Risk Factors Comparison 2024-02-22 to 2023-02-23 Form: 10-K

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In addition to the other information included in this report, the following risk factors should be carefully considered when evaluating an investment in ~~us~~ **SM Energy** . Risks Related to Commodity Prices and Global Macroeconomics Oil, gas, and NGL prices are volatile, and declines in prices may adversely affect our profitability, financial condition, cash flows, access to capital, and ability to grow. Our revenues, operating results, profitability, future rate of growth, and the carrying value of our oil and gas properties depend heavily on the prices we receive for oil, gas, and NGL sales. Oil, gas, and NGL prices also affect our cash flows available for capital expenditures, debt reductions, return of capital, and other expenditures, our borrowing capacity, and the volume and value of our oil, gas, and NGL reserves. In addition, we may have oil and gas property impairments or downward revisions of estimates of proved reserves if prices fall significantly. Please refer to Significant Developments in ~~2022~~ **2023** and Reserves in Part I, Items 1 and 2, Comparison of Financial Results and Trends Between **2023 and** 2022 and **Between 2022 and** 2021 ~~and Between 2021 and 2020~~ in Part II, Item 7, and Note 1 – Summary of Significant Accounting Policies, Note 8 – Fair Value Measurements, and Supplemental Oil and Gas Information (unaudited) in Part II, Item 8 for specific discussion. Historically, the markets for oil, gas, and NGLs have been volatile, and they are likely to continue to be volatile. Wide fluctuations in oil, gas, and NGL prices often result from relatively minor changes in the supply of and demand for oil, gas, and NGLs, market uncertainty, and other factors that are beyond our control, including: • global and domestic supplies of oil, gas, and NGLs, and the productive capacity of the industry as a whole; • the level of consumer demand for oil, gas, and NGLs; • overall global and domestic economic conditions; • inflation and other economic factors that contribute to market volatility; • weather conditions; • the availability and capacity of gathering, transportation, processing, storage, and / or refining facilities in asset- specific or localized areas; • liquefied natural gas deliveries to and from the United States; • the increased demand for, price, and availability of alternative fuels or sources of energy; • technological advances in, and regulations affecting, energy consumption and conservation; • the ability of the members of OPEC to maintain effective oil price and production controls; • political instability or armed conflict involving oil or gas producing countries or regions, such as **instability in** the ~~continued conflict occurring~~ **Middle East, and the wars** between Russia and Ukraine **and Israel and Hamas; • shipping channel constraints and disruptions to and from oil and gas producing countries or regions** ; • actual or perceived epidemic or pandemic risks; • strengthening and weakening of the United States dollar relative to other currencies; • stockholder activism or activities by non- governmental organizations to limit sources of funding or restrict the exploration and production of oil, gas, and NGLs and related infrastructure; and • governmental regulations and taxes. Declines in oil, gas, and NGL prices would reduce our revenues and could also reduce the amount of oil, gas, and NGLs that we can produce economically, which could have a material adverse effect on our business, financial condition, liquidity, results of operations, and prospects. Future oil, gas, and NGL price declines or unsuccessful exploration efforts may result in write- downs of our asset carrying values. We follow the successful efforts method of accounting for our oil and gas properties. All property acquisition costs and development costs are capitalized when incurred. Exploratory well costs are initially capitalized, pending the determination of whether proved reserves have been discovered. If commercial quantities of proved reserves are not discovered with an exploratory well, the costs **initially capitalized** ~~of drilling the well~~ are expensed as dry hole costs **. During the years ended December 31, 2023, and 2022, we recorded amounts related to certain unsuccessful exploration activity to exploration expense** . The capitalized costs of our oil and gas properties, on a depletion pool basis, cannot exceed the estimated undiscounted future net cash flows of that depletion pool. If net capitalized costs exceed undiscounted future net cash flows, we generally must write down the costs of each depletion pool to the estimated discounted future net cash flows of that depletion pool. Write downs for unproved properties are also evaluated for carrying costs in excess of fair value. This evaluation considers the potential for abandonment due to actual and anticipated lease expirations, as well as actual and anticipated losses on acreage due to title defects, changes in development plans, and other inherent acreage risks. Declines in the prices of oil, gas, or NGLs, or unsuccessful exploration efforts, could cause proved and / or unproved property impairments in the future, which could have a material adverse effect on our business, financial condition, liquidity, and results of operations. We review the carrying values of our properties for indicators of impairment on a quarterly basis using the prices in effect as of the end of each quarter. Once incurred, a write-down of oil and gas properties held for use cannot be reversed at a later date, even if oil, gas, or NGL prices increase. Weakness in economic conditions, continued inflation, or uncertainty in financial markets may have material adverse impacts on our business that we cannot predict. Historically, the United States and global economies and financial systems have experienced turmoil and upheaval characterized by extreme volatility in prices of equity and debt securities, periods of diminished liquidity and credit availability, inability to access capital markets, the bankruptcy, failure, collapse, or sale of financial institutions, inflation, and heightened levels of intervention by the United States federal government and other governments. Weakness or uncertainty in the United States economy or other large economies could have a material adverse effect on our business and financial condition. For example: • inflation has increased the costs of our drilling and completion activities, and the costs of oilfield services, equipment, and materials ~~during 2022~~ **in recent years** and could continue or worsen and further impact our financial condition, liquidity, and results of operations, and could limit our pool of economic development opportunities; • a potential economic recession could impact demand for oil, gas, and NGLs, and cause commodity price volatility; • the tightening of credit or lack of credit availability to our customers could adversely affect our ability to collect our trade receivables; • the liquidity available under our Credit Agreement could be reduced if one or more of our lenders is unable to fund its commitment; • our ability, or the ability of our suppliers or contractors, to access the capital markets may be restricted or non- existent at a time when we or they would like, or need, to raise capital for our or their business, including for the exploration and / or development of reserves; • our commodity derivative contracts could become economically ineffective if our counterparties are unable to perform their obligations or seek bankruptcy protection; • the Federal Reserve could **change** ~~continue to increase~~ interest rates ~~in an effort to curb inflation~~ , as they **did** ~~have done~~ during 2022 and ~~into~~ 2023, which could **impact** ~~result in increased~~ borrowing costs; • variable interest rate spread levels, including for SOFR and the prime rate, could increase significantly, resulting in higher interest costs for unhedged variable interest rate based borrowings under our Credit Agreement; and • changes in tax laws and regulations could require us to adjust our business plan. Global geopolitical tensions ~~,~~ ~~specifically including the ongoing conflict between Russia and Ukraine,~~ may create heightened volatility in oil, gas, and NGL prices and could adversely affect our business, financial condition and results of operations. ~~On February 24~~ **Global geopolitical tensions** , ~~2022~~ **including instability in the Middle East** , **and the wars between** ~~Russian~~ - **Russia and** ~~military forces commenced a military operation in~~ Ukraine and **Israel** ~~the sustained conflict~~ and **Hamas** ~~disruption in the region that has occurred since this date is expected to continue for the foreseeable future. Although the length~~ , ~~impact, and outcome of the ongoing military conflict in Ukraine is highly unpredictable, this conflict~~ could lead to significant market and other disruptions, including **, but not limited to:** significant volatility in commodity prices and supply of energy resources, instability in financial markets, supply chain interruptions, **shipping channel constraints and disruptions,** political and social instability, **political and economic sanctions, geopolitical shifts, embargoes,** changes in consumer or purchaser preferences ~~, as well as increases in cyberattacks and espionage. While it is not possible at this time to predict or determine the ultimate consequences of the conflict in Ukraine, the conflict is likely to continue for the foreseeable future and could include, among other things: additional sanctions, greater regional instability, embargoes, geopolitical shifts, and other material and adverse effects on macroeconomic conditions, supply chains, financial markets, and hydrocarbon price volatility. To the extent negotiations of a cease-fire between Russia and Ukraine are unsuccessful~~ , the potential destruction of critical oil- related infrastructure ~~in Ukraine~~ , **as well as increases in cyberattacks** and **espionage. These factors** ~~the implementation of further sanctions and other measures taken by governmental bodies and others,~~ could ~~have a lasting~~ impact **our** ~~on the~~ operations and **the** financial condition of our business ~~and~~ **as well as** the global economy ~~. The global COVID- 19 Pandemic has impacted, and may continue to impact, us and our