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

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

You should carefully consider the following risk factors in addition to the other information included in this Annual Report. Each of these risk factors could adversely affect our business, operating results and financial condition, as well as adversely affect the value of an investment in our common stock. Risks Related to Our Business Natural gas, oil and NGL prices and basis differentials greatly affect our revenues and thus profits, liquidity, growth, ability to repay our debt and the value of our assets. Our revenues, profitability, liquidity, growth, ability to repay our debt and the value of our assets greatly depend on prices for natural gas, oil and NGLs. The markets for these commodities are volatile, and we expect that volatility to continue. The prices of natural gas, oil and NGLs fluctuate in response to changes in supply and demand (global, regional and local), transportation costs, market uncertainty and other factors that are beyond our control. Short- and long- term prices are subject to a myriad of factors such as: • overall demand, including the relative cost of competing sources of energy or fuel; • overall supply, including costs of production; • the availability, proximity and capacity of pipelines, other transportation facilities and gathering, processing and storage facilities; • regional basis differentials; • national and worldwide economic and political conditions; • weather conditions and seasonal trends; • government regulations, such as regulation of natural gas transportation and price controls; • inventory levels; and • market perceptions of future prices, whether due to the foregoing factors or others. For example, in **2023 and** 2022 ~~and 2021~~, the NYMEX settlement price for natural gas ranged from a low of $ ~~2~~ **1** . ~~47~~ **99** per MMBtu in ~~January~~ **April** ~~2021~~ **2023** to a high of $ 9. 35 per MMBtu in September 2022, and during these periods our production was ~~82~~ **86** % and 88 % natural gas, respectively. Although we hedge a large portion of our production against changing prices, derivatives do not protect all our future volumes, may result in our forgoing profit opportunities if markets rise and, for NGLs, are not always available for substantial periods into the future. In ~~2022~~ **2023** , **we received $ 345 million, net of amounts** we paid ~~$ 5, 283 million, net of amounts we received~~ , in settlement of hedging arrangements due to ~~increased~~ **decreased** commodity pricing. Lower natural gas, oil and NGL prices directly reduce our revenues and thus our operating income and cash flow. Lower prices also reduce the projected profitability of further drilling and therefore are likely to reduce our drilling activity, which in turn means we will have fewer wells on production in the future. Lower prices also reduce the value of our assets, both by a direct reduction in what the production would be worth and by making some properties uneconomic, resulting in non- cash impairments to the recorded value of our reserves and non- cash charges to earnings. For example, in ~~2020~~ **2023** , we reported non- cash impairment charges on our natural gas and oil properties totaling $ ~~2~~ **1** , ~~825~~ **710** million, primarily resulting from decreases in trailing 12- month average first- day- of- the- month natural gas prices throughout ~~2020~~ **2023** , as compared to ~~2019~~ **2022** . ~~Although general~~ **Given the decline in** commodity prices **during** ~~increased in 2022~~ **2023 and early 2024** , ~~further~~ **the Company expects that an additional** non- cash ~~impairments~~ - **impairment** ~~in future periods could~~ **of its assets will likely** occur ~~if the trailing 12- month commodity prices decrease as compared to the average used~~ in ~~prior periods~~ **the first quarter of 2024 and perhaps later** . As of December 31, ~~2022~~ **2023** , we had **less than** $ 4. ~~4~~ **0** billion of debt outstanding, consisting principally of senior notes maturing in various increments from 2025 to 2032 and $ ~~250~~ **220** million of borrowings under our 2022 credit facility (defined below), which matures in 2027. At current commodity price levels, our net cash flow from operations is substantially higher than our interest obligations under this debt, but significant drops in realized prices could affect our ability to pay our current obligations or refinance our debt as it becomes due. Moreover, general industry conditions may make it difficult or costly to refinance increments of this debt as it matures. Although our indentures do not contain significant covenants restricting our operations and other activities, our bank credit agreements contain financial covenants with which we must comply. We refer you to the risk factor " Our current and future levels of indebtedness may adversely affect our results and limit our growth. " Our inability to pay our current obligations or refinance our debt as it becomes due could have a material and adverse effect on our company. A sustained drop in ~~commodityIndex~~ ----- **commodity Index** to Financial Statements prices, such as was generally experienced from 2014 to 2020, could reduce our revenues, profits and cash flow, cause us to record significant non- cash asset impairments and lead us to reduce both our level of capital investing and our workforce. Significant capital investment is required to develop and replace our reserves and conduct our business. Our activities require substantial capital investment, not only to expand revenues but also because production from existing wells and thus revenues decline each year. We intend to fund our future capital investing through net cash flows from operations, net of changes in working capital. Our ability to generate operating cash flow is subject to many of the risks and uncertainties that exist in our industry, some of which we may not be able to anticipate at this time. Future cash flows from operations are subject to a number of risks and variables, such as the level of production from existing wells, prices of natural gas, oil and NGLs, our success in developing and producing new reserves and the other risk factors discussed herein. If we are unable to fund capital investing, we could experience a further reduction in drilling new wells, acquiring new acreage and a loss of existing leased acreage, resulting in a decline in our cash flow from operations and natural gas, oil and NGL production and reserves. If we are not able to develop and replace reserves, our production levels and thus our revenues and profits may decline. Production levels from existing wells decline over time, and drilling new wells requires an inventory of leases and other rights with reserves that have not yet been drilled. Our future success depends largely upon our ability to find, develop or acquire additional natural gas, oil and NGL reserves that are economically recoverable. Unless we replace the reserves we produce through successful development, acquisition or exploration activities, our proved reserves and production will decline over time. Identifying and exploiting new reserves requires significant capital investment and successful drilling operations. Thus, our future natural gas, oil and NGL reserves and production, and therefore our revenues and profits, are highly dependent on our level of capital investments, our success in efficiently developing our current reserves and economically finding or acquiring additional recoverable reserves. Our business depends on access to natural gas, oil and NGL gathering, processing and transportation systems and facilities. Changes to access and cost of these systems and facilities could adversely impact our business and financial condition. Our commitments to assure availability of transportation could lead to substantial payments for capacity we do not use if production falls below projected levels. The marketability of our natural gas, oil and NGL production depends in large part on the operation, availability, proximity, capacity and expansion of transportation systems and facilities owned by third parties. For example, we can provide no assurance that sufficient transportation capacity will exist for expected production from Appalachia or Haynesville, or that we will be able to obtain sufficient transportation capacity on economic terms. During the past few years, several planned pipelines intended to service production in the Northeast United States have experienced delays in their in- service dates due to regulatory delays and litigation. Producers compete by lowering their sales prices, resulting in the locational differences from NYMEX pricing. Further, a lack of available capacity on transportation systems and facilities or delays in their planned expansions could result in the shut- in of producing wells or the delay or discontinuance of drilling plans for properties. A lack of availability of these systems and facilities for an extended period of time could negatively affect our revenues. In addition, we have entered into contracts for firm transportation and any failure to renew those contracts on the same or better commercial terms could increase our costs and our exposure to the risks described above. We have entered into gathering agreements in producing areas and multiple long- term firm transportation agreements relating to natural gas volumes from all our producing areas. As of December 31, ~~2022~~ **2023** , our aggregate demand charge commitments under these firm transportation agreements and gathering agreements were approximately $ ~~10~~ **9** . ~~4~~ **3** billion. If our development programs fail to produce sufficient quantities of natural gas and ethane to fill the contracted capacity within expected timeframes, we would be required to pay demand or other charges for transportation on pipelines and gathering systems for capacity that we would not be fully utilizing. In those situations, which have occurred on a small scale at various times, we endeavor to sell or transfer that capacity to others or fill the excess capacity with production purchased from third parties. There can be no assurance that these measures will recoup the full cost of the unused transportation. Strategic determinations, including the allocation of capital and other resources to strategic opportunities, are challenging in the face of shifting market conditions, and our failure to appropriately allocate capital and resources among our strategic opportunities may adversely affect our financial condition and reduce our future growth rate. We necessarily must consider future price and cost environments when deciding how much capital we are likely to have available from net cash flow and how best to allocate it. Our current philosophy is to generally operate within cash flow from operations, net of changes in working capital, and to invest capital in a portfolio of projects that are projected to generate the highest combined Internal Rate of Return. Volatility in prices and potential errors in estimating costs, reserves or timing of production of the reserves can result in uneconomic projects or economic projects generating less than anticipated returns. Certain of our undeveloped assets are subject to leases that will expire over the next several years unless production is established on units containing the acreage. Approximately ~~52~~ **30** , ~~861~~ **755** and ~~8~~ **3** , ~~823~~ **032** net acres of our Appalachia and Haynesville acreage, respectively, will expire in the next three years if we do not drill successful wells to develop the acreage or otherwise take action to extend the leases. Our ability to drill wells depends on a number of factors, including certain factors that are beyond our control, such as the ability to obtain permits on a timely basis or to compel landowners or lease holders on adjacent properties to cooperate. Further, we may not have sufficient capital to drill all the wells necessary to hold the acreage without increasing our debt levels, or given price projections at the time, drilling may not be projected to achieve a sufficient return or be judged to be the best use of our capital. To the extent we do not drill the wells, our rights to acreage can be lost. Our proved natural gas, oil and NGL reserves are estimates that include uncertainties. Any material changes to these uncertainties or underlying assumptions could cause the quantities and net present value of our reserves to be overstated or understated. As described in more detail under " Critical Accounting Policies and Estimates – Natural