; the establishment of maximum rates of production from wells; the spacing of wells; and the plugging and abandonment of wells. These and other laws and regulations can limit the amount of oil and natural gas we can produce from our wells, limit the number of wells we can drill, or limit the locations at which we can conduct drilling operations. Additionally, state and federal regulatory authorities may expand or alter applicable pipeline safety laws and regulations, compliance with which may increase capital costs for us and third- party downstream oil and natural gas transporters. These and other potential regulations could increase our operating costs, reduce our liquidity, delay our operations, increase direct and third- party post production costs or otherwise alter the way we conduct our business, which could have a material adverse effect on our financial condition, results of operations and cash flows and which could reduce cash received by or available for distribution, including any amounts paid for transportation on downstream interstate pipelines. Should we fail to comply with all applicable statutes, rules, regulations and orders of the FERC, the CFTC, the FTC or other regulators, we could be subject to substantial penalties and fines. Under the EPAct 2005 and implementing regulations, the FERC prohibits market manipulation in connection with the purchase or sale of natural gas. The CFTC has similar authority under the Commodity Exchange Act and regulations it has promulgated thereunder with respect to certain segments of the physical and futures energy commodities market including oil and natural gas. The FTC also prohibits manipulative or fraudulent conduct in the wholesale petroleum market with respect to sales of commodities, including crude oil, condensate and natural gas liquids. Other regulatory entities have jurisdiction over our industry and operations. These agencies have substantial enforcement authority, including the ability to impose penalties for current violations in excess of $ 1 million per day for each violation. The FERC has also imposed requirements related to reporting of natural gas sales volumes that may impact the formation of prices indices. Additional rules and legislation pertaining to these and other matters may be considered or adopted from time to time. Our failure to comply with these or other laws and regulations administered by these agencies could subject us to criminal and civil penalties, as described in Item 1. " Business — Other Regulation of the Oil and Natural Gas Industry. " Our operations are subject to environmental and occupational safety and health laws and regulations that could adversely affect the cost, manner or feasibility of conducting operations or result in significant costs and liabilities. Our oil and natural gas operations are subject to stringent and complex federal, state, tribal, regional and local laws and regulations governing worker safety and health, the discharge and disposal of substances into the environment or otherwise relating to environmental protection. Failure to comply with these laws and regulations may result in litigation; the assessment of sanctions, including administrative, civil or criminal penalties; the imposition of investigatory, remedial or corrective action obligations; the occurrence of delays or restrictions in permitting or performance of projects; and the issuance of orders and injunctions limiting or preventing some or all of our operations in affected areas. Under certain environmental laws and regulations, we could be subject to strict, and / or joint and several liability for the investigation, removal or remediation of previously released materials or property contamination, regardless of whether we were responsible for the release or contamination or whether the operations were in compliance with all applicable laws at the time those actions were taken. Private parties, including the owners of properties upon which our wells are drilled or facilities where our petroleum hydrocarbons or wastes are taken for **separation, storage,** reclamation or disposal may also have the right to pursue legal actions to enforce compliance ~~,~~ **or** to seek damages for contamination, ~~for~~ personal injury, natural resources damage or property damage. Changes in environmental **and occupational health and safety** laws and regulations occur frequently, and any changes that result in delays or restrictions in permitting or development of projects or more stringent or costly construction, drilling, water management, or completion activities or waste handling, storage, transport, remediation ~~or~~ **,** disposal, emission or discharge requirements could require significant expenditures by us to attain and maintain compliance and may otherwise have a material adverse effect on our results of operations, competitive position or financial condition. Federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays and adversely affect our production. Hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons from tight formations. The process involves the injection of water, sand and additives under pressure into targeted subsurface formations to stimulate oil and natural gas production. We routinely have