industry and could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects. Beginning in 2020, the Pandemic spread across the globe and disrupted markets and economies around the world, including the oil, gas, and NGL industry in which we operate. The Pandemic continues to impact certain countries and markets to varying degrees, and as a result, the markets for the commodities produced by our industry remain subject to heightened levels of uncertainty. Volatile market conditions could continue and could impact our business, financial condition, liquidity, results of operations, prospects, or the timing of further recovery, and may require us to adjust our business plan. In addition to risks directly related to the Pandemic, the Pandemic could increase the likelihood and magnitude of the other risk factors described in this section~~ . Risks Related to Oil and Gas Operations and the Industry The loss of personnel could adversely affect our business. We depend to a large extent on the efforts and continued employment of our executive management team, other key personnel, and our general labor force. The loss of their services could adversely affect our business. Our success in drilling and completing new wells and the success of other activities integral to our operations will depend, in part, on our ability to attract and retain experienced geologists, engineers, landmen, and other professionals. Competition for many of these professionals can be intense. If we cannot retain our technical personnel or attract additional experienced technical personnel and professionals, our ability to compete could be harmed. Our operations are subject to complex laws and regulations, including environmental regulations, that result in substantial costs and other risks. Federal, state, and local authorities extensively regulate the oil and gas industry. Legislation and regulations affecting the industry are under constant review for amendment or expansion, raising the possibility of changes that may become more stringent and, as a result, may affect, among other things, the pricing, or marketing of oil, gas, and NGL production. Non- compliance with statutes and regulations and more vigorous enforcement of such statutes and regulations by regulatory agencies may lead to increased operational and compliance costs, substantial administrative, civil, and criminal penalties, including the assessment of natural resource damages, the imposition of significant investigatory and remedial obligations and may also result in the suspension or termination of our operations. The overall regulatory burden on the industry increases the cost to place, design, drill, complete, install, operate, and abandon wells and related facilities and, in turn, decreases profitability. Governmental authorities regulate various aspects of drilling for and the production of oil, gas, and NGLs, including the permit and bonding requirements of drilling wells, the spacing of wells, the unitization or pooling of interests in oil and gas properties, rights- of- way and easements, disposal of produced water, environmental matters, occupational health and safety, the sharing of markets, production limitations, plugging, abandonment, restoration standards, and oil and gas operations. Public interest in environmental protection has increased in recent years, and environmental organizations have opposed, with some success, certain projects. Under certain circumstances, regulatory authorities may deny a proposed permit or right- of- way grant or impose conditions of approval to mitigate potential environmental impacts, which could, in either case, negatively affect our ability to explore or develop certain properties. Any such delay, suspension, or termination could have a material adverse effect on our operations. Our operations are also subject to complex and constantly changing environmental laws and regulations adopted by federal, state, and local governmental authorities in jurisdictions where we are engaged in exploration or production operations. New laws or regulations, or changes to current requirements, including the designation of previously unprotected wildlife or plant species as threatened or endangered in areas we operate in, could result in material costs or claims with respect to properties we own or have owned or limitations on exploration and production activities in certain locations. We will continue to be subject to uncertainty associated with new regulatory interpretations and inconsistent interpretations between state and federal agencies. Under existing or future environmental laws and regulations, we could incur significant liability, including joint and several, strict liability under federal, state, and local environmental laws for emissions and for discharges of oil, gas, and NGLs or other pollutants into the air, soil, surface water, or groundwater as described in Government Regulations in Part I, Items 1 and 2 of this report. Existing environmental laws or regulations, as currently interpreted or enforced, or as they may be interpreted, enforced, or altered in the future, may have a material adverse effect on us. Federal and state legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays. Hydraulic fracturing is a common practice in the oil and gas industry used to stimulate the production of oil, gas, and NGLs from dense subsurface rock formations. We routinely apply hydraulic fracturing techniques to many of our oil and gas properties, including our unconventional resource plays within our Midland Basin and South Texas assets. Hydraulic fracturing involves injecting water, sand, and certain chemicals under pressure to fracture the hydrocarbon- bearing rock formation to allow the flow of hydrocarbons into the wellbore. The process is typically regulated by state oil and gas commissions. However, the EPA and other federal agencies have asserted federal regulatory authority over certain aspects of hydraulic fracturing activities, as outlined below. The EPA has authority to regulate underground injections that contain diesel in the fluid system under the Safe Drinking Water Act. The EPA also has authority under the Clean Water Act to regulate wastewater generated by unconventional oil and gas operations during the hydraulic fracturing process and discharged to publicly- owned wastewater treatment facilities. If the EPA implements further regulations of hydraulic fracturing, we may incur additional costs to comply with such requirements that may be significant in nature, experience delays or curtailment in the pursuit of exploration, development, or production activities, and could even be prohibited from drilling and / or completing certain wells. Certain states, including Texas, have adopted, and other states are considering adopting, regulations that could impose more stringent permitting, public disclosure, waste disposal, and well construction requirements on hydraulic fracturing operations or otherwise seek to ban fracturing activities altogether. In addition to state laws, local land use restrictions, such as city ordinances, may restrict, or prohibit the performance of drilling in general and / or hydraulic fracturing in particular. Recently, municipalities have passed or proposed zoning ordinances that ban or strictly regulate hydraulic fracturing within city boundaries, setting the stage for challenges by state regulators and third- parties. Similar events and processes are playing out in several cities, counties, and townships across the United States. In the event that state, local, or municipal legal restrictions are adopted in areas where we are currently conducting, or in the future plan to conduct, operations, we may incur additional costs to comply with such requirements that may be significant in nature, experience delays or curtailment in the pursuit of exploration, development, or production activities, and could even be prohibited from drilling and / or completing certain wells. In the recent past, several federal governmental agencies were actively involved in studies or reviews that focus on environmental aspects and impacts of hydraulic fracturing practices. Increased regulation and attention given to the hydraulic fracturing process could lead to greater opposition, including litigation, to oil and gas production activities using hydraulic fracturing techniques. Disclosure of chemicals used in the hydraulic fracturing process could make it easier for third parties opposing such activities to pursue legal proceedings against producers and service providers based on allegations that specific chemicals used in the fracturing process could adversely affect human health or the environment, including groundwater. In 2013, a court in California, and in 2020 , the United States District Court for the District of Montana , each held that the Bureau of Land Management (" BLM ") did not comply with the National Environmental Policy Act (" NEPA ") because it did not adequately consider the impact of hydraulic fracturing and horizontal drilling before issuing leases. In 2022, the federal Ninth Circuit Court of Appeals held that two federal agencies violated NEPA, in part, by failing to evaluate the environmental impacts of well stimulation treatments such as hydraulic fracturing before authorizing unconventional oil drilling offshore. Similar cases continue to be filed. In addition, courts in New York and Colorado reduced the level of evidence required before a court will agree to consider alleged damage claims from hydraulic fracturing by property owners. Litigation resulting in financial compensation for damages linked to hydraulic fracturing, including damages from induced seismicity, could spur future litigation and bring increased attention to the practice of hydraulic fracturing. Judicial decisions could also lead to increased regulation, permitting requirements, enforcement actions, and penalties. Additional legislation or regulation could also lead to operational delays or restrictions or increased costs in the exploration for, and production of, oil, gas, and NGLs, including from the development of shale plays, or could make it more difficult to perform hydraulic fracturing. The adoption of additional state or local laws, or the implementation of new regulations regarding hydraulic fracturing could potentially cause a decrease in the completion of new oil and gas wells, or an increase in compliance costs and delays, which could adversely affect our financial position, results of operations, and