Gas and Oil Properties " in Item 7 of Part II of this Annual Report, our reserve data represents the estimates of our reservoir engineers made under the supervision of our management, and our reserve estimates are audited each year by Netherland, Sewell & Associates, Inc., or NSAI, an independent petroleum engineering firm. Reserve engineering is a subjective process of estimating underground accumulations of natural gas, oil and NGLs that cannot be measured in an exact manner. The process of estimating quantities of proved reserves is complex and inherently imprecise, and the reserve data included in this document are only estimates. The process relies on interpretations of available geologic, geophysical, engineering and production data. The extent, quality and reliability of this technical data can vary. The process also requires certain economic assumptions, some of which are mandated by the SEC, such as using historic natural gas, oil and NGL prices rather than future projections. Additional assumptions include drilling and operating expenses, capital investing, taxes and availability of funds. Furthermore, different reserve engineers may make different estimates of reserves and cash flows based on the same data. Results of drilling, testing and production subsequent to the date of an estimate may justify revising the original estimate. Accordingly, initial reserve estimates often vary from the quantities of natural gas, oil and NGLs that are ultimately recovered, and such variances may be material. Any significant variance could reduce the estimated quantities and present value of our reserves. You should not assume that the present value of future net cash flows from our proved reserves is the current market value of our estimated natural gas, oil and NGL reserves. In accordance with SEC requirements, we base the estimated discounted future net cash flows from our proved reserves on the preceding 12- month average natural gas, oil and NGL index prices, calculated as the unweighted arithmetic average for the first day of the month price for each month and costs in effect on the date of the estimate, holding the prices and costs constant throughout the life of the properties. Actual future prices and costs may differ materially from those used in the net present value estimate, and future net present value estimates using then current prices and costs may be significantly less than the current estimate. In addition, the 10 % discount factor we use when calculating discounted future net cash flows for reporting requirements in compliance with the applicable accounting standards may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with us or the oil and gas industry in general. Natural gas and oil drilling and producing and transportation operations are complex and can be hazardous and may expose us to liabilities. Incidents related to HSE performance and our asset and operating integrity could adversely impact our business and financial condition. Drilling and production operations are subject to many risks, including well blowouts, cratering and explosions, pipe failures, fires, formations with abnormal pressures, uncontrollable flows of oil, natural gas, brine or well fluids, severe weather, natural disasters, groundwater contamination and other environmental hazards and risks. Some of these risks or hazards could materially and adversely affect our revenues and expenses by reducing or shutting in production from wells, loss of equipment or otherwise negatively impacting the projected economic performance of our prospects. If any of these risks occurs, we could sustain substantial losses as a result of: • injury or loss of life; • severe damage to or destruction of property, natural resources or equipment; • pollution or other environmental damage; • clean- up responsibilities; • regulatory investigations and administrative, civil and criminal penalties; and • injunctions resulting in limitation or suspension of operations. For our properties that we do not operate, we depend on the operator for operational and regulatory compliance. We rely on third parties to transport our production to markets. Their operations, and thus our ability to reach markets, are subject to all of the risks and operational hazards inherent in transporting natural gas and ethane and natural gas compression, including: • damages to pipelines, facilities and surrounding properties caused by third parties, severe weather, natural disasters, including hurricanes, and acts of terrorism; • maintenance, repairs, mechanical or structural failures; • damages to, loss of availability of and delays in gaining access to interconnecting third- party pipelines; • disruption or failure of information technology systems and network infrastructure due to various causes, including unauthorized access or attack; and • leaks of natural gas or ethane as a result of the malfunction of equipment or facilities. A material event such as those described above could expose us to liabilities, monetary penalties or interruptions in our business operations. Although we may maintain insurance against some, but not all, of the risks described above, our insurance may not be adequate to cover casualty losses or liabilities, and our insurance does not cover penalties or fines that may be assessed by a governmental authority. Also, in the future we may not be able to obtain insurance at premium levels that justify its purchase. We have made significant investments in oilfield service businesses, including our drilling rigs, water infrastructure and pressure pumping equipment, to lower costs and secure inputs for our operations and transportation for our production. If our development and production activities are curtailed or disrupted, we may not recover our investment in these activities, which could adversely impact our results of operations. In addition, our continued expansion of these operations may adversely impact our relationships with third- party providers. We also have made investments to meet certain of our field services' needs, including establishing our own drilling rig operation, water transportation system in Appalachia and pressure pumping capability. If our level of operations is reduced for a long period, we may not be able to recover these investments. Further, our presence in these service and supply sectors, including competing with them for qualified personnel and supplies, may have an adverse effect on our relationships with our existing third- party service and resource providers or our ability to secure these services and resources from other providers. Our business depends on the availability of water and the ability to dispose of water. Limitations or restrictions on our ability to obtain or dispose of water may have an adverse effect on our financial condition, results of operations and cash flows. Water is an essential component of drilling and hydraulic fracturing processes. Limitations or restrictions on our ability to secure sufficient amounts of water, **which may be enhanced by changes in weather patterns,** or to dispose of or recycle water after use, could adversely impact our operations. In some cases, water may need to be obtained from new sources and transported to drilling sites, resulting in increased costs. Moreover, the introduction of new environmental initiatives and regulations related to water acquisition or waste water disposal, including produced water, drilling fluids and other wastes associated with the exploration, development or production of hydrocarbons, could limit or prohibit our ability to utilize hydraulic fracturing or waste water injection control wells. In addition, concerns have been raised about the potential for seismic activity to occur from the use of underground injection control wells, a predominant method for disposing of waste water from oil and gas activities. New rules and regulations may be developed to address these concerns, possibly limiting or eliminating the ability to use disposal wells in certain locations and increasing the cost of disposal in others. We utilize third parties to dispose of waste water associated with our operations. These third parties may operate injection wells and may be subject to regulatory restrictions relating to seismicity. Compliance with environmental regulations and permit requirements governing the withdrawal, storage and use of water necessary for hydraulic fracturing of wells or the disposal of water may increase our operating costs or may cause us to delay, curtail or discontinue our exploration and development plans, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. A large portion of our producing properties remain concentrated in the Appalachian basin, making us vulnerable to risks associated with operating in limited geographic areas. A large portion of our producing properties currently are geographically concentrated in the Appalachian basin in Pennsylvania, West Virginia and Ohio. At December 31, ~~2022~~ **2023** , approximately ~~72~~ **75** % of our total estimated proved reserves were attributable to properties located in the Appalachian basin. As a result, we may be disproportionately exposed to the impact of regional supply and demand factors, delays or interruptions of production from wells in this area caused by governmental regulation, state and local politics, processing or transportation capacity constraints, market limitations, availability of equipment and personnel, water shortages **and other disruptions due to climate patterns, severe weather** or interruption of the processing or transportation of natural gas, oil or NGLs. Many of our business operations depend on activities performed by third parties. Changes to availability, costs and performance of personnel, products and services provided by third parties could adversely impact our business and financial condition. We rely on third- party service providers to provide compression related services and 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, train, and retain qualified personnel as well as their financial condition, economic performance and ability to access capital, which in turn will depend upon the supply and demand for natural gas, oil and NGLs, prevailing economic conditions, and financial, business and other factors. These third- party service providers are also subject to various laws and regulations that could impose regulatory action that limits or suspends their ability to operate. The failure of a third- party service provider to adequately perform operations or comply with applicable laws and regulations could delay drilling or completion or reduce production from the property and adversely affect our financial condition and results of operations. Changes to the ability of our customers to receive our products or meet their financial, performance and other obligations to us could adversely impact our business and financial condition. In addition to credit risk related to receivables from commodity derivative contracts, our principal exposures to credit risk are through receivables resulting from the sale of our natural gas, oil and NGL production that we market to energy companies, end users and refineries ($ **553** ~~1, 231~~ million as of December 31, ~~2022~~ **2023**). We are also subject to credit risk due to concentration of receivables with several significant customers. The largest purchaser of our products during the year ended December 31, ~~2022~~ **2023** accounted for approximately ~~17~~ **14** % of our product revenues. We do not require all of our customers to post collateral. The inability or failure of our significant customers to meet their obligations to us or their insolvency or liquidation may adversely affect our financial condition. Competition in the oil and natural gas industry is intense, making it more difficult for us to market natural gas, oil and NGLs, to secure trained personnel and appropriate services, to obtain additional properties and to raise capital. Our cost of operations is highly dependent on third- party services, and competition for these services can be significant, especially in times when commodity prices are rising. Similarly, we compete for trained, qualified personnel, and in times of lower prices for the commodities we produce, we and other companies with similar production profiles may not be able to attract and retain this talent. Our ability to acquire and develop reserves in the future will depend on our ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment for acquiring properties, marketing natural gas, oil and NGLs and securing trained personnel. Also, there is substantial competition for capital available