utilized hydraulic fracturing techniques in the majority of our drilling and completion programs. The process is typically regulated by state oil and gas commissions, but several federal agencies have asserted regulatory authority over certain aspects of the process. For example, the EPA published permitting guidance in February 2014 addressing the use of diesel fuel in fracturing operations; issued CAA final regulations in 2012 and additional CAA regulations in June 2016 governing performance standards for the oil and natural gas industry; and in June 2016 issued final effluent limitations guidelines under the CWA that waste- water from shale natural gas extraction operations must meet before discharging to a publicly- owned treatment plant. The EPA also issued an Advance Notice of Proposed Rulemaking under TSCA in 2014 regarding reporting of the chemical substances and mixtures used in hydraulic fracturing, but, to date, has taken no further action. Separately, the BLM published a final rule in March 2015 that establishes more stringent standards for performing hydraulic fracturing on federal and Indian lands. However, the U. S. District Court of Wyoming struck down this rule in June 2016, and after various appeals and a presidential executive order directing it to review rules related to the energy industry, the BLM published a final rule rescinding the 2015 rule in December 2017. From time to time, the U. S. Congress has considered adopting legislation intended to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the hydraulic fracturing process but, at this time, federal legislation related to hydraulic fracturing appears uncertain. In addition, certain states, including Oklahoma, have adopted regulations that could impose new or more stringent permitting, disclosure, and well- construction requirements on hydraulic fracturing operations. If new laws or regulations that significantly restrict or regulate hydraulic fracturing are adopted at the local, state or federal level, fracturing activities with respect to our properties could become subject to additional permit requirements, reporting requirements or operational restrictions, which may result in permitting delays and potential increases in costs. These delays or additional costs could adversely affect the determination of whether a well is commercially viable. Restrictions on hydraulic fracturing could also reduce the amount of oil, natural gas or NGLs that are ultimately produced in commercial quantities from our properties. Legislation or regulatory initiatives intended to address seismic activity are restricting and could restrict our ability to dispose of saltwater produced alongside our hydrocarbons, which could limit our ability to produce oil and natural gas economically and have a material adverse effect on our business. Large volumes of saltwater produced alongside our oil, natural gas and NGLs in connection with drilling and production operations are disposed of pursuant to permits issued by governmental authorities overseeing such disposal activities. While these permits are issued pursuant to existing laws and regulations, these legal requirements are subject to change, which could result in the imposition of more stringent operating constraints or new monitoring and reporting requirements, owing to, among other things, concerns of the public or governmental authorities regarding such gathering or disposal activities. Evaluation of seismic incidents and whether or to what extent those events are induced by the injection of saltwater into disposal wells continues to evolve, as governmental authorities consider new and / or past seismic incidents in areas where salt water disposal activities occur or are proposed to be performed. The adoption of any new laws, regulations, or directives that restrict our ability to dispose of saltwater generated by production and development activities, whether by plugging back the depths of disposal wells, reducing the volume of salt water disposed in such wells, restricting disposal well locations or otherwise, or by requiring us to shut down disposal wells, which could negatively affect the economic lives of our properties. Refer to " — Environmental Regulations — Subsurface Injections " included in Item 1 of this report for additional discussion of the current and potential impacts of legislation or regulatory initiatives related to seismic activity on our operations. Climate change laws and regulations restricting emissions of GHGs could result in increased operating costs and reduced demand for the oil and natural gas that we produce. The EPA previously published its findings that emissions of GHGs present a danger to public health and the environment because such gases are, according to the EPA, contributing to warming of the Earth' s atmosphere and other climatic changes. Based on these findings, the EPA has adopted various rules to address GHG emissions under existing provisions of the CAA. For example, the EPA has adopted rules requiring the reporting of GHG emissions from various oil and natural gas operations on an annual basis, which includes certain of our operations. In addition, in June 2016, the EPA finalized rules to reduce methane emissions from new, modified or