cash flows. We will continue to be subject to uncertainty associated with new regulatory suspensions, revisions or rescissions and inconsistent state and federal regulatory mandates that could adversely affect our production. Federal and state regulatory initiatives relating to air quality and greenhouse gas emissions could result in increased costs and additional operating restrictions or delays. There has been a trend toward increased air quality and GHG regulation and reduced emissions from oil and gas sources. These regulations include the New Source Performance Standards (" NSPS "), the National Emission Standards for Hazardous Air Pollutants programs, and ozone standards set under the National Ambient Air Quality Standards (" NAAQS "), among others. The adoption of additional state or local laws, or the implementation of new regulations could potentially cause a decrease in the completion of new oil and gas wells, or an increase in compliance costs and delays, which could adversely affect our financial position, results of operations, and cash flows. Please refer to the Environmental section in Part II, Item 7 of this report for additional information about the regulation of air emissions, particularly methane emissions from the oil and gas sector. Legislative and regulatory initiatives and litigation related to global warming and climate change could have an adverse effect on our operations and the demand for oil, gas, and NGLs, and could result in significant litigation and related expenses. While courts have generally declined to assign direct liability for climate change to large sources of GHG emissions, some have required increased scrutiny of such emissions by federal agencies and permitting authorities. There is a continuing risk of claims being filed against companies that have significant GHG emissions, and new claims for damages and increased government scrutiny, especially from state and local governments, will likely continue. The United States Congress has from time to time considered adopting legislation to reduce emissions of GHGs, and the majority of states have already taken measures to reduce emissions of GHGs through various measures, including, primarily through the planned development of GHG emission inventories, participation in and / or regional GHG " cap and trade " programs, and / or transition to clean energy. The focus on legislating and / or regulating methane could result in increased scrutiny for sources emitting high levels of methane, including during permitting processes, analysis, regulation and reduction of methane emissions as a requirement for project approval, and actions taken by one agency for a specific industry establishing precedents for other agencies and industry sectors. In 2021, the EPA proposed requirements for methane emission reductions from existing oil and gas equipment. In 2022, the EPA released a supplemental proposal expanding its initial requirements as well as updating requirements **, and in 2023, proposed updates to GHG reporting requirements. The 2022 and 2023 proposals are meant** to work in tandem with the programs included in the Inflation Reduction Act **of 2022** (" IRA "). The IRA imposes fees on emissions of GHGs, including methane, **that** ~~exceeding~~ --- **exceed** applicable thresholds **. Our GHG emissions in 2023 did not exceed the thresholds set forth by the IRA, however, there is no assurance that we will be able to meet our goals or that we will not exceed the thresholds set forth by the IRA in the future** . This and any court rulings, laws, or regulations that restrict or require reduced emissions of GHGs or introduce new climate- related regulations such as a carbon pricing system, could have an adverse effect on demand for the oil and gas that we produce, and could lead to increased operating and compliance costs, and litigation costs, which could have a material adverse impact on our business. We have a long- term goal to reduce our Scope 1 and 2 GHG emissions intensity by 50 percent by 2030, compared with base year 2019 levels, and we have an annual goal to limit our methane emissions intensity ~~at~~ **to** 0. 04 (metric tonnes CH4 / MBOE) ~~. Our GHG emissions in 2022 did not exceed the thresholds set forth by the IRA, however, there is no assurance that we will be able to meet our goals or that we will not exceed the thresholds set forth by the IRA in the future~~ . Scientists have predicted 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, droughts, and floods and other climatic events. If such effects were to occur, our operations could be adversely affected. Potential adverse effects could include disruption of our drilling, completion, and production activities, including, for example, damages to our facilities from flooding or increases in our costs of operation or reductions in the efficiency of our operations, as well as potentially increased costs for insurance coverage in the aftermath of such events. Significant physical effects of climate change could also have an indirect effect on our financing and operations by disrupting the transportation or process- related services provided by midstream companies, service companies, or suppliers with whom we have a business relationship. We may not be able to recover through insurance some or any of the damages, losses, or costs that may result from potential physical effects of climate change. Federal regulations or policy changes regarding climate change preparation requirements could also impact our costs and planning requirements because emissions of such gases contribute to warming of the earth' s atmosphere and other climatic changes. Requirements to reduce gas flaring could have an adverse effect on our operations. In the Permian Basin in Texas, where we have significant operations, there have been, and could be in the future, constraints in gas takeaway capacity which has historically led to increased gas flaring. We are subject to laws established by state and other regulatory agencies that restrict the duration and amount of natural gas that can be legally flared. These laws and regulations, including potential future regulations that may impose further restrictions on flaring, could limit the amount of oil and gas we can produce from our wells or may limit the number of wells or the locations that we can drill. We have committed to ~~a goal of~~ zero routine flaring at all of our operated locations, and non- routine flaring not to exceed one percent of total **annual** gas production, ~~each by 2023~~ based on the full year average. Additionally, we set annual targets to limit our flaring that are tied to compensation for all employees. There is no assurance that we will be able to meet our goals with respect to flaring and any failure to meet such goals could cause reputational or other harm to our business. Any future laws or commitments may increase our operational costs, or restrict our production, which could have a material adverse effect on our financial condition, results of operations and cash flows. The impact of extreme weather conditions and lease stipulations adversely affect our ability to conduct drilling activities in some of the areas where we operate. Our operations have been in the past, and may continue to be, adversely affected by the impact of extreme weather conditions. Additionally, lease stipulations designed to protect various wildlife or plant species may adversely impact our operations. In certain areas, drilling and other oil and gas activities can only be conducted during limited times of the year. This limits our ability to operate in those areas and can intensify competition during those times for drilling rigs and completion equipment, oil field equipment, services, supplies and qualified personnel, which may lead to periodic shortages. These constraints and the resulting shortages or high costs could delay our operations and materially increase our operating and capital costs. Our ability to produce oil, gas, and NGLs economically and in commercial quantities could be impaired if we are unable to acquire adequate supplies of water for our drilling and / or completions operations or are unable to dispose of or recycle the water we produce at a reasonable cost and in accordance with applicable environmental rules. The hydraulic fracturing process on which we and others in our industry depend to complete wells that will produce commercial quantities of oil, gas, and NGLs requires the use and disposal of significant quantities of water. Our inability to secure sufficient amounts of water, or to dispose of, or recycle, the water produced from our wells, could adversely impact our operations. Moreover, the imposition of new environmental initiatives and regulations could include restrictions on our ability to conduct certain operations such as hydraulic fracturing or disposal of wastes, including, but not limited to, produced water, drilling fluids, and other wastes associated with the exploration, development, or production of oil, gas, and NGLs. Compliance with environmental regulations, surface use agreements, and permit requirements governing the withdrawal, storage, and use of surface water or groundwater necessary for hydraulic fracturing of wells may increase our operating costs and cause delays, interruptions, or termination of our operations, the extent of which cannot be predicted, all of which could have an adverse effect on our operations and financial condition. Our ability to sell oil, gas, and NGLs, and / or receive market prices for our production, may be adversely affected by constraints on gathering systems, processing facilities, pipelines, and other transportation systems owned or operated by third- parties or by other interruptions beyond our control, which could obstruct, limit, or eliminate our access to oil, gas, and NGL markets. The marketability of our oil, gas, and NGL production depends in part on the availability, proximity, and capacity of gathering systems, processing facilities, pipelines, and other transportation systems, which are generally owned or operated by third parties. Any significant interruption in service from, damage to, or lack of available capacity in these systems and facilities can result in the shutting- in of producing wells, the delay, or discontinuance of development plans for our properties, increases in costs, or lower price realizations. Although we have some influence over the processing and transportation of our operated production, material