for investment in the oil and gas industry. Certain of our competitors may possess and employ financial, technical and personnel resources greater than ours. Those companies may be able to pay more for personnel, property and services and to attract capital at lower rates. This may become more likely if prices for oil and NGLs increase faster than prices for natural gas, as natural gas comprises a greater percentage of our overall production than it does for most of the companies with whom we compete for talent. We may be unable to dispose of assets on attractive terms, and may be required to retain liabilities for certain matters. Various factors could materially affect our ability to dispose of assets if and when we decide to do so, including the availability of purchasers willing to purchase the assets at prices acceptable to us, particularly in times of reduced and volatile commodity prices. Sellers typically retain liabilities for certain matters. The magnitude of any such retained liability or indemnification obligation may be difficult to quantify at the time of the transaction and ultimately may be material. Also, as is typical in divestiture transactions, third parties may be unwilling to release us from guarantees or other credit support provided prior to the sale of the divested assets. As a result, after a sale, we may remain secondarily liable for the obligations guaranteed or supported to the extent that the buyer of the assets fails to perform these obligations. Changes to applicable U. S. tax laws and regulations could affect our business and future profitability. The elimination of certain key U. S. federal income tax deductions currently available to oil and natural gas exploration and production companies may be proposed in the future. These changes may include, among other proposals: • repeal of the percentage depletion allowance for natural gas and oil properties; • elimination of current deductions for intangible drilling and development costs; • elimination of the deduction for certain domestic production activities; and • extension of the amortization period for certain geological and geophysical expenditures. The passage of any such proposals, or any similar legislation, could have an adverse effect on our financial position, results of operations and cash flows. Our ability to use our net operating loss carryforwards and certain other tax attributes will be limited. At December 31, ~~2022~~ **2023** , we had substantial amounts of net operating loss carryforwards (" NOLs ") and other attributes for U. S. federal and state income tax purposes. Due to the issuance of common stock in 2021 associated with the Indigo Merger, we incurred a cumulative ownership change under Sections 382 and 383 of the Internal Revenue Code (" Code "), and as such, our NOLs and other attributes prior to the acquisition are subject to an annual limitation under Section 382 of the Code of approximately $ 48 million. The ownership change and resulting annual limitation will result in the expiration of NOLs or other tax attributes otherwise available. At December 31, ~~2022~~ **2023** , we had approximately $ 4 billion of federal ~~NOL~~ **NOLs** , of which approximately $ 3 billion have an expiration date between 2035 and 2037 and $ 1 billion have an indefinite carryforward life. We currently estimate that approximately $ 2 billion of these federal NOLs will expire before they are able to be used. If a subsequent ownership change were to occur as a result of future transactions in our common stock, our use of remaining U. S. tax attributes may be further limited. We may experience adverse or unforeseen tax consequences due to further developments affecting our deferred tax assets which could significantly affect our results of operations. Deferred tax assets, including NOLs, represent future savings of taxes that would otherwise be paid in cash. As discussed above, at December 31, ~~2022~~ **2023** , we had substantial amounts of NOLs for U. S. federal and state income tax purposes. Our ability to utilize our deferred tax assets is dependent on the amount of future pre- tax income that we are able to generate through our operations or sale of assets and the applicable U. S. federal income tax and ~~foreign~~ **state** tax laws. If management concludes that it is more likely than not that some or all of the benefit from the deferred tax assets will not be realized, a valuation allowance will be recognized in the period that this conclusion is reached. A cyber incident could result in information theft, data corruption, operational disruption and / or financial loss. Our business has become increasingly dependent on digital technologies to conduct day- to- day operations, including certain development, exploration and production activities as well as processing of revenues and payments. We depend on digital technology, including information systems and related infrastructure as well as cloud applications and services, to process and record financial and operating data, analyze seismic and drilling information, conduct reservoir modeling and reserves estimation, communicate with employees and business associates, perform compliance reporting and in many other activities related to our business. Our vendors, service providers, purchasers of our production and financial institutions are also dependent on digital technology. As dependence on digital technologies has increased, cyber incidents, including deliberate attacks or unintentional events, have also increased. Our technologies, systems, networks, and those of our business associates **are** ~~may become~~ the target of cyber- attacks ~~or information security breaches~~ , which could lead to disruptions in critical systems, unauthorized release of confidential or protected information, corruption of data or other disruptions of our business operations. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period. A cyber- attack involving our information systems and related infrastructure, or that of companies with which we deal, could disrupt our business and negatively impact our operations in a variety of ways, including: • unauthorized access to seismic data, reserves information, strategic information or other sensitive or proprietary information could have a negative impact on our ability to compete for natural gas and oil resources; • unauthorized access to personal identifying information of property lessors, working interest partners, employees and vendors, which could expose us to allegations that we did not sufficiently protect that information; • data corruption or operational disruption of production infrastructure could result in loss of production, or accidental discharge; • a cyber- attack on a vendor or service provider could result in supply chain disruptions, which could delay or halt our major development projects; and • a cyber- attack on a third party gathering, pipeline or rail service provider could delay or prevent us from marketing our production, resulting in a loss of revenues. These events could damage our reputation and lead to financial losses from remedial actions, loss of business or potential liability, which could have a material adverse effect on our financial condition, results of operations or cash flows. To date we have not experienced any material losses or interruptions relating to cyber- attacks; however, there can be no assurance that we will not suffer such losses in the future. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. Terrorist activities could materially and adversely affect our business and results of operations. Terrorist attacks and the threat of terrorist attacks, whether domestic or foreign attacks, as well as military or other actions taken in response to these acts, could cause instability in the global financial and energy markets. Continued hostilities in the Middle East and the occurrence or threat of terrorist attacks in the United States or other countries could adversely affect the global economy in unpredictable ways, including the disruption of energy supplies and markets, increased volatility in commodity prices or the possibility that the infrastructure on which we rely could be a direct target or an indirect casualty of an act of terrorism, and, in turn, could materially and adversely affect our business and results of operations. The physical impacts of adverse weather may have a negative impact on our business and results of operations. The physical effects of adverse weather conditions, such as increased frequency and severity of droughts, storms, floods and other climatic events, could adversely affect or delay demand for our products or cause us to incur significant costs in preparing for, or responding to, the effects of climatic events themselves. Potential adverse effects could include disruption of our production activities, including, for example, damages to our facilities from winds or floods, increases in our costs of operation or reductions in the efficiency of our operations, reducing the availability of electrical power, road accessibility, and transportation facilities, impacts on our personnel, supply chain, distribution chain or customers, as well as potentially increased costs for insurance coverages in the aftermath of such effects. Energy demand could increase or decrease as a result of extreme weather conditions depending on the duration and magnitude of the climatic event. Increased energy demand due to weather changes may require us to invest in additional equipment to serve increased demand. A decrease in energy use due to weather changes may affect our financial condition through decreased revenues. Such impacts may be proportionately more severe given the geographical concentration of our operations. Any one of these factors has the potential to have a material adverse effect on our business, financial condition, results of operations, and cash flow. Our ability to mitigate the physical impacts of adverse weather conditions depends in part upon our disaster preparedness and response along with our business continuity planning. Negative public perception regarding us and / or our industry and increasing scrutiny of ESG matters could have an adverse effect on our business, financial condition and results of operations and damage our reputation. Negative public perception regarding us and / or our industry resulting from, among other things, concerns raised by advocacy groups about climate change, emissions, hydraulic fracturing, seismicity, oil spills and explosions of transmission lines, may lead to increased litigation risk and regulatory, legislative and judicial scrutiny, which may, in turn, lead to new state and federal safety and environmental laws, regulations, guidelines and enforcement interpretations. These actions may cause operational delays or restrictions, increased operating costs, additional regulatory burdens and increased risk of litigation. Moreover, governmental authorities exercise considerable discretion in the timing and scope of permit issuance and the public may engage in the permitting process, including through intervention in the courts. Negative public perception could cause the permits we need to conduct our operations to be withheld, delayed, or burdened by requirements that restrict our ability to profitably conduct our business. In addition, various officials and candidates at the federal, state and local levels, including some presidential candidates, have proposed banning hydraulic fracturing altogether. Further, increasing attention to climate change, societal expectations on companies to address climate change, investor and societal expectations regarding voluntary ESG disclosures, generally, and fuel conservation measures, alternative fuel requirements, and increasing consumer demand for alternative forms of energy or energy efficiency initiatives or products may result in increased costs, reduced demand for our products, reduced profits, and negative impacts on our stock price and access to capital markets. Further, our operations, projects and growth opportunities require us to have strong relationships with various key stakeholders, including our shareholders, employees, suppliers, customers, local communities and others. We may face pressures from stakeholders, many of whom are increasingly focused on climate change, to prioritize sustainable energy practices, reduce our carbon footprint and promote sustainability while at the same time remaining a successfully operating public company. If we do not successfully manage expectations across these varied stakeholder interests, it could erode our stakeholder trust and thereby affect our brand and