reconstructed sources in the oil and natural gas sector, including implementation of an LDAR program to minimize methane emissions, under the CAA' s New Source Performance Standards Quad Oa. However, the EPA has taken several steps to delay implementation of the Quad Oa standards. The agency proposed a rulemaking in June 2017 to stay the requirements for a period of two years and in October 2018, the EPA proposed revisions to Quad Oa, such as changes to the frequency for monitoring fugitive emissions at well sites and changes to requirements that a professional engineer certify when meeting certain Quad Oa requirements is technically infeasible. In September 2020, the EPA finalized amendments to Quad Oa that rescind requirements for the transmission and storage segment of the oil and natural gas industry and rescind methane- specific limits that apply to the industry' s production and processing segments, among other things. On June 30, 2021, Congress issued a joint resolution pursuant to the Congressional Review Act disapproving the September 2020 rule, and on November 15, 2021, EPA issued a proposed rule to revise the Quad Oa regulations ~~that, if finalized, would require methane emissions reductions and implementation of a fugitive emissions monitoring and repair program~~ . On November 8, 2022, EPA issued a supplemental notice of proposed rulemaking that would impose standards for certain sources that were not addressed in the November 2021 proposal, revise the previously proposed emissions standards, and establish a " super emitter response program " allowing local regulatory agencies and EPA- certified third parties to issue notices to owners and operators of regulated facilities when they detect a so- called " super- emitting event. " **Additionally, as discussed above in the description of our business, various regulatory bodies have announced or are considering new rules and regulations impacting our operations and our business, including the** EPA **' s** ~~is expected to finalize the rulemaking in late 2023. It is possible that these rules will continue to require oil and gas operators to expend material sums. In addition, in November 2016, the BLM issued~~ final ~~rules~~ - **rule under the CAA** to reduce methane emissions from **the** ~~venting, flaring, and leaks during~~ oil and **natural** gas **industry** ~~operations on public lands that are substantially similar to the EPA Quad Oa requirements. However~~ , ~~on December 8, 2017, the BLM published a final rule to temporarily suspend or delay certain requirements contained in the November 2016 final rule until January 17, 2019, including those requirements relating to venting, flaring and leakage from oil and gas production activities. Further, in September 2018, the BLM published a final rule to revise or rescind certain provisions of the 2016 rule. On July 21, 2020, a Wyoming federal court vacated almost all of the 2016 rule, including all provisions relating to the loss of gas through venting, flaring, and leaks, and on July 15, 2020, a California federal court vacated the 2018 rule. On November 28, 2022, BLM announced a new proposed rule regulating emissions of methane in connection with the production of oil and gas on federal and Tribal lands. If finalized, the proposed rule would require various technology upgrades, impose limits related to flaring, and require LDAR plans. The final rule is expected to be announced later this year. While, as a result of these developments, future implementation of the~~ EPA and BLM methane ~~rules is uncertain, given the long- term trend towards increasing regulation, future federal GHG regulations of the oil and gas industry remain a possibility. We have the necessary equipment (pollution control equipment and optical gas imaging equipment for LDAR inspections) and personnel trained to assist with inspection and reporting requirements to maintain compliance with these rules. In addition, there are a number of state and regional efforts that are aimed at tracking and / or reducing GHG~~ emissions **limitations,** ~~by means of~~ cap and trade programs **launched by** ~~that typically require major sources of GHG emissions to acquire and surrender emission allowances in return for emitting those GHGs. On an international level, the United States~~ **states and regions** ~~was one of almost 200 nations that agreed~~ in ~~December 2015~~ **which we operate, and,** to **the extent applicable,** the Paris Agreement. ~~However~~ **See " Business — Environmental** , **Health** ~~the Paris Agreement did not impose any binding obligations on the United States. In June 2017~~ , ~~the United States announced it would withdraw from the Paris Agreement, which became effective November 4, 2020. The United States has rejoined the Paris Agreement as of February 19, 2021. The adoption~~ and **Safety** ~~implementation of any laws or regulations~~ **Regulations " in Item 1** ~~imposing reporting obligations on, or limiting emissions~~ of **this** ~~GHGs from, our equipment and our operations could require us to incur additional costs to monitor,~~ report ~~and potentially reduce emissions of GHGs associated with our operations or could adversely affect demand~~ for **information** ~~the oil and natural