changes in these business relationships could materially affect our operations. Federal and state regulation of oil, gas, and NGL production and transportation, tax and energy policies, changes in supply and demand, pipeline pressures, damage to or destruction of pipelines or processing facilities, infrastructure or capacity constraints, and general economic conditions could adversely affect our ability to produce, gather, process, transport, or market oil, gas, and NGLs. Production may be interrupted, or shut in, from time to time for numerous reasons, including weather conditions, accidents, loss of pipeline, gathering, processing or transportation system access or capacity, field labor issues or strikes, or we might voluntarily curtail production in response to market or other conditions. If a substantial amount of our production is interrupted at the same time, it could adversely affect our cash flows and results of operations. We have entered into firm transportation contracts that require us to pay fixed sums of money to our counterparties regardless of quantities actually shipped, processed, or gathered. If we are unable to deliver the necessary quantities of oil, gas, NGL, or produced water to our counterparties, our results of operations, financial position, and liquidity could be adversely affected. As of December 31, ~~2022~~ **2023** , we were contractually committed to deliver a minimum of ~~18~~ **5** MMBbl of oil through **July of** 2026 ~~, 26 Bcf of gas through the first half of 2023,~~ and 11 MMBbl of produced water through **June of** 2027. We may enter into additional firm transportation agreements as we expand the development of our resource plays. We do not expect to incur any material shortfalls related to our existing contractual commitments. In the event we encounter delays in drilling and completing our wells or otherwise due to construction, interruptions of operations, or delays in connecting new volumes to gathering systems or pipelines for an extended period of time, or if we further limit our capital expenditures due to future commodity price declines or for other reasons, the requirements to pay for quantities not delivered could have a material impact on our results of operations, financial position, and liquidity. If we are unable to replace reserves, we will not be able to sustain production. Our future operations depend on our ability to find or acquire and develop oil, gas, and NGL reserves that are economically producible. Our properties produce oil, gas, and NGLs at a declining rate over time. In order to maintain current production rates, we must locate or acquire and develop new oil, gas, and NGL reserves to replace those being depleted by production. For future acquisitions we may complete, a successful outcome for our business will depend on a number of factors, many of which are beyond our control. These factors include the purchase price and transaction costs for the acquisition, future oil, gas, and NGL prices, the ability to reasonably estimate 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 and possible future environmental or other liabilities. There are numerous uncertainties inherent in estimating these variables with respect to prospective acquisition targets. Actual results may vary substantially from those assumed in the estimates. Our customary review in connection with acquisitions will not necessarily reveal, or allow us to fully assess, all existing or potential problems and deficiencies with such properties. We do not inspect every well, and even when we inspect a well, we may not discover structural, subsurface, or environmental problems that may exist or arise. We may not be entitled to contractual indemnification for pre- closing liabilities, including environmental liabilities. We often acquire interests in properties on an " as- is " basis with limited remedies for breaches of representations and warranties. 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 involves a number of unique risks. These risks include 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. 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. The results of our operations are subject to drilling and completion technique risks, and results may not meet our expectations for reserves or production. As a result, we may incur material write- downs, and the value of our undeveloped acreage could decline if drilling results are unsuccessful. Many of our operations involve utilizing the latest drilling and completion techniques as developed by us, other operators and our service providers in order to maximize production and ultimate recoveries and therefore generate the highest possible returns. Risks we face while drilling include, but are not limited to, landing our well bore outside the desired drilling zone, deviating from the desired drilling zone while drilling horizontally through the formation, the inability to run our casing the entire length of the well bore, and the inability to run tools and recover equipment consistently through the horizontal well bore. Risks we face while completing our wells include, but are not limited to, the inability to fracture stimulate the planned number of stages, the inability to run tools and other equipment the entire length of the well bore during completion operations, the inability to recover such tools and other equipment, and the inability to successfully clean out the well bore after completion of the final fracture stimulation. In addition, exploration and drilling technologies we currently use or implement in the future may become obsolete. If we are unable to maintain technological advancements consistent with industry standards, our operations and financial condition may be adversely affected. We cannot be certain we will be able to implement exploration and drilling technologies on a timely basis or at a cost that is acceptable to us. Ultimately, the success of exploration, drilling, and completion technologies and techniques can only be evaluated over time as more wells are drilled and production profiles are established over a sufficiently long time period. If our drilling results are less than anticipated or we are unable to execute our drilling program because of capital constraints, lease expirations, limited access to gathering systems and takeaway capacity, and / or prices for oil, gas, and NGLs decline, then the return on our investment for a particular project may not be as attractive as we anticipated and we could incur material write- downs of oil and gas properties and the value of our undeveloped acreage could decline in the future. Competition in our industry is intense, and many of our competitors have greater financial, technical, and human resources than we do. We face intense competition from oil and gas exploration and production companies of all sizes for the capital, equipment, expertise, labor, and materials required to operate oil and gas properties. Many of our competitors have financial, technical, and other resources exceeding those available to us, and many oil and gas properties are sold in a competitive bidding process in which our competitors may be able and willing to pay more for exploratory and development prospects and productive properties, or in which our competitors have technological information or expertise that is not available to us to evaluate and successfully bid for properties. As a result, we may not be successful in acquiring and developing profitable properties. In addition, other companies may have a greater ability to continue drilling activities during periods of low oil or gas prices and to absorb the burden of current and future governmental regulations and taxation. In addition, shortages of equipment, labor, or materials as a result of intense competition may result in increased costs or the inability to obtain those resources as needed. Our inability to compete effectively with companies in any area of our business could have a material adverse impact on our business activities, financial condition, and results of operations. The actual quantities and present value of our proved oil, gas, and NGL reserves may be less than we have estimated, and the cost to develop our reserves may be more than we have estimated. This report and certain of our other SEC filings contain estimates of our proved oil, gas, and NGL reserves and the present value of estimated future net revenues from those reserves. The process of estimating reserves is complex and estimates are based on various assumptions, including geological and geophysical characteristics, future oil, gas, and NGL prices, drilling ~~and~~ **,** completion ~~costs~~ **and other capital expenditures** , gathering and transportation costs, operating expenses ~~, capital expenditures~~ , effects of governmental regulation, taxes, timing of operations, and availability of funds. Therefore, these estimates are inherently imprecise. In addition, our reserve estimates for properties with limited production history may be less reliable than estimates for properties with lengthy production histories. Actual future production; prices for oil, gas, and NGLs; revenues; production taxes; development expenditures; operating expenses; and quantities of producible oil, gas, and NGL reserves will most likely vary from those estimated. Any significant variance could materially affect the estimated quantities of and present value related to proved reserves disclosed by us, and the actual quantities and present value may be significantly less than what we have previously estimated. Our properties may also be susceptible to hydrocarbon drainage from production on adjacent properties, which we may not control. As of December 31, ~~2022~~ **2023** , ~~41~~ **44** percent, or ~~219~~ **263** . 6 MMBOE, of our estimated proved reserves were proved undeveloped. In order to develop our **net** proved undeveloped reserves, as of December 31, ~~2022~~ **2023** , we estimate approximately $ 2. 