reputation. Such erosion of confidence could negatively impact our business through decreased demand and growth opportunities, delays in projects, increased legal action and regulatory oversight, adverse press coverage and other adverse public statements, difficulty hiring and retaining top talent, difficulty obtaining necessary approvals and permits from governments and regulatory agencies on a timely basis and on acceptable terms and difficulty securing investors and access to capital. Moreover, while we create and publish voluntary disclosures regarding ESG matters from time to time, some of the statements in those voluntary disclosures may be based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many ESG matters. In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings could lead to increased negative investor sentiment toward us and our industry and to the diversion of investment to other industries, which could have a negative impact on our stock price and our access to and costs of capital. In addition, failure or a perception (whether or not valid) of failure to implement our ESG strategy or achieve sustainability goals ~~,~~ and targets we have ~~to~~ set **, including emissions reduction targets** , could damage our reputation, causing our investors or consumers to lose confidence in our Company and brands, and negatively impact our operations. Our continuing efforts to research, establish, accomplish and accurately report on the implementation of our ESG strategy, including any ESG goals, may also create additional operational risks and expenses and expose us to reputational, legal and other risks. Developments related to climate change may have a material and adverse effect on us. Governmental and regulatory bodies, investors, consumers, industry and other stakeholders have been increasingly focused on combatting the effects of climate change. This focus, together with changes in consumer and industrial / commercial behavior, preferences and attitudes with respect to the generation and consumption of energy, petroleum products and the use of products manufactured with, or powered by, petroleum products, may in the long- term result in (i) the enactment of climate change- related regulations, policies and initiatives (at the government, regulator, corporate and / or investor community levels), including alternative energy requirements, new fuel consumption standards, energy conservation and emissions reductions measures and responsible energy development, (ii) technological advances with respect to the generation, transmission, storage and consumption of energy (e. g., wind, solar and hydrogen power, smart grid technology and battery technology, increasing efficiency) and (iii) increased availability of, and increased consumer and industrial / commercial demand for, alternative energy sources and products manufactured with, or powered by, alternative energy sources (e. g., electric vehicles and renewable residential and commercial power supplies). These developments may in the future adversely affect the demand for products manufactured with, or powered by, petroleum products and the demand for, and in turn the prices of, the natural gas, crude oil, and NGLs that we sell. Such developments may also adversely impact, among other things, the availability to us of necessary third- party services and facilities that we rely on, which may increase our operational costs and adversely affect our ability to successfully carry out our business strategy. Climate change- related developments may impact the market prices of or our access to raw materials such as energy and water and therefore result in increased costs to our business. For further discussion regarding the impact of commodity prices (including fluctuations in commodity prices) on our financial condition, cash flows and results of operations, see the risk factor entitled " Natural gas, oil and NGL prices and basis differentials greatly affect our revenues and thus profits, liquidity, growth, ability to repay our debt and the value of our assets. " Further, climate change- related developments may result in negative perceptions of the traditional oil and gas industry and, in turn, reputational risks, including perceptions regarding the sufficiency of our ESG program associated with exploration and production activities. Such negative perceptions and reputational risks may in the future adversely affect our ability to successfully carry out our business strategy, for example, by adversely affecting the availability and cost to us of capital. There have been efforts in recent years, for example, to influence the investment community, including investment advisors, insurance companies, and certain sovereign wealth, pension and endowment funds and other groups, by promoting divestment of fossil fuel equities and pressuring lenders to limit funding and insurance underwriters to limit coverages to companies engaged in the extraction of fossil fuel reserves. Financial institutions may elect in the future to shift some or all of their investment into non-fossil fuel related sectors. There is also a risk that financial institutions may be required to adopt policies that have the effect of reducing the funding provided to the fossil fuel sector. Certain investment banks and asset managers based both domestically and internationally have announced that they are adopting climate change guidelines for their banking and investing activities. Institutional lenders who provide financing to energy companies have also become more attentive to sustainable lending practices, and some may elect not to provide traditional energy producers or companies that support such producers with funding. Ultimately, the foregoing factors could make it more difficult to secure funding for exploration and production activities or adversely impact the cost of capital for both us and our customers, and could thereby adversely affect the demand and price of our securities. Limitation of investments in and financings for energy companies could also result in the restriction, delay or cancellation of infrastructure projects and energy production activities ~~. For further discussion of the potential impact of such risks on our financial condition, cash flows and results of operations, see the discussion below in this section and in the section below entitled " Risks Related to our Business "~~ . In addition, the enactment of climate change- related regulations, policies and initiatives (at the government, corporate and / or investor community levels) may in the future result in increases in our compliance costs and other operating costs and have other adverse effects (e. g., greater potential for governmental investigations or litigation). For further discussion regarding the risks to us of climate change- related regulations, policies and initiatives, see the discussion below in the section entitled " Risks Related to Governmental Regulation ". Furthermore, claims have been made against certain energy companies alleging that greenhouse gas emissions from oil and natural gas operations constitute a public nuisance under federal and / or state common law, or alleging that the companies have been aware of the adverse effects of climate change for some time but failed to adequately disclose such impacts to their investors or customers. As a result, private individuals or public entities may seek to enforce environmental laws and regulations against us and could allege personal injury, property damages or other liabilities. While our business is not a party to any such litigation, we could be named in actions making similar allegations. An unfavorable ruling in any such case could significantly impact our operations and could have an adverse impact on our financial condition. Judicial decisions can affect our rights and obligations. Our ability to develop **natural** gas, oil and NGLs depends on the leases and other mineral rights we acquire and the rights of owners of nearby properties. We operate in areas where judicial decisions have not yet definitively interpreted various contractual provisions or addressed relevant aspects of property rights, nuisance and other matters that could be the source of claims against us as a developer or operator of properties. Although we plan our activities according to our expectations of these unresolved areas, based on decisions on similar issues in these jurisdictions and decisions from courts in other states that have addressed them, courts could resolve issues in ways that increase our liabilities or otherwise restrict or add costs to our operations. Common stockholders will be diluted if additional shares are issued. We endeavor to create value for our stockholders on a per share basis. From time to time we have issued stock to raise capital for our business or as consideration for acquisitions. We also issue restricted stock, options and performance share units to our employees and directors as part of their compensation. In addition, we may issue additional shares of common stock, additional notes or other securities or debt convertible into common stock, to extend maturities or fund capital expenditures. If we issue additional shares of our common stock in the future, it may have a dilutive effect on our current outstanding stockholders. Anti- takeover provisions in our organizational documents and under Delaware law may impede or discourage a takeover, which could cause the market price of our common stock to decline. We are a Delaware corporation, and the anti- takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change in control would be beneficial to our existing stockholders, which, under certain circumstances, could reduce the market price of our common stock. In addition, protective provisions in our Amended and Restated Certificate of Incorporation **, as amended,** and **Second** Amended and Restated Bylaws or the implementation by our Board of Directors of a stockholder rights plan that could deter a takeover. Loss of our key executive officers or other personnel, or an inability to attract and retain such officers and personnel, could negatively affect our business. Our future success depends on the skills, experience and efforts of our key executive officers. The sudden loss of any of these executives' services or our failure to appropriately plan for any expected key executive succession could materially and adversely affect our business and prospects, as we may not be able to find suitable individuals to replace them on a timely basis, if at all. Additionally, we also depend on our ability to attract and retain qualified personnel to operate and expand our business. Workers may choose to pursue employment with our competitors or in other fields; this competition has become exacerbated by the increase in employee resignations currently taking place throughout the United States. If we fail to attract or retain talented new employees, our business and results of operations could be negatively affected. A pandemic ~~, such as COVID- 19,~~ may negatively affect our business, operating results and financial condition. As a result of a pandemic ~~, such as COVID- 19~~ , we may experience in the future, among other things, a reduction in demand for natural gas, oil, NGLs and other products derived therefrom, and may experience in the future reduced availability of personnel, equipment and services critical to our ability to operate our properties, which could in the future adversely impact, our business, results of operations and overall financial performance. Risks Related to our Indebtedness and Financing Abilities A downgrade in our credit rating could negatively impact our cost of and ability to access capital and our liquidity. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade, could impact our ability to access debt markets in the future to refinance existing debt or obtain additional funds, affect the market value of our senior notes and increase our borrowing costs. Such ratings are limited in scope, and do not address all material risks relating to us, but rather reflect only the view of each rating agency of the likelihood we will be able to repay our debt at the time the rating is issued. An explanation of the significance of each rating may be obtained from the applicable rating agency. As of February ~~21~~ **20** , ~~2023~~ **2024** , our long- term issuer ratings were Ba1 by Moody' s, BB by Standard and Poor' s and BB by Fitch Investor Services. There can be no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency' s judgment, circumstances so warrant. Actual downgrades in our credit ratings may also impact our interest costs and liquidity. The interest rates under certain of our senior notes increases as credit ratings fall. Many of our existing commercial contracts contain, and future commercial contracts may contain, provisions permitting the counterparty to require increased security upon the occurrence of a downgrade in our credit rating. Providing additional security, such as posting letters of credit, could reduce our available cash or our liquidity under our 2022 credit facility for other purposes. We had **no** ~~$ 110 million~~ of letters of credit outstanding at December 31, ~~2022~~ **2023** . The amount of additional financial assurance would depend on the severity of the downgrade from the credit rating agencies, and a downgrade could result in a decrease in our liquidity. At December 31, ~~2022~~ **2023** , we had total indebtedness of **less than** $ 4. ~~4~~ **0** billion. The terms of the indentures governing our outstanding senior notes, our credit facilities, and the lease agreements relating to our drilling rigs, other equipment and headquarters building, which we collectively refer to as our " financing agreements, " impose restrictions on our ability and, in some cases, the ability of our subsidiaries to take a number of actions that we may otherwise desire to take, which may include, without limitation, one or more of the following: • incurring additional debt; • redeeming stock or redeeming certain debt; • making certain investments; • creating liens on our assets; and • selling assets. The revolving credit facility we entered into in April 2022, as amended (our " 2022 credit facility "), contains customary representations, warranties and covenants including, among others, the following covenants: • a prohibition against incurring debt, subject to permitted exceptions; • a restriction on creating liens on assets, subject to permitted exceptions; • restrictions on mergers and asset dispositions; • restrictions on use of proceeds, investments, declaring dividends, repurchasing junior debt, transactions with affiliates, or change of principal business; and • maintenance of the following financial covenants, commencing with the fiscal quarter ended March 31, 2022: 1. Minimum current ratio of no less than 1. 00 to 1. 00, whereby current ratio is defined as the Company' s consolidated current assets (including unused commitments under the credit agreement, but excluding non- cash derivative assets) to consolidated current liabilities (excluding non- cash derivative obligations and current maturities of long- term debt). 2. Maximum total net leverage ratio of not greater than, with respect to the prior four fiscal quarters ending on or after March 31, 2022, 4. 00 to 1. 00. Total net leverage ratio is defined as total debt less cash on hand (up to the lesser of 10 % of credit limit or $ 150 million) divided by consolidated EBITDAX for the last four consecutive quarters. **Consolidated** EBITDAX, as defined in the credit agreement governing the

Company' s 2022 credit facility, excludes the effects of interest expense, depreciation, depletion and amortization, income tax, any non- cash impacts from impairments, certain non- cash hedging activities, stock- based compensation expense, non- cash gains or losses on asset sales, unamortized issuance cost, unamortized debt discount and certain restructuring costs. As of December 31, ~~2022~~ **2023**, we were in compliance with all of the covenants of our 2022 credit facility. Our ability to comply with these financial covenants depends in part on the success of our development program and upon factors beyond our control, such as the market prices for natural gas, oil and NGLs. Our level of indebtedness and off- balance sheet obligations, and the covenants contained in our financing agreements, could have important consequences for our operations, including: • requiring us to dedicate a substantial portion of our cash flow from operations to required payments, thereby reducing the availability of cash flow for working capital, capital investing and other general business activities; • limiting our ability to obtain additional financing in the future for working capital, capital investing, acquisitions and general corporate and other activities; • limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and • detracting from our ability to successfully withstand a downturn in our business or the economy generally. Any significant reduction in the borrowing base under our 2022 credit facility may negatively impact our ability to fund our operations, and we may not have sufficient funds to repay borrowings under our 2022 credit facility if required as a result of a borrowing base redetermination. The amount we may borrow under our 2022 credit facility is capped at the lower of the total of our bank commitments and a " borrowing base " determined from time to time by the lenders based on our reserves, market conditions and other factors. As of December 31, ~~2022~~ **2023**, the borrowing base was reaffirmed at $ 3. 5 billion in ~~September~~ **October** ~~2022~~ **2023**~~,~~ and **we had** total aggregate ~~commitments were comprised of~~ elected ~~five- year revolving~~ commitments of $ 2. 0 billion ~~(the " Five- Year Tranche ") and elected short- term commitments of $ 500 million (the " Short- Term Tranche ")~~. The borrowing base is subject to scheduled semiannual and other elective collateral borrowing base redeterminations based on our natural gas, oil and NGL reserves and other factors. As of December 31, ~~2022~~ **2023**, we had $ ~~250~~ **220** million of outstanding borrowings under the ~~Five- Year Tranche and no borrowings under the Short- Term Tranche. We do not anticipate borrowing under the Short- Term Tranche. As of December 31, 2022, we had $ 110 million of letters of credit issued under the~~ 2022 credit facility **, no of letters of credit issued** and **our** unused borrowing capacity was approximately $ ~~2.~~ 1 **. 8** billion which exceeds our currently modeled needs. Any significant reduction in our borrowing base as a result of borrowing base redeterminations or otherwise may negatively impact our liquidity and our ability to fund our operations and, as a result, may have a material adverse effect on our financial position, results of operation and cash flow. Further, if the outstanding borrowings under our 2022 credit facility were to exceed **the lower of our elected commitments level and** the borrowing base as a result of any such redetermination or other reasons, we would be required to repay the excess within a brief period. We may not have sufficient funds to make such repayments. If we do not have sufficient funds and we are otherwise unable to negotiate renewals of our borrowings or arrange new financing, we may have to sell significant assets. Any such sale could have a material adverse effect on our business and financial results. Our ability to comply with the covenants and other restrictions in our financing agreements may be affected by events beyond our control, including prevailing economic and financial conditions. Failure to comply with the covenants and other restrictions could lead to an event of default and the acceleration of our obligations under our senior notes, credit facilities or other financing agreements, and in the case of the lease agreements for drilling rigs, compressors and pressure pumping equipment, loss of use of the equipment. In particular, the occurrence of risks identified elsewhere in this section, such as declines in commodity prices, increases in basis differentials and inability to access markets, could reduce our profits and thus the cash we have to fulfill our financial obligations. If we are unable to satisfy our obligations with cash on hand, we could attempt to refinance such debt, sell assets or repay such debt with the proceeds from an equity offering. We cannot assure that we will be able to generate sufficient cash flow to pay the interest on our debt, to meet our lease obligations, or that future borrowings, equity financings or proceeds from the sale of assets will be available to pay or refinance such debt or obligations. The terms of our financing agreements may also prohibit us from taking such actions. Factors that will affect our ability to raise cash through an offering of our capital stock, a refinancing of our debt or a sale of assets include financial market conditions and our market value and operating performance at the time of such offering or other financing. We cannot assure that any such proposed offering, refinancing or sale of assets can be successfully completed or, if completed, that the terms will be favorable to us. Climate change legislation or regulations governing the emissions of greenhouse gases could result in increased operating costs and reduce demand for the natural gas, oil and NGLs we produce, and concern in financial and investment markets over greenhouse gasses and fossil fuel production could adversely affect our access to capital and the price of our common stock. In response to findings regarding the potential impact of emissions of carbon dioxide, methane and other greenhouse gases on human health and the environment, the EPA has adopted regulations under existing provisions of the federal Clean Air Act that, among other things, establish Prevention of Significant Deterioration, or PSD, construction and Title V operating permit reviews for certain large stationary sources. Facilities required to obtain PSD permits for their greenhouse gas emissions also will be required to meet " best available control technology " standards that will be established on a case- by- case basis. EPA rulemakings related to greenhouse gas emissions could adversely affect our operations and restrict or delay our ability to obtain air permits for new or modified sources. ~~The EPA also has adopted rules requiring the monitoring and reporting of greenhouse gas emissions from specified onshore and offshore natural gas and oil production sources in the United States on an annual basis, which include certain of our operations.~~ In ~~June 2016, the EPA finalized regulations establishing NSPS, known as Subpart OOOOa, for methane and volatile organic compounds from new and modified oil and natural gas production and natural gas processing and transmission facilities. In September 2020, the EPA finalized two sets of amendments to the 2016 Subpart OOOOa standards. The first, known as the 2020 Technical Rule, reduced the 2016 rule' s fugitive emissions monitoring requirements and expanded exceptions to pneumatic pump requirements, among other changes. The second, known as the 2020 Policy Rule, rescinded the methane- specific requirements for certain oil and natural gas sources in the production and processing segments. On January 20, 2021, the current administration issued an Executive Order directing the EPA to rescind~~