gas that we produce, and thus possibly have a material adverse effect on our revenues, as well as having the potential effect of lowering the value of our reserves. Recently, activists concerned~~ about ~~the potential effects of~~ climate change **laws** ~~have directed their attention at sources of funding for fossil- fuel energy companies, which has resulted in certain financial institutions, funds~~ and **regulations** ~~other sources of capital~~ restricting **emissions** ~~or eliminating their investment in oil and natural gas activities. Ultimately, this could make it more difficult to secure funding for development and production activities. Notwithstanding potential risks related to climate change, the International Energy Agency estimates that global energy demand will continue to rise and will not peak until after 2040 and that oil and gas will continue to represent a substantial percentage of global energy use over that time. Finally, to the extent increasing concentrations~~ of GHGs ~~in the Earth' s atmosphere may produce climate changes~~ that could **impact** ~~have significant physical effects, such as increased frequency and severity of storms, droughts, floods and other climatic events, such events could have a material adverse effect on~~ our ~~assets and~~ operations ~~,~~ and **business** ~~potentially subject us to greater regulation~~ . Our failure to maintain an adequate system of internal control over financial reporting, could adversely affect our ability to accurately report our results. Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. A material weakness is a deficiency, or a combination of deficiencies, in our internal control over financial reporting that results in a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. Effective internal controls are necessary for us to provide reliable financial reports and deter and detect any material fraud. If we cannot provide reliable financial reports or prevent material fraud, our reputation and operating results would be harmed. We maintained effective internal control over financial reporting as of December 31, ~~2022~~ **2023** , as further described in Part II " Item 9A — Controls and Procedures " and " Management' s Report on Internal Control over Financial Reporting. " Our efforts to develop and maintain our internal controls and to remediate any material weaknesses in our controls may not be successful, and we may be unable to maintain adequate controls over our financial processes and reporting in the future, including future compliance with the obligations under Section 404 of the Sarbanes- Oxley Act of 2002. Any failure to develop or maintain effective controls, or difficulties encountered in their implementation, including those related to acquired businesses, or other effective improvement of our internal controls could harm our operating results. Ineffective internal controls could also cause investors to lose confidence in our reported financial information. Our derivative activities could result in financial losses and are subject to new derivatives legislation and regulation, which could adversely affect our ability to hedge risks associated with our business. We have entered and may enter into financial derivative instruments with respect to a portion of our production to manage our exposure to oil, gas, and NGL price volatility. To the extent that we engage in price risk management activities to protect the Company from commodity price declines, we would be prevented from fully realizing the benefits of commodity price increases above the prices established by our hedging contracts. In addition, our hedging arrangements may expose us to the risk of financial loss in certain circumstances, including instances in which the contract counterparties fail to perform under the contracts. Further, to date, we have not designated and do not currently plan to designate any of our derivative contracts as hedges for accounting purposes and, as a result, record all derivative contracts on our balance sheet at fair value with changes in fair value recognized in current period earnings. Accordingly, our earnings may fluctuate significantly as a result of changes in the fair value of our derivative contracts. The Dodd- Frank Wall Street Reform and Consumer Protection Act (the" Dodd- Frank Act") created a new regulatory framework for oversight of derivatives transactions by the CFTC and the SEC. Among other things, the Dodd- Frank Act subjects certain swap participants to new capital, margin and business conduct standards. In addition, the Dodd- Frank Act contemplates that where appropriate in light of outstanding exposures, trading liquidity and other factors, swaps (broadly defined to include most hedging instruments other than futures) will be required to be cleared through a registered clearing facility and traded on a designated exchange or swap execution facility, unless the " end- user " exception from clearing applies. The Dodd- Frank Act also established a new Energy and Environmental Markets Advisory Committee to make recommendations to the CFTC regarding matters of concern to exchanges, firms, end users and regulators with respect to energy and environmental markets and also expands the CFTC' s