8 billion of capital expenditures would be required. Although we have estimated our proved reserves and the costs associated with these proved reserves in accordance with industry standards, estimated costs may not be accurate, development may not occur as scheduled, and actual results may not occur as estimated. One should not assume that the standardized measure of discounted future net cash flows or PV- 10 included in this report represent the current market value of our estimated proved oil, gas, and NGL reserves. Management has based the estimated discounted future net cash flows from proved reserves on price and cost assumptions required by the SEC, whereas actual future prices and costs may be materially higher or lower. Please refer to Reserves in Part I, Items 1 and 2 of this report for discussion regarding the prices used in estimating the present value of our proved reserves as of December 31, ~~2022~~ **2023** , and to the caption Oil and Gas Reserve Quantities under Critical Accounting Estimates in Part II, Item 7 of this report for additional information. The timing of production from oil and gas properties and of related expenses affects the timing of actual future net cash flows from proved reserves, and thus their actual present value. Our actual future net cash flows could be less than the estimated future net cash flows for purposes of computing PV- 10. In addition, the 10 percent discount factor required by the SEC to calculate PV- 10 for reporting purposes is not necessarily the most appropriate discount factor given actual interest rates, costs of capital, and other risks to which our business and the oil and gas industry in general are subject. Our disposition activities may be subject to factors beyond our control, and in certain cases we may retain unforeseen liabilities for certain matters. We regularly sell non-core assets in order to increase capital resources available for core assets and other purposes and to create organizational and operational efficiencies. We also occasionally sell interests in core assets for the purpose of accelerating the development and increasing efficiencies in other core assets. Various factors could materially affect our ability to dispose of such assets, including the approvals of governmental agencies or third parties, the availability of purchaser financing and purchasers willing to acquire the assets on terms we deem acceptable, or other matters or uncertainties that could impact such dispositions, including whether transactions could be consummated or completed in the form or timing and for the value that we anticipate. At times, we may be required to retain certain liabilities or agree to indemnify buyers in connection with such asset sales. The magnitude of such retained liabilities or of the indemnification obligations may be difficult to quantify at the time of the transaction and ultimately could be material. We rely on third- party service providers to conduct drilling and completion and other related operations. We rely on third- party service providers to perform necessary drilling and completion and other related operations. The ability of third- party service providers to perform such operations will depend on those service providers' ability to compete for and retain qualified personnel, financial condition, economic performance, and access to capital, which in turn will depend upon the supply and demand for oil, gas, and NGLs, prevailing economic conditions, and financial, business, and other factors. Future periods of sustained low commodity prices could occur and could cause third- party service providers to consolidate or declare bankruptcy, which could limit our options for engaging such providers. The failure of a third- party service provider to adequately perform operations could delay drilling or completion or reduce production from the property and adversely affect our financial condition and results of operations ~~. Our costs to retain third- party service providers increased during 2022 as a result of inflation, and continued inflation could result in additional cost increases~~ . Title to the properties in which we have an interest may be impaired by title defects. We generally rely on title due diligence reports when acquiring oil and gas leasehold interests, and we obtain title opinions prior to commencing initial drilling operations on the properties we operate. Title to the properties in which we have an interest may be impaired by title defects that may not be identified in the due diligence title reports or title opinions we obtain, or such defects may not be cured following identification. A material title defect can reduce the value of a property or render it worthless, thus adversely affecting our oil and gas reserves, financial condition, results of operations, and operating cash flow, and may also impair the value of or render adjacent properties uneconomic to develop. Undeveloped acreage has greater risk of title defects than developed acreage and title insurance is not generally available for oil and gas properties. Oil and gas drilling, completion, and production activities are subject to numerous risks, including the risk that no commercially producible oil, gas, or NGLs will be found. The cost of drilling and completing wells is often uncertain, and oil, gas, or NGLs drilling and production activities may be shortened, delayed, or canceled as a result of a variety of factors, many of which are beyond our control. These factors may include, but are not limited to: • supply chain issues, including cost increases and availability of equipment or materials; • unexpected adverse drilling or completion conditions; • title problems; • disputes with owners or holders of surface interests on or near areas where we operate; • pressure or geologic irregularities in formations; • engineering and construction delays; • equipment failures or accidents; • hurricanes, tornadoes, flooding, wildfires or other adverse weather conditions; • operational restrictions resulting from seismicity concerns; • governmental permitting delays; • compliance with environmental and other governmental requirements; and • shortages or delays in the availability of or increases in the cost of drilling rigs and crews, fracture stimulation crews and equipment, pipe, chemicals, water, sand, and other supplies. The wells we drill may not be productive, and we may not recover all or any portion of our investment in such wells. The seismic data and other technologies we use do not allow us to know conclusively prior to drilling a well if oil, gas, or NGLs are present, or whether they can be produced economically. Drilling activities can result in dry holes or wells that are productive but do not produce sufficient net revenues after operating and other costs to cover drilling and completion costs. Even if sufficient amounts of oil, gas, or NGLs exist, we may damage a potentially productive hydrocarbon- bearing formation or experience mechanical difficulties while drilling or completing a well, which could result in reduced or no production from the well, significant expenditure to repair the well, and / or the loss and abandonment of the well. Another significant risk inherent in our drilling plans is the need to obtain drilling permits from state, local, and other governmental authorities. Delays in obtaining regulatory approvals and drilling permits, including delays that jeopardize our ability to realize the potential benefits from leased properties within the applicable lease periods, the failure to obtain a drilling permit for a well, or the receipt of a permit with unreasonable conditions or costs could have a material adverse effect on our ability to explore or develop our properties. Results in newer resource plays may be more uncertain than results in resource plays that are more developed and have longer established production histories. We, and the industry, generally have less information with respect to the ultimate recoverability of reserves and the production decline rates in newer resource plays than other areas with longer histories of development and production. Drilling and completion techniques that have proven to be successful in other resource plays are being used in the early development of new plays; however, we can provide no assurance of the ultimate success of these drilling and completion techniques. We may not be able to obtain any options or lease rights in potential drilling locations that we identify. Unless production is established within the spacing units covering undeveloped acres on which our drilling locations are identified, the leases for such acreage will expire, and we will lose our right to develop the related properties. Our total net acreage as of February ~~9~~ **8** , ~~2023~~ **2024** , that is scheduled to expire over the next three years, represents **approximately 19** ~~less than one~~ percent of our total net undeveloped acreage as of December 31, ~~2022~~ **2023** . Although we have identified numerous potential drilling locations, we may not be able to economically drill for and produce oil, gas, or NGLs from all of them, and our actual drilling activities may materially differ from those presently identified, which could adversely affect our financial condition, results of operations and operating cash flow. Many of our properties are in areas that may have been partially depleted or drained by offset wells and certain of our wells may be adversely affected by actions other operators may take when drilling, completing, or operating wells that they own. Many of our properties are in areas that may have already been partially depleted or drained by earlier offset drilling. The owners of leasehold interests adjoining any of our properties could take actions, such as drilling and completing additional wells, which could adversely affect our operations. When a new well is completed and produced, the pressure differential in the vicinity of the well causes the migration of reservoir fluids toward the new wellbore (and potentially away from existing wellbores). As a result, the drilling and production of these potential locations could cause a depletion of our proved reserves and may inhibit our ability to further develop our proved reserves. In addition, completion operations and other activities conducted on adjacent or nearby wells could cause production from our wells to be shut in for indefinite periods of time, result in increased lease operating expenses and adversely affect the production and reserves from our wells after they re- commence production. We have no control over the operations or activities of offsetting operators. The inability of customers or co- owners of assets to meet their obligations may adversely affect our financial results. Substantially all of our accounts receivable result from oil, gas, and NGL sales or joint interest billings to co- owners of oil and gas properties we operate. This concentration of customers and joint interest owners may impact our