~~the 2020 Technical Rule by September 2021 and consider revising the 2020 Policy Rule. On June 30, 2021, the current administration signed a Congressional Review Act (" CRA ") resolution passed by Congress that revoked the 2020 Policy Rule. The CRA resolution did not address the 2020 Technical Rule. Further, on~~ November ~~15,~~ 2021, the EPA issued a proposed rule intended to reduce methane emissions from new and existing oil and gas sources. The proposed rule would make the existing regulations in Subpart OOOOa more stringent and create a Subpart OOOOb to expand reduction requirements for new, modified, and reconstructed oil and gas sources, including standards focusing on certain source types that have never been regulated under the Clean Air Act (including intermittent vent pneumatic controllers, associated gas, and liquids unloading facilities). In addition, the proposed rule would establish " Emissions Guidelines, " creating a Subpart OOOOc that would require states to develop plans to reduce methane emissions from existing sources that must be at least as effective as presumptive standards set by the EPA. **In** ~~Under the proposed rule, states would have three years to develop their compliance plan for existing sources and the regulations for new sources would take effect immediately upon issuance of a final rule. On~~ November ~~11,~~ 2022, the EPA issued a proposed rule supplementing the November 2021 proposed rule. Among other things, the November 2022 supplemental rule removes an emissions monitoring exemption for small wellhead- only sites and creates a new third- party monitoring program to flag large emissions events, referred to in the proposed rule as " super emitters ". ~~The~~ **In December 2023, the** EPA **announced** ~~is expected to issue~~ a final rule ~~by May~~ **, which, among other things, requires the phase out of routine flaring of natural gas from newly constructed wells (with some exceptions) and routine leak monitoring at all well sites and compressor stations. Notably, the EPA updated the applicability date for Subparts OOOOb and OOOOc to December 6,** ~~2023~~ **2022 , meaning that sources constructed prior to that date will be considered existing sources with later compliance deadlines under state plans** . ~~As a result of~~ **The final rule gives states, along with federal tribes that wish to regulate existing sources, two years to develop and submit their plans for reducing methane emissions from existing sources. The final emissions guidelines under Subpart OOOOc provide three years from the plan submission deadline for existing sources to comply. Although there may be an adverse financial impact (including compliance costs, potential permitting delays and increased regulatory requirements) associated with** these regulatory changes, the ~~scope~~ **extent and magnitude** of **impacts cannot be reliably or accurately estimated due to the present uncertainty regarding** any ~~final methane regulations or~~ **additional measures and how** ~~the~~ **they will be implemented** ~~costs for complying with federal methane regulations are uncertain~~ . In recent years, the U. S. Congress has considered legislation to reduce emissions of greenhouse gases, including methane, a primary component of natural gas, and carbon dioxide, a byproduct of the burning of natural gas. It presently appears unlikely that comprehensive climate legislation will be passed by either house of Congress in the near future, although energy legislation and other regulatory initiatives have been proposed that are relevant to greenhouse gas emissions issues. For example, the Inflation Reduction Act of 2022, which appropriates significant funding for renewable energy initiatives and, for the first time ever, imposes a fee on greenhouse gas emissions from certain **oil and gas** facilities, was signed into law in August 2022 **. The Inflation Reduction Act amends the Clean Air Act to include a Methane Emissions and Waste Reduction Incentive Program, which requires the EPA to impose a " waste emissions charge " on certain natural gas and oil sources that are already required to report under EPA' s Greenhouse Gas Reporting Program. In order to implement the program, the Inflation Reduction Act required revisions to greenhouse gas reporting regulations for petroleum and natural gas systems (Subpart W) by 2024. In July 2023, the EPA proposed to expand the scope of the Greenhouse Gas Reporting Program for petroleum and natural gas facilities, as required by the Inflation Reduction Act. Among other things, the proposed rule would expand the emissions events that are subject to reporting requirements to include " other large release events " and apply reporting requirements to certain new sources and sectors. The rule is expected to be finalized in the spring of 2024 and become effective on January 1, 2025, in advance of the deadline for greenhouse gas reporting for 2024 (March 2025). In January 2024, the EPA proposed a rule implementing the Inflation Reduction Act' s methane emissions charge. The proposed rule includes potential methodologies for calculating the amount by which a facility' s reported methane emissions are below or exceed the waste emissions thresholds and contemplates approaches for implementing certain exemptions created by the Inflation Reduction Act. The methane emissions charge imposed under the Methane Emissions and Waste Reduction Incentive Program for 2024 would be $ 900 per ton emitted over annual methane emissions thresholds, and would increase to $ 1, 200 in 2025, and $ 1, 500 in 2026. The emissions fee and funding provisions of the law could increase operating costs within the oil and gas industry and accelerate the transition away from fossil fuels, which could in turn adversely affect our business and results of operations** . Moreover, the current administration has highlighted addressing climate change as a priority ~~of his administration~~ and has issued several Executive Orders addressing climate change. In addition, a number of states, including states in which we operate, have enacted or passed measures to track and reduce emissions of greenhouse gases, primarily through the planned development of greenhouse gas emission inventories **, carbon taxes, policies and incentives to encourage the use of renewable energy or alternative low- carbon fuels,** and regional greenhouse gas cap- and- trade programs. Most of these cap- and- trade programs require major sources of emissions or major producers of fuels to acquire and surrender emission allowances, with the number of allowances available for purchase reduced each year until the overall greenhouse gas emission reduction goal is achieved. These reductions may cause the cost of allowances to escalate significantly over time. The adoption and implementation of regulations that require reporting of greenhouse gases or other climate- related information (such as the SEC' s " Proposed Rules to Enhance and Standardize Climate- Related Disclosures for Investors, " discussed below), or otherwise seek to limit emissions of greenhouse gases from our equipment and operations could require us to incur increased operating costs, including costs to monitor and report on greenhouse gas emissions, install new equipment to reduce emissions of greenhouse gases associated with our operations, acquire emissions allowances or comply with new regulatory requirements. In addition, these regulatory initiatives could drive down demand for our products, stimulating demand for alternative forms of energy that do not rely on combustion of fossil fuels that serve as a major source of greenhouse gas emissions, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. While some new laws and regulations are prompting power producers to shift from coal to natural gas, which has a positive effect on demand, regulatory incentives or requirements to conserve energy, use alternative sources or reduce greenhouse gas emissions in product supply chains could reduce demand for the products we produce. Additionally, the SEC issued a proposed rule in March 2022 that would mandate extensive disclosure of climate- related data, risks, and opportunities, including financial impacts, physical and transition risks, related governance and strategy, and GHG emissions, for certain public companies. We cannot predict the costs of implementation or any potential adverse impacts resulting from the rulemaking. To the extent this rulemaking is finalized as proposed, we could incur increased costs relating to the assessment and disclosure of climate- related risks. We may also face increased litigation risks related to disclosures made pursuant to the rule if finalized as proposed. In addition, enhanced climate disclosure requirements could accelerate the trend of certain stakeholders and lenders restricting or seeking more stringent conditions with respect to their investments in certain carbon- intensive sectors ~~. In December 2015, over 190 countries, including the United States, reached an agreement to reduce global greenhouse gas emissions. The Paris Agreement was entered into in November 2016 after more than 70 nations, including the United States, ratified or otherwise indicated their intent to be bound by the agreement~~ . In 2021, the United States rejoined the Paris Agreement and announced that it was setting an economy- wide target of reducing U. S. greenhouse gas emissions by 50- 52 percent below 2005 levels by 2030. The United States also publicly announced the Global Methane Pledge, a pact that aims to reduce global methane emissions at least 30 % below 2020 levels by 2030. Since its formal launch at the United Nations **26th** ~~Climate Change~~ Conference **of Parties** ~~(COP26)~~ , over 150 countries have joined the pledge. Furthermore, many state and local leaders have intensified or stated their intent to intensify efforts to support the international climate commitments. **At** ~~Most recently, at~~ the 27th ~~conference~~ **Conference** of ~~parties~~ **Parties** , the current administration announced the EPA' s supplemental proposed rule to reduce methane emissions from existing oil and gas sources, and agreed, in conjunction with the European Union and a number of other partner countries, to develop standards for monitoring and reporting methane emissions to help create a market for low methane- intensity natural gas. **At the 28th Conference of Parties, member countries entered into an agreement that calls for actions toward achieving, at a global scale, a tripling of renewable energy capacity and doubling energy efficiency improvements by 2030. The goals of the agreement, among other things, are to accelerate efforts toward the phase- down of unabated coal power, phase out inefficient fossil fuel subsidies, and take other measures that drive the transition away from fossil fuels in energy systems.** Various state and local governments have also publicly committed to furthering the goals of the Paris Agreement. To the extent that governmental entities in the United States or other countries implement or impose climate change regulations on the oil and natural gas industry, or that investors insist on compliance regardless of legal requirements, it could have an adverse effect on our business. We, our service providers and our customers are subject to complex federal, state and local laws and regulations that could adversely affect the cost, manner or feasibility of conducting our operations or expose us to significant liabilities. Our development and production operations and the transportation of our products to market are subject to complex and stringent federal, state and local laws and regulations, including those governing protection of the environment and natural resources, the occupational health and safety aspects of our operations, the discharge of materials into the environment, and the protection of certain plant and animal species. See " Other – Environmental Regulation " in Item 1 of Part I of this Annual Report for a description of the laws and regulations that affect us. These laws and regulations require us, our service providers and our customers to obtain and maintain numerous permits, approvals and certificates from various federal, state and local governmental authorities. Environmental regulations may restrict the types, quantities and concentration of materials that may be released into the environment in connection with drilling and production activities, limit or prohibit drilling or transportation activities on certain lands lying within wilderness, wetlands, archeological sites and other protected areas, and impose substantial liabilities for pollution resulting from our operations and those of our service providers and customers. Moreover, we or they may experience delays in obtaining or be unable to obtain required permits, including as a result of government shutdowns, which may delay or interrupt our or their operations and limit our growth and revenues. Failure to comply with laws and regulations can trigger a variety of administrative, civil and criminal enforcement measures, including investigatory actions, the assessment of monetary penalties, the imposition of remedial requirements, or the issuance of orders or judgments limiting or enjoining future operations. Strict liability or joint and several liability may be imposed under certain laws, which could cause us to become liable for the conduct of others or for consequences of our own actions. Moreover, our costs of compliance with existing laws could be substantial and may increase or unforeseen liabilities could be imposed if existing laws and regulations are revised or reinterpreted, or if new laws and regulations become applicable to our operations. If we are not able to recover the increased costs through insurance or increased revenues, our business, financial condition, results of operations and cash flows could be adversely affected. Risks Related to Financial Markets and Uncertainties The trading price and volume of our common stock may be volatile, and you could lose a significant portion of your investment. The market price of the common stock could be volatile, and holders of common stock may not be able to resell their common stock at or above the price at which they acquired such securities due to fluctuations in the market price of common stock. The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of the common stock. Specific factors that may have a significant effect on the market