power to impose position limits on specific categories of swaps (excluding swaps entered into for bona fide hedging purposes). There are some exceptions to these requirements for entities that use swaps to hedge or mitigate commercial risk. However, although we may qualify for exceptions, our derivatives counterparties may be subject to new capital, margin and business conduct requirements imposed as a result of the Dodd- Frank Act, which may increase our transaction costs or make it more difficult for us to enter into hedging transactions on favorable terms. The Dodd- Frank Act and any new regulations could significantly increase the cost of derivative contracts, materially alter the terms of derivative contracts, reduce the availability of derivatives to protect against risks we encounter and reduce our ability to monetize or restructure derivative contracts. If we reduce our use of derivatives as a result of the Dodd- Frank Act and regulations, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures. Finally, the Dodd- Frank Act was intended, in part, to reduce the volatility of oil and gas prices, which some legislators attributed to speculative trading in derivatives and commodity instruments related to oil and gas. Our revenues could therefore be adversely affected if a consequence of the Dodd- Frank Act and implementing regulations is to lower commodity prices. Any of these consequences could have a material adverse effect on us, our financial condition and our results of operations. In addition, the European Union and other non- U. S. jurisdictions are implementing regulations with respect to the derivatives market. To the extent we transact with counterparties in foreign jurisdictions, we may become subject to such regulations. At this time, the impact of such regulations is not clear. **Cybersecurity incidents** ~~Cyber- attacks~~ or other failures in telecommunications or IT systems could result in information theft, data corruption and significant disruption of our business operations. In recent years, we have increasingly relied on information technology systems and networks in connection with our business activities, including certain of our acquisition, development and production activities. We rely on digital technology, including information systems and related infrastructure, as well as cloud applications and services, to, among other things, estimate quantities of oil and natural gas reserves, analyze seismic and drilling information, process and record financial and operating data and communicate with employees and third parties. As dependence on digital technologies has increased, cyber incidents, including deliberate attacks and attempts to gain unauthorized access to computer systems and networks, have increased in frequency and sophistication. These threats pose a risk to the security of our systems and networks, the confidentiality, availability and integrity of our data and the physical security of our employees and assets. We have experienced, and expect to continue to confront, attempts from hackers and other third parties to gain unauthorized access to our information technology systems and networks. Although prior **cybersecurity incidents** ~~cyber- attacks~~ have not had a material adverse impact on our operations or financial performance, there can be no assurance that we will be successful in preventing **cybersecurity incidents** ~~cyber- attacks~~ or successfully mitigating their effect. Any **cybersecurity incident** ~~cyber- attack~~ could have a material adverse effect on our reputation, competitive position, business, financial condition and results of operations. **Cybersecurity incidents** ~~Cyber- attacks~~ or security breaches also could result in litigation and legal risks, including regulatory actions by state, federal, and non- US governmental authorities, as well as significant additional expense to implement further data protection measures. In addition to the risks presented to our systems and networks, **cybersecurity incidents** ~~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. A **cybersecurity incident** ~~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. We have programs, processes and technologies in place to attempt to prevent, detect, contain, respond to and mitigate security- related threats and potential incidents, as well as internal accounting controls to prevent unauthorized or fraudulent payments by ensuring that transactions are executed only with management authorization. We undertake ongoing improvements to our systems, connected devices and information- sharing products in order to minimize vulnerabilities, in accordance with industry and regulatory standards; however, because the techniques used to obtain unauthorized access change frequently and can be difficult to detect, anticipating, identifying or preventing these intrusions or mitigating them if and when they occur is challenging and makes us ~~more~~ vulnerable ~~to cyber- attacks than other companies not similarly situated~~ . If our security measures are circumvented, proprietary information may be misappropriated, our operations may be disrupted, and our computers or those of our customers or other third parties may be damaged. Compromises of our