overall credit risk because these entities may be similarly affected by various economic and other market conditions, including declines in oil, gas, and NGL prices. The loss of one or more of these customers could reduce competition for our products and negatively impact the prices of commodities we sell. We do not believe the loss of any single purchaser would materially impact our operating results, as we have numerous options for purchasers in each of our operating areas for our oil, gas, and NGL production. Please refer to Concentration of Credit Risk and Major Customers in Note 1 – Summary of Significant Accounting Policies, in Part II, Item 8 of this report for further discussion of our concentration of credit risk and major customers. Additionally, the inability of our co- owners to pay joint interest billings could negatively impact our cash flows and financial ability to drill and complete current and future wells. We are subject to operating and environmental risks and hazards that could result in substantial losses or liabilities that may not be fully insured. Oil and gas operations are subject to many risks, including human error and accidents, that could cause personal injury, death, property damage, well blowouts, craterings, explosions, uncontrollable flows of oil, gas and NGLs, or well fluids, releases or spills of completion fluids, spills or releases from facilities and equipment used to deliver or store these materials, spills or releases of brine or other produced or flowback water, subsurface conditions that prevent us from stimulating the planned number of completion stages, accessing the entirety of the wellbore with our tools during completion, or removing materials from the wellbore to allow production to begin, fires, adverse weather such as hurricanes or tornadoes, freezing conditions, wildfires, floods, droughts, formations with abnormal pressures, pipeline ruptures or spills, pollution, seismic events, releases of toxic gas such as hydrogen sulfide, and other environmental risks and hazards. If any of these types of events occur, we could sustain substantial losses. In response to increased seismic activity in the Permian Basin in Texas, the Railroad Commission of Texas (" RRC ") has developed a seismic review process for injection wells near qualifying seismic activity. As a result of the seismic review process, the RRC may declare an area to be a Seismic Response Area (" SRA ") and may adjust limits for injection rates and pressure, require bottom- hole pressure tests, or modify, suspend, or terminate injection well permits within the SRA. If an SRA is declared within an area of our operations, our ability to dispose of produced water may be adversely affected, and as a result, we may be forced to shut- in injection wells or find alternate produced water disposal options which could affect production and therefore oil, gas, and NGL production revenue, and could cause us to incur additional capital or operating expense. The declaration of SRAs has required us to adjust the areas where we seek permits for injection wells to areas or formations that are less desirable, and could further restrict the areas where we are able to obtain and operate under such permits without restrictions. Additionally, we could be subject to third- party claims and liability based on allegations that our operations caused or contributed to seismic events that resulted in damage to property or personal injury, or that are otherwise related to seismic events. If we experience any of the problems with well stimulation, completion activities, and disposal referenced above, our ability to explore for and produce oil, gas, and NGLs may be adversely affected. We could incur substantial losses or otherwise fail to realize reserves in particular formations as a result of the need to shut down, abandon, or relocate drilling operations, the need to modify drill sites to lessen the risk of spills or releases, the need to investigate and / or remediate any spills, releases or ground water contamination that might have occurred, and the need to suspend our operations. There is inherent risk of incurring significant environmental costs and liabilities in our operations due to our current and past generation, handling, and disposal of materials, including produced water, solid and hazardous wastes, and petroleum hydrocarbons. We may incur joint and several, and / or strict liability under applicable United States federal and state environmental laws in connection with releases of hazardous substances at, on, under, or from our leased or owned properties, some of which have been used for oil and gas exploration and production activities for a number of years, often by third- parties not under our control. For our outside- operated properties, we are dependent on the operator for operational and regulatory compliance and could be subject to liabilities in the event of non- compliance. These properties and the wastes disposed thereon or therefrom could be subject to stringent and costly investigatory or remedial requirements under applicable laws, some of which are strict liability laws without regard to fault or the legality of the original conduct, including CERCLA or the Superfund law, RCRA, the Clean Water Act, the CAA, the OPA, and analogous state laws. Under various implementing regulations, we could be required to remove or remediate previously disposed wastes (including wastes disposed of or released by prior owners or operators) or property contamination (including groundwater contamination), to perform natural resource mitigation or restoration practices, or to perform remedial plugging or closure operations to prevent future contamination. In addition, it is not uncommon for neighboring landowners and other third- parties to file claims for personal injury or property damage, including induced seismicity damage, allegedly caused by the release of petroleum hydrocarbons or other hazardous substances into the environment. As a result, we may incur substantial liabilities to third- parties or governmental entities, which could reduce or eliminate funds available for exploration, development, or acquisitions, or cause us to incur losses. We maintain insurance against some, but not all, of these potential risks and losses. We have significant but limited coverage for sudden environmental damage. We do not believe that insurance coverage for the full potential liability that could be caused by environmental damage that occurs gradually over time is appropriate for us at this time given the nature of our operations and the nature and cost of such coverage. Further, we may elect not to obtain insurance coverage under circumstances where we believe that the cost of available insurance is excessive relative to the risks to which we are subject. Accordingly, we may be subject to liability or may lose substantial assets in the event of environmental or other damages. If a significant accident or other event occurs and is not fully covered by insurance, we could suffer an uninsured material loss. We have limited control over the activities on properties we do not operate. Some of our properties are operated by other companies and involve third- party working interest owners. As a result, we have limited ability to influence or control the operation or future development of such properties, including the nature and timing of drilling and operational activities, the operator' s skill and expertise, compliance with environmental, safety and other regulations, the approval of other participants in such properties, the selection and application of suitable technology, or the amount of expenditures that we will be required to fund with respect to such properties. Moreover, we are dependent on the other working interest owners of such projects to fund their contractual share of the expenditures of such properties. These limitations and our dependence on the operator and other working interest owners in these projects could cause us to incur unexpected future costs. Risks Related to Debt, Liquidity, and Access to Capital Lower oil, gas, or NGL prices could limit our ability to borrow under our Credit Agreement. As of December 31, ~~2022~~ **2023** , the borrowing base and aggregate lender commitments under our Credit Agreement were $ 2. 5 billion and $ 1. 25 billion, respectively. The borrowing base is subject to semi- annual redetermination based on the bank group' s assessment of the value of our proved reserves, which in turn is impacted by oil, gas, and NGL prices. The next borrowing base redetermination date is scheduled for April 1, ~~2023~~ **2024** . Divestitures of ~~additional~~ properties, incurrence of additional debt, or declines in commodity prices could limit our borrowing base and reduce the amount we can borrow under our Credit Agreement, which could in turn impact, among other things, our ability to service our debt, fund our capital program, or compete for the acquisition of new properties. Substantial capital is required to develop and replace our reserves. We must make substantial capital expenditures to find, acquire, develop, and produce oil, gas, and NGL reserves. Future cash flows and the availability of financing are subject to a number of factors, such as the level of production from existing wells, prices received for oil, gas, and NGL sales, our success in locating, developing, and acquiring new reserves, and the orderly functioning of credit and capital markets. If our cash flows from operations are less than expected, we may reduce our planned capital expenditures. If we cannot access sufficient liquidity under our Credit Agreement, or raise additional funds through debt or equity financing or the sale of assets, our ability to execute development plans, replace our reserves, maintain our acreage, or maintain production levels could be greatly limited. Downgrades in our credit ratings by various credit rating agencies could impact our access to capital and have a material adverse effect on our business and financial condition. Downgrades of our credit ~~rating~~ **ratings** ~~levels~~ could have material adverse consequences on our business and future prospects and could: • limit our ability to access capital markets, including for the purpose of refinancing our existing debt; • cause us to refinance or issue debt with less favorable terms and conditions, which ~~debt~~ may restrict, among other things, our ability to make any dividend ~~distributions~~ **payments** or