price for our common stock include: • general economic conditions within the U. S. and internationally, including inflationary pressures and changes in interest rates; • general market conditions, including fluctuations in commodity prices; • domestic and international economic, legal and regulatory factors unrelated to our performance; • changes in oil and natural gas prices; • volatility in the financial markets or other global economic factors ~~, including the impact of COVID- 19~~ ; • actual or anticipated fluctuations in our and our competitors' quarterly and annual results; • quarterly variations in the rate of growth of our financial indicators; • our business, operations, results and prospects; • our operating and financial performance; • future mergers and acquisitions, divestitures, joint ventures or similar strategic alliances; • market conditions in the energy industry; • changes in government regulation, taxes, legal proceedings or other developments; • shortfalls in our operating results from levels forecasted by securities analysts; • investor sentiment toward the stock of oil and gas companies; • changes in revenue or earnings estimates, or changes in recommendations by equity research analysts; • failure to achieve the perceived benefits of the acquisitions, including financial results and anticipated synergies, as rapidly as or to the extent anticipated by financial or industry analysts; • speculation in the press or investment community; • the failure of research analysts to cover our stock; • sales of common stock by us, large shareholders or management, or the perception that such sales may occur; • changes in accounting principles, policies, guidance, interpretations or standards; • announcements concerning us or our competitors; • public reaction to our press releases, other public announcements and filings with the SEC; • strategic actions taken by competitors; • actions taken by our shareholders; • additions or departures of key management personnel; • maintenance of acceptable credit ratings or credit quality; and • the general state of the securities markets. These and other factors may impair the market for the common stock and the ability of investors to sell shares at an attractive price. These factors also could cause the market price and demand for the common stock to fluctuate substantially, which may negatively affect the price and liquidity of the common stock. Many of these factors and conditions are beyond our control. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company' s securities. Such litigation, if instituted against us, could result in very substantial costs, divert management' s attention and resources and harm our business, operating results and financial condition. Market views of our industry generally can affect our stock price, liquidity and ability to obtain financing. Factors described elsewhere, including views regarding future commodity prices, regulation and climate change, can affect the amount investors choose to invest in our industry generally. Recent years have seen a significant reduction in overall investment in exploration and production companies, resulting in a drop in individual companies' stock prices. Separate from actual and possible governmental action, certain financial institutions have announced policies to cease investing or to divest investments in companies, such as ours, that produce fossil fuels, and some banks have announced they no longer will lend to companies in this sector. To date these represent small fractions of overall sources of equity and debt, but that fraction could grow and thus affect our access to capital. Moreover, some equity investors are expressing concern over these matters and may prompt companies in our industry to adopt more costly practices even absent governmental action. Although we believe our practices result in low emission rates for methane and other greenhouse gases as compared to others in our industry, complying with investor sentiment may require modifications to our practices, which could increase our capital and operating expenses. Volatility in the financial markets or in global economic factors could adversely impact our business and financial condition. Our business may be negatively impacted by adverse economic conditions or future disruptions in global financial markets. Included among these potential negative impacts are reduced energy demand and lower commodity prices, including due to the impact of pandemics ~~like COVID- 19~~, increased difficulty in collecting amounts owed to us by our customers and reduced access to credit markets. Our ability to access the capital markets may be restricted at a time when we would like, or need, to raise financing. If financing is not available when needed, or is available only on unfavorable terms, we may be unable to implement our business plans or otherwise take advantage of business opportunities or respond to competitive pressures. Historically, the United States and global economies and financial systems have experienced 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 an unprecedented level of intervention by the United States federal government and other governments. Weakness or uncertainty in the United States economy or other large economies could materially adversely affect our business and financial condition. Any changes in U. S. trade policy could trigger retaliatory actions by affected countries, resulting in " trade wars, " in increased costs for materials necessary for our industry along with other goods imported into the United States, which may reduce customer demand for these products if the parties having to pay those tariffs increase their prices, or in trading partners limiting their trade with the United States. If these consequences are realized, the volume of economic activity in the United States, including growth in sectors that utilize our products, may be materially reduced along with a reduction in the potential export of our products. Such a reduction may materially and adversely affect commodity prices, our sales and our business. Risks Related to the Ability of our Hedging Activities to Adequately Manage our Exposure to Commodity and Financial Risk Our commodity price risk management and measurement systems and economic hedging activities might not be effective and could increase the volatility of our results. We currently seek to hedge the price of a significant portion of our estimated production through swaps, collars, floors and other derivative instruments. The systems we use to quantify commodity price risk associated with our businesses might not always be effective. Further, such systems do not in themselves manage risk, particularly risks outside of our control, and adverse changes in energy commodity market prices, volatility, adverse correlation of commodity prices, the liquidity of markets, changes in interest rates and other risks discussed in this report might still adversely affect our earnings, cash flows and balance sheet under applicable accounting rules, even if risks have been identified. Furthermore, no single hedging arrangement can adequately address all risks present in a given contract. For example, a forward contract that would be effective in hedging commodity price volatility risks would not hedge the contract' s counterparty credit or performance risk. Therefore, unhedged risks will always continue to exist. Our use of derivatives, through which we attempt to reduce the economic risk of our participation in commodity markets could result in increased volatility of our reported results. Changes in the fair values (gains and losses) of derivatives that qualify as hedges under GAAP to the extent that such hedges are not fully effective in offsetting changes to the value of the hedged commodity, as well as changes in the fair value of derivatives that do not qualify or have not been designated as hedges under GAAP, must be recorded in our income. This creates the risk of volatility in earnings even if no economic impact to us has occurred during the applicable period. To the extent we cap or lock prices at specific levels, we would also forgo the ability to realize the higher revenues that would be realized should prices increase. The impact of changes in market prices for natural gas, oil and NGLs on the average prices paid or received by us may be reduced based on the level of our hedging activities. These hedging arrangements may limit or enhance our margins if the market prices for oil, natural gas or NGLs were to change substantially from the price established by the hedges. In addition, our hedging arrangements expose us to the risk of financial loss if our production volumes are less than expected. The implementation of derivatives legislation **and changes in regulatory interpretation and action** could have an adverse effect on our ability to use derivative instruments to reduce the effect of commodity price, interest rate and other risks associated with our business. The Dodd- Frank Act established federal oversight and regulation of the over- the- counter derivatives market and entities, including us, which participate in that market. The Dodd- Frank Act requires the CFTC, the SEC, and other regulatory authorities to promulgate rules and regulations implementing the Dodd- Frank Act. Although the CFTC has finalized most of its regulations under the Dodd- Frank Act, it continues to review and refine its initial rulemakings through additional interpretations and supplemental rulemakings. As a result, it is not possible at this time to predict the ultimate effect of the rules and regulations on our business and while most of the regulations have been adopted, any new regulations or modifications to existing regulations may increase the cost of derivative contracts, limit the availability of derivatives to protect against risks that we encounter, reduce our ability to monetize or restructure our existing derivative contracts, and increase our exposure to less creditworthy counterparties. If we reduce our use of derivatives as a result of the Dodd- Frank Act and the regulations thereunder, 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 investing. **The** ~~In January 2020, the~~ CFTC **imposes** ~~proposed new amended~~ regulations that ~~would~~ place federal limits on positions in certain core futures and equivalent swaps contracts for or linked to certain physical commodities, subject to exceptions for certain bona fide hedging transactions. ~~These~~ -- **The** ~~rules were finalized in January of 2021 with compliance dates as early as January 1, 2022 for certain positions. In 2016, the~~ CFTC ~~finalized~~ **also has** a companion rule on aggregation of positions among entities under common ownership or control. It is too early to determine the precise effect of these rules on our business, but they may have an impact on our ability to hedge our exposure to certain enumerated commodities (whether using futures contracts, over- the- counter derivatives contracts or otherwise). The CFTC has designated certain interest rate swaps and credit default swaps for mandatory clearing and mandatory trading on designated contract markets or swap execution facilities. The CFTC may designate additional classes of swaps as subject to the mandatory clearing requirement in the future, but has not yet proposed rules designating any other classes of swaps, including physical commodity swaps, for mandatory clearing. The CFTC and prudential banking regulators also adopted mandatory margin requirements on uncleared swaps between swap dealers and certain other counterparties. The margin requirements are currently effective with respect to certain market participants ~~and will be phased in over time with respect to other market participants, based on the level of an entity' s swaps activity~~ . We expect to qualify for and rely upon an end- user exception from the mandatory clearing and trade execution requirements for swaps entered to hedge our commercial risks. We also should qualify for an exception from the uncleared swaps margin requirements. However, the application of the mandatory clearing and trade execution requirements and the uncleared swaps margin requirement to other market participants, such as swap dealers, may adversely affect the cost and availability of the swaps that we use for hedging. **Risks Related to the Proposed Merger with Chesapeake Because the Exchange Ratio is fixed and the market price of Chesapeake common stock has fluctuated and will continue to fluctuate, the Company' s shareholders cannot be sure of the value of the consideration they will receive in the Proposed Merger. If the Proposed Merger is completed, each eligible share of the Company' s common stock outstanding immediately prior to the Proposed Merger will automatically be converted into the right to receive 0. 