security may result in an interruption of operations, violation of applicable privacy and other laws, significant legal and financial exposure, damage to our reputation, and a loss of investor confidence in our security measures. Additional impacts from **cybersecurity incidents** ~~cyber- attacks~~ could include remediation costs, such as liability for stolen assets or information, repairs of system damage, and incentives to our business partners; increased cybersecurity protection costs, which may include the costs of making organizational changes, deploying additional personnel and security technologies, training employees, and engaging third- party experts and consultants; lost revenue resulting from the unauthorized use of proprietary information or the failure to retain or attract business partners following an attack; increased insurance premiums; and damage to the company' s competitiveness, stock price, and long- term shareholder value. Repercussions from terrorist activities or armed conflict could harm our business. Terrorist activities, anti- terrorist efforts or other armed conflict involving the United States or its interests abroad may adversely affect the United States and global economies and could prevent us from meeting our financial and other obligations. If events of this nature occur and persist, the attendant political instability and societal disruption could reduce overall demand for oil and natural gas, potentially putting downward pressure on prevailing oil and natural gas prices and causing a reduction in our revenues. Oil and natural gas production facilities, transportation systems and storage facilities could be direct targets of terrorist attacks, and / or operations could be adversely impacted if infrastructure integral to our operations is destroyed by such attacks. Costs for insurance and other security may increase as a result of these threats, and some insurance coverage may become more difficult to obtain, if available at all. Conservation measures and technological advances could reduce demand for oil and natural gas. Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, technological advances in fuel economy and energy generation devices could reduce demand for oil and natural gas. The impact of the changing demand for oil and natural gas services and products may have a material adverse effect on our business, financial condition, results of operations and cash flows. Events outside of our control, including an epidemic or outbreak of an infectious disease, ~~such as COVID- 19,~~ may materially adversely affect our business. We face risks related to epidemics, outbreaks or other public health events that are outside of our control, and could significantly disrupt our operations and adversely affect our financial condition. The global or national outbreak of an illness or other communicable disease, or any other public health crisis ~~, such as COVID- 19,~~ may cause disruptions to our business and operational plans, which may include (i) shortages of employees, (ii) unavailability of contractors or subcontractors, (iii) interruption of supplies from third parties upon which we rely, (iv) recommendations of, or restrictions imposed by government and health authorities, including quarantines, to address an outbreak and (v) restrictions that we and our contractors, subcontractors and our customers impose, including facility shutdowns, to ensure the safety of employees. The effects of ~~COVID- 19 and other~~ infectious diseases and concerns regarding their global spread could negatively impact the domestic and international demand for crude oil, natural gas and NGL, which could contribute to price volatility, impact the price we receive for crude oil, natural gas and NGL and materially and adversely affect the demand for and marketability of our production. The potential impact from **infectious diseases** ~~COVID- 19, both now and in the future,~~ is difficult to predict, and the extent to which it may negatively affect our operating results or the duration of any potential business disruption is uncertain. **Risks Relating to Our NOLs** Our ability to use our NOLs may be limited. We have adopted a Tax Benefits Preservation Plan that is designed to protect our NOLs but there is no assurance it will prevent an ownership change resulting in loss of the Company' s NOLs. As of December 31, ~~2022~~ **2023** , we had U. S. federal NOLs of $ 1. 6 billion, net of NOLs expected to expire unused due to the 2016 IRC Section 382 limitation, **of which** approximately ~~half of which~~ **$ 0. 