repurchase shares; • negatively impact lenders' willingness to transact business with us, which could impact our ability to obtain favorable terms and conditions under our Credit Agreement; • negatively impact current and prospective customers' willingness to transact business with us; • impose additional insurance, guarantee, bonding, and collateral requirements; • limit our access to bank and third- party guarantees, surety bonds, and letters of credit; and • cause our suppliers and financial institutions to lower or eliminate the level of credit provided through payment terms or intraday funding when dealing with us, thereby increasing the need for higher levels of cash on hand, which would decrease our ability to repay outstanding indebtedness. We cannot provide assurance that any of our current credit ratings will remain in effect for any given period of time or that a credit rating will not be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances warrant. Our commodity derivative contract activities may result in financial losses or may limit the prices we receive for oil, gas, and NGL sales. To mitigate a portion of the exposure to potentially adverse market changes in oil, gas, and NGL prices and the associated impact on cash flows, we regularly enter into commodity derivative contracts. Our commodity derivative contracts typically include price swap and collar arrangements for oil, gas, and NGLs. These activities may expose us to the risk of financial loss in certain circumstances, including instances in which: • our production is less than expected; • one or more counterparties to our commodity derivative contracts default on their contractual obligations; or • there is a widening of price differentials between delivery points for our production and the delivery point assumed in the commodity derivative contract arrangement. In addition, commodity derivative contracts may limit the prices we receive for our oil, gas, and NGL sales if oil, gas, or NGL prices rise substantially over the price established by the commodity derivative contract ~~, which we experienced in 2022~~ . Please refer to Note ~~10~~ **7** – Derivative Financial Instruments in Part II, Item 8 of this report for additional detail regarding our commodity derivative contracts. The amount of our debt may limit our ability to obtain financing for acquisitions, make us more vulnerable to adverse economic conditions, and make it more difficult for us to make payments on our debt. As of December 31, ~~2022~~ **2023** , we had $ 1. 6 billion of aggregate principal amount outstanding of Senior Notes with maturities through 2028, as further discussed and defined in Note 5 – Long- Term Debt in Part II, Item 8 of this report. **We** ~~Additionally, we~~ had no outstanding balance on our revolving credit facility and **had** $ 1. 2 billion of available borrowing capacity under our Credit Agreement as of December 31, ~~2022~~ **2023** . Our long- term debt represented ~~34~~ **30** percent of our total book capitalization as of December 31, ~~2022~~ **2023** . The amounts of our indebtedness could have important consequences for our operations, including: • making it more difficult for us to obtain additional financing in the future for our operations and potential acquisitions, working capital requirements, capital expenditures, debt service, or other general corporate requirements; • requiring us to dedicate a substantial portion of our cash flows from operations to the repayment of our debt and the service of interest costs associated with our debt, rather than to capital investments; • limiting our operating flexibility due to financial and other restrictive covenants, including restrictions on incurring additional debt, making acquisitions, and paying dividends; • placing us at a competitive disadvantage compared to our competitors with less debt; and • making us more vulnerable in the event of adverse economic or industry conditions or a downturn in our business. If our business does not generate sufficient cash flow from operations or future sufficient borrowings are not available to us under our Credit Agreement or from other sources, we might not be able to service our debt, issue additional debt, or fund our planned capital expenditures and other liquidity needs. If we are unable to service our debt, due to inadequate liquidity or otherwise, we may have to delay or cancel acquisitions, defer capital expenditures, sell equity securities, divest assets, and / or restructure or refinance our debt. We might not be able to sell our equity, sell our assets, or restructure or refinance our debt on a timely basis or on satisfactory terms or at all. In addition, the terms of our existing or future debt agreements, including our Credit Agreement and any future credit agreements, may prohibit us from pursuing any of these alternatives. As discussed above, our Credit Agreement is subject to periodic borrowing base redeterminations. At times when we have an outstanding balance, we could be forced to repay a portion of our bank borrowings in the event of a downward redetermination of our borrowing base, and we may not have sufficient funds to make such repayment at that time. If we do not have sufficient funds and are otherwise unable to negotiate adjustments to our borrowing base or arrange new financing, we may be forced to sell significant assets. The agreements governing our debt arrangements contain various covenants that limit our discretion in the operation of our business, could prohibit us from engaging in transactions we believe to be beneficial, and could lead to the accelerated repayment of our debt. Our debt agreements, including our Credit Agreement and the indentures governing our Senior Notes, contain restrictive covenants that limit our ability to engage in activities that may be in our long- term best interests, including restrictions on incurring debt, issuing dividends, repurchasing common stock, selling assets, creating liens, entering into transactions with affiliates, and merging, consolidating, or selling our assets. Our ability to borrow under our Credit Agreement is subject to compliance with certain financial and non- financial covenants, as outlined in the Credit Agreement. Please refer to Note 5 – Long- Term Debt in Part II, Item 8 of this report for additional discussion. These restrictions on our ability to operate our business could significantly harm us by, among other things, limiting our ability to take advantage of financings, mergers and acquisitions, and other corporate opportunities. Our failure to comply with these covenants could result in an event of default that, if not cured or waived, could result in the acceleration of all or a portion of our indebtedness. We do not have sufficient working capital to satisfy our debt obligations in the event of an acceleration of all or a significant portion of our outstanding indebtedness. Negative public perception and investor sentiment regarding our business and the oil and gas industry as a whole could adversely affect our business, operations, and our ability to attract capital. Certain segments of the public as a whole, and the investment community in particular, have developed negative sentiment toward our industry. In recent years, equity returns in the sector versus other industry sectors have led to lower oil and gas representation in certain key equity market indices. In addition, some investors, including investment management firms, sovereign wealth and pension funds, university endowments and other investment advisors, have adopted policies to discontinue or reduce their investments in the oil and gas sector based on social and environmental considerations. Furthermore, other influential stakeholders have pressured commercial and investment banks and other service providers to reduce or cease financing of oil and gas companies and related infrastructure projects. Such developments, including increased focus on environmental, social and governance matters and initiatives aimed at limiting climate change and reducing air pollution, and changes in federal income tax laws could result in downward pressure on the stock prices of oil and gas companies, including ours. This may also potentially result in a reduction of available capital funding for potential development projects, impacting our future financial results. Risks Related to Corporate Governance and Ownership of Public Equity Securities Our certificate of incorporation and by- laws have provisions that discourage corporate takeovers and could prevent stockholders from receiving a takeover premium on their investment, which could adversely affect the price of our common stock. Delaware corporate law and our certificate of incorporation and by- laws contain provisions that may have the effect of delaying or preventing a change of control of us or our management. These provisions, among other things, provide for non- cumulative voting in the election of members of the Board of Directors and impose procedural requirements on stockholders who wish to make nominations for the election of directors or propose other actions at stockholder meetings. These provisions, alone or in combination with each other, may discourage transactions involving actual or potential changes of control, including transactions that otherwise could involve payment of a premium over prevailing market prices to stockholders for their common stock. As a result, these provisions could make it more difficult for a third party to acquire us, even if doing so would benefit our stockholders, which may limit the price investors are willing to pay in the future for shares of our common stock. In addition, stockholder activism in our industry has been present in recent years, and if investors seek to exert influence or affect changes to our business that we do not believe are in the long- term best interests of our stockholders, such actions could adversely impact our business by, among other things, distracting our Board of Directors and management team, causing us to incur unexpected advisory fees and other related costs, impacting execution of our strategic objectives, and creating unnecessary market uncertainty. The price of our common stock may fluctuate significantly, which may result in losses for investors. From January 1, ~~2022~~ **2023** , to February ~~9~~ **8** , ~~2023~~ **2024** , the intraday trading prices per share of our common stock as reported by the New York Stock Exchange ranged from a low of $ ~~28~~ **24** . ~~91~~ **66** per share in ~~January~~ **March** ~~2022~~ **2023** to a high of $ ~~54~~ **43** . ~~97~~ **73** per share in ~~June~~ **October** ~~2022~~ **2023** . We expect our stock to continue to be subject to fluctuations as a result of a variety of factors, including factors beyond our control. These factors include, in addition to the other risk factors set forth herein, the following: • changes in oil, gas, or NGL prices; • changes in the outlook for regional, national, or global commodity supply and demand; • variations in drilling, recompletion, and operating activity; • inflation; • changes in financial estimates by securities analysts; • changes in market valuations of comparable companies; • additions or departures of key personnel; • increased volatility due to the impacts of algorithmic trading practices; • future sales of our common stock; • negative public perception and investor sentiment regarding our business and the oil and gas industry as a whole; • changes in the national and global economic outlook, including potential impacts from trade agreements; and • international trade relationships, potentially including the effects of trade restrictions or tariffs affecting the raw materials we utilize and the commodities we produce in our business. We may not meet the expectations of our stockholders and / or of securities analysts at some time in the future, and our stock price could decline as a result. We may not always pay dividends on our common stock or repurchase common stock under our Stock Repurchase Program. Payment of future dividends remains at the discretion of our Board of Directors, and common stock repurchases under our Stock Repurchase Program remain at the discretion of our Board of Directors and certain authorized officers of the Company. Decisions regarding the payment of dividends and the repurchase of common stock will continue to depend on our earnings, capital requirements, financial condition, general market and economic conditions, applicable legal requirements, the market price of our common stock, and other factors. The payment of dividends and the repurchase of our common stock are each subject to covenants in our Credit Agreement and in the indentures governing our Senior Notes that could limit our ability to make certain restricted payments including dividends and common stock repurchases. Our Board of Directors may determine in the future to reduce the current annual dividend rate or discontinue the payment of dividends altogether. The value of shares authorized for repurchase by the Board of Directors does not require us to repurchase such shares or guarantee that such shares will be repurchased, and the Stock Repurchase Program may be suspended, modified, or discontinued at any time without prior notice. No assurance can be given that any particular number or dollar value of our shares will be repurchased. General Risk Factors Our increasing dependence on digital technologies puts us at risk for a cyber incident that could result in information theft, data corruption, operational disruptions or financial loss. We are subject to cybersecurity risks. The oil and gas industry ~~is~~ **, and our business, are** increasingly dependent on digital technology ~~in all aspects of our business~~ . We use digital technology to conduct certain aspects of our drilling development, production and gathering activities, manage drilling rigs and completion equipment, gather and interpret seismic data, conduct reservoir modeling, record financial and operating data, and maintain employee and other databases. Our service providers, including those who gather, process, and market our oil, gas, and NGLs, are also increasingly reliant on digital technology. Our and their reliance on this technology increasingly puts us at risk for technology system failures, data or network disruptions, cyberattacks and other breaches in cybersecurity. Power failures, telecommunication or other system failures due to hardware or software malfunctions, computer viruses, vandalism, terrorism, natural disasters, fire, flood, human error or other means could significantly impair our ability to conduct our business. Cybersecurity attacks are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, cash, or other assets, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information, and corruption of data. Deliberate attacks on, or security breaches in our systems, infrastructure, the systems and infrastructure of third- parties, or cloud- based applications could lead to disclosure of confidential information, a corruption or loss of our proprietary data, delays in production or exploration activities, difficulty in completing or settling transactions, challenges in maintaining our books and records, environmental damage, communication or other operational disruptions, and liability to third parties. Any insurance we might obtain in the future may not provide adequate protection from these risks. Any such events could damage our reputation and lead to financial losses from remedial actions, loss of business or potential liability. As these cyber risks continue to evolve and our dependence on digital technologies grows, we may be required to expend significant additional resources to continue to modify or enhance our protective measures and remediate cyber vulnerabilities. ~~The~~ **Please refer to Cybersecurity Risk Management, Strategy, and Governance in Item 1C of this report for discussion of the** Audit Committee ~~of our Board of Directors receives a quarterly cybersecurity report and update from management, discusses any relevant issues related thereto, and generally oversees and contributes to our Board of Director~~ ' s **role in** ~~understanding of information technology and~~ cybersecurity **governance** ~~risks, among others that may be relevant at any given time. Upon the recommendation of the Audit Committee, we have taken a preventative approach with respect to cybersecurity threats by building a resilient cybersecurity culture through training and other forms of awareness for our employees and by creating and testing various response plans to hypothetical cybersecurity attacks to quickly assess and respond to potential and actual threats~~ . We did not experience any material cybersecurity incidents during ~~2022~~ **2023** , however there can be no assurance that the measures we have taken to address information technology **(" IT ")** and cybersecurity risks will prove effective in the future **. We are incorporating artificial intelligence technologies into our processes and these technologies may present business, compliance, and reputational risks. Our business increasingly utilizes artificial intelligence (" AI "), machine learning, and automated decision making to improve our processes. Issues in the development and use of AI, combined with an uncertain regulatory environment, may result in new or enhanced governmental or regulatory scrutiny, litigation, confidentiality or security risks, reputational harm, liability, or other adverse consequences to our business operations, all of which could adversely affect our business, results of operations, and financial condition. In addition, it is possible that AI and machine learning- technology could, unbeknownst to us, be improperly utilized by employees while carrying out their responsibilities. The use of AI can lead to unintended consequences, including the unauthorized use or disclosure of confidential and proprietary information, or generating content that appears correct but is factually inaccurate, misleading, or otherwise flawed, which could harm our reputation and business and expose us to risks related to inaccuracies or errors in the output of such technologies. It is not possible to predict all of the risks related to the use of AI, machine learning and automated decision making, and developments in the regulatory frameworks governing the use of such technologies and in related stakeholder expectations may adversely affect our ability to develop and use such technologies or subject us to liability. If we fail to successfully integrate AI into our business processes, or if we fail to keep pace with rapidly evolving AI technological developments, including attracting and retaining talented data scientists, data engineers, and programmers, we may face a competitive disadvantage** . Our business could be negatively impacted by security threats, including cybersecurity threats, terrorism, armed conflict, and other disruptions. As an oil, gas, and NGL producer, we face various security threats, including cybersecurity threats to gain unauthorized access to sensitive information or to render data or systems unusable; threats to the safety of our employees; threats to the security of our facilities and infrastructure or third- party facilities and infrastructure, such as processing plants and pipelines; and threats from terrorist acts **, including armed attacks on shipping channels** . Although we utilize various procedures and controls to monitor these threats and mitigate our exposure to such threats, there can be no assurance that these procedures and controls will be sufficient in preventing security threats from materializing. If any of these events were to materialize, they could lead to losses of sensitive information, critical infrastructure, personnel, or capabilities essential to our operations and could have a material adverse effect on our reputation, financial position, results of operations, or cash flows. The threat of terrorism and the impact of military and other actions have caused instability in world financial markets and could lead to increased volatility in prices for oil, gas, and NGLs, all of which could adversely affect the markets for our production. Energy assets might be specific targets of terrorist attacks. ~~While we currently maintain insurance that provides limited coverage against terrorist attacks, such insurance has become increasingly expensive and difficult to obtain. As a result, insurance providers may not continue to offer this coverage to us on terms we consider reasonable, or at all. In addition, this insurance may not cover all of our losses for a terrorist attack. These developments have subjected our operations to increased risk and, depending~~ **Depending** on their occurrence and ultimate magnitude, **terrorist threats or attacks** could have a material adverse effect on our business, financial condition, or results of operations.