7 billion** will expire between 2025 and 2037, if not limited by additional triggering events prior to such time. Under the provisions of the Internal Revenue Code of 1986, as amended (" IRC "), changes in our ownership, in certain circumstances, will limit the amount of U. S. federal NOLs that can be utilized annually in the future to offset taxable income. In particular, Section 382 of the IRC imposes limitations on a company' s ability to use NOLs upon certain changes in such ownership. Generally, an " ownership change " occurs if the percentage of the Company' s stock owned by one or more of its " five- percent shareholders " (as such term is defined in Section 382 of the IRC) increases by more than 50 percentage points over the lowest percentage of stock owned by such stockholder or stockholders at any time over a three- year period. Calculations pursuant to Section 382 of the IRC can be very complicated and no assurance can be given that upon further analysis, our ability to take advantage of our NOLs may be limited to a greater extent than we currently anticipate. We may experience ownership changes in the future as a result of subsequent shifts in our stock ownership that we cannot predict or control that could result in further limitations being placed on our ability to utilize our federal NOLs. If we are limited in our ability to use our NOLs in future years in which we have taxable income, we will pay more taxes than if we were able to utilize our NOLs fully. On July 1, 2020, our Board of Directors approved, and the Company adopted, as amended on March 16, 2021 **,** a Tax Benefits Preservation Plan in order to protect shareholder value against a possible limitation on the Company' s ability to use its tax NOLs and certain other tax benefits to reduce potential future U. S. federal income tax obligations. The Tax Benefits Preservation Plan was approved at the 2021 annual meeting of stockholders on May 25, 2021 **. On June 14, 2023, our Board of Directors approved an amendment to the Tax Benefits Preservation Plan to extend the expiration time of the Tax Benefits Preservation Plan from July 1, 2023 to July 1, 2026. The Company will submit this amendment to the Company' s stockholders for approval at our 2024 Annual Meeting** . The Tax Benefits Preservation Plan is designed to reduce the likelihood of an " ownership change " as defined under Section 382 of the IRC in order to protect our NOLs by deterring any person or group from acquiring beneficial ownership of 4. 9 % or more of the Company' s securities. However, there is no assurance that the Tax Benefits Preservation Plan will prevent all transfers that could result in such an " ownership change. " **Risks Relating to Our Common Stock** We have adopted a Tax Benefits Preservation Plan, which may discourage a corporate takeover ~~. On July 1, 2020, our Board of Directors adopted a Tax Benefits Preservation Plan as amended on March 16, 2021 and declared a dividend distribution of one right for each outstanding share of our common stock to stockholders of record at the close of business on July 13, 2020~~ . The Tax Benefits Preservation Plan was approved at the 2021 annual meeting of stockholders on May 25, 2021 **. On June 14, 2023, our Board of Directors approved an amendment to the Tax Benefits Preservation Plan to extend the expiration time of the Tax Benefits Preservation Plan from July 1, 2023 to July 1, 2026. The Company will submit this amendment to the Company' s stockholders for approval at our 2024 Annual Meeting** . Each share of our common stock issued thereafter will also include one right. Each right entitles its holder, under certain circumstances, to purchase from us one one- thousandth of a share of our Series A Junior Participating Preferred Stock at an exercise price of $ 5. 00 per right, subject to adjustment. The **Company' s** Board **of Directors (the" Board")** adopted the Tax Benefits Preservation Plan in an effort to protect stockholder value by attempting to protect against a possible limitation on our ability to use our NOLs. We may utilize these NOLs in certain circumstances to offset future United States taxable income and reduce our United States federal income tax liability. Because the Tax Benefits Preservation Plan could make it more expensive for a person to acquire a controlling interest in us, it could have the effect of delaying or preventing a change in control even if a change in control was in our stockholders' interest. Anti-takeover provisions in our charter documents and under Delaware corporate law may make it more difficult to acquire us, even though such acquisitions may be beneficial to our stockholders. In addition to our Tax Benefits Preservation Plan, provisions of our certificate of incorporation and bylaws, as well as provisions of Delaware corporate law, could make it more difficult for a third party to acquire us, even though such acquisitions may be beneficial to our stockholders. These anti- takeover provisions include: • lack of a provision for cumulative voting in the election of directors; • the ability of our Board to authorize the issuance of " blank check " preferred stock to increase the number of outstanding shares and thwart a takeover attempt; • advance notice requirements for nominations for election to the Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings; and • limitations on who may call a special meeting of stockholders. The provisions described above, our Tax Benefits Preservation Plan and provisions of Delaware corporate law relating to business combinations with interested stockholders may discourage, delay or prevent a third party from acquiring us. These provisions may also discourage, delay or prevent a third party from acquiring a large portion of our securities, or initiating a tender offer, even if our stockholders might receive a premium for their shares in the acquisition over the then current market price. ~~39~~