0867 shares of Chesapeake common stock (the " Exchange Ratio "), with cash to be paid in lieu of fractional shares. Because the Exchange Ratio is fixed, the value of the Proposed Merger consideration will depend on the market price of Chesapeake common stock at the time the Proposed Merger is completed. Prior to completion of the Proposed Merger, the market price of Chesapeake common stock is also expected to impact the market price of the Company' s common stock. The value of Chesapeake common stock has fluctuated since the date of the announcement of the Merger Agreement and will continue to fluctuate. Accordingly, the Company' s shareholders will not know or be able to determine the market value of the Proposed Merger consideration they would receive upon completion of the Proposed Merger. Share price changes may result from a variety of factors, including, among others, general market and economic conditions, commodity prices, changes in Chesapeake' s and the Company' s respective businesses, operations and prospects, market assessments of the likelihood that the Proposed Merger will be completed and the timing of the Proposed Merger and regulatory considerations. Many of these factors are beyond Chesapeake' s and the Company' s control. The Proposed Merger is subject to various closing conditions, which may delay the Proposed Merger, result in additional expenditures of money and resources or reduce the anticipated benefits or result in the termination of the Merger Agreement. On January 10, 2024, we entered into the Merger Agreement with Chesapeake, Merger Sub and LLC Sub, pursuant to which among other things, the Company will survive as a wholly owned subsidiary of Chesapeake. The Proposed Merger is subject to the satisfaction (or waiver, to the extent permissible under applicable laws) of a number of closing conditions described in the Merger Agreement, including Company shareholder approval of the Merger Agreement and transactions contemplated therein, Chesapeake shareholder approval of the issuance of shares of Chesapeake to the Company' s shareholders in connection with the Proposed Merger and certain regulatory approvals. Many of the closing conditions are beyond the parties' control that may prevent, delay or otherwise materially adversely affect the completion of the Proposed Merger. The Company and Chesapeake cannot predict with certainty whether or when any of these conditions will be satisfied. If any of these conditions are not satisfied or waived prior to the Outside Date (as defined in the Merger Agreement), it is possible that the Merger Agreement may be terminated. Although the parties have agreed to use reasonable best efforts, subject to certain limitations, to complete the Proposed Merger, these and other conditions may fail to be satisfied. In addition, completion of the Proposed Merger may take longer, and could cost more, than we expect. The requirements for obtaining the required clearances and approvals could delay the completion of the Proposed Merger for a significant** period of time or prevent them from occurring. Any delay in completing the Proposed Merger may adversely affect the cost savings and other benefits that we expect to achieve if the Proposed Merger and the integration of businesses are completed within the expected timeframe. The Merger Agreement subjects us to restrictions on our business activities prior to closing the Proposed Merger, limits the Company' s ability to pursue alternatives to the Proposed Merger and may discourage other companies from trying to acquire the Company for greater consideration than what Chesapeake has agreed to pay pursuant to the Merger Agreement. The Merger Agreement subjects us to restrictions to our business activities prior to closing the Proposed Merger. The Merger Agreement obligates us to, until the closing, generally conduct our business in the ordinary course consistent with past practice and refraining from taking certain actions, excepting in each case actions expressly permitted or required by the Merger Agreement, required by law or consented to by the other party in writing. These restrictions could prevent us from pursuing certain business opportunities that arise prior to the closing and are outside the ordinary course of business. The Merger Agreement also provides that, during the period from the date of the Merger Agreement until the Effective Time, the Company and Chesapeake will be subject to certain restrictions on their ability to solicit alternative acquisition proposals from third parties, to provide non- public information to third parties and to engage in discussions with third parties regarding alternative acquisition proposals, subject to customary exceptions as set forth in the Merger Agreement, and in certain cases, circumstances, upon termination of the Merger Agreement by Chesapeake, the Company will be required to pay a termination fee to Chesapeake, which in each case could make it more difficult for the Company to sell its business to a party other than Chesapeake. Additionally, even if our board changes, withdraws, modifies or qualifies its recommendation with respect to the Proposed Merger, unless the Merger Agreement is terminated in accordance with its terms, we will still be required to submit the Proposed Merger to a vote at our special meeting. While both the Company and Chesapeake believe these provisions and agreements are reasonable and customary and are not preclusive of other offers, these restrictions, including the added expense of the termination fee that may become payable by the Company to Chesapeake in certain circumstances, might discourage a third party that has an interest in acquiring all or a significant part of the Company from considering or proposing that acquisition, even if that party were prepared to pay consideration with a higher per- share value than the consideration payable in the Proposed Merger pursuant to the Merger Agreement. Completion of the Proposed Merger is subject to certain closing conditions and if these conditions are not satisfied or waived, the Proposed Merger will not be completed and failure to complete the Proposed Merger could negatively impact the share price and the future business and financial results of the Company. The consummation of the Proposed Merger is subject to the satisfaction or waiver of customary closing conditions described in the Merger Agreement, including Company shareholder approval of the Merger Agreement and transactions contemplated therein, Chesapeake shareholder approval of the issuance of shares of Chesapeake to the Company' s shareholders in connection with the Proposed Merger and certain regulatory approvals. The Merger Agreement contains customary representations and warranties of the Company and Chesapeake relating to their respective businesses, financial statements and public filings, in each case generally subject to customary materiality qualifiers. Additionally, the Merger Agreement provides for customary pre- closing covenants of the Company and Chesapeake, including, subject to certain exceptions, covenants relating to conducting their respective businesses in the ordinary course consistent with past practice and refraining from taking certain actions, excepting in each case actions expressly permitted or required by the Merger Agreement, required by law or consented to by the other party in writing. There can be no assurance that the conditions to the closing of the Proposed Merger will be satisfied or waived or that the Proposed Merger will be completed. If the Proposed Merger is not completed for any reason, including as a result of the Company' s shareholders failing to approve the Proposed Merger or any other closing condition not being satisfied or waived, the ongoing businesses of the Company may be adversely affected, and without realizing any of the benefits of having completed the Proposed Merger, the Company would be subject to a number of risks, including: • negative reactions from the financial markets, negative reactions on its stock price • negative reactions from its customers, regulators and employees, and incurring certain costs related to the Proposed Merger, whether or not the Proposed Merger is completed Additionally, the Proposed Merger will require substantial commitments of time and resources by the Company' s management, which would otherwise have been devoted to day- to- day operations and other opportunities that may have been beneficial to the Company as an independent company and the Merger Agreement restricts the Company from pursuing certain opportunities during the pendency of the Proposed Merger that the Company would have made, taken or pursued if the restrictions in the Merger Agreement were not in place. There can be no assurance that the risks described above will not materialize. If any of those risks materialize, they may materially and adversely affect the Company' s businesses, financial condition, financial results, ratings, bond prices and / or share price. Potential litigation against the Company could result in substantial costs, an injunction preventing the completion of the Proposed Merger and / or a judgment resulting in the payment of damages. Securities class action lawsuits and derivative lawsuits are often brought against public companies that have entered into merger agreements. Even if such a lawsuit is without merit, defending against these claims can result in substantial costs and divert management time and resources. Shareholders of the Company may file lawsuits against Chesapeake, the Company and / or the directors and officers of either company in connection with the Proposed Merger. These lawsuits could prevent or delay the completion of the Proposed Merger and result in significant costs to the Company, including any costs associated with the indemnification of directors and officers. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting the completion of the Proposed Merger, that injunction may delay or prevent the Proposed Merger from being completed within the expected timeframe or at all. There can be no assurance that any of the defendants will be successful in the outcome of any potential lawsuits. The Company will incur significant transaction and merger- related costs in connection with the Proposed Merger. The Company expects to incur a number

of non- recurring costs associated with the- Proposed Merger and combining the operations of the two companies. The significant, non- recurring costs associated with the Proposed Merger include, among others, fees and expenses of financial advisors and other advisors and representatives, certain employment- related costs relating to employees of the Company, filing fees due in connection with filings required under the HSR Act and filing fees and printing and mailing costs for a proxy statement / prospectus. Some of these costs have already been incurred or may be incurred regardless of whether the Merger is completed, including a portion of the fees and expenses of financial advisors and other advisors and representatives and filing fees for a proxy statement / prospectus. Our shareholders will have a reduced ownership and voting interest in the combined company after the Proposed Merger compared to their current ownership in the Company on a standalone basis and will exercise less influence over management. Currently, the Company' s shareholders have the right to vote in the election of the Company' s board of directors and on other matters requiring shareholder approval under Delaware law and the Company' s certificate of incorporation and bylaws. As a result of the Proposed Merger, the Company' s current shareholders will own a smaller percentage of the combined company than they currently own of the Company, and as a result will have less influence on the management and policies of the combined company post- merger than they now have on the management and policies of the Company. These risks are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that it currently deems to be immaterial also may have a material adverse effect on the Company' s business, financial condition or future results. The Company' s business relationships may be subject to disruption due to uncertainty associated with the Proposed Merger. Parties with which the Company does business may experience uncertainty associated with the Proposed Merger, including with respect to current or future business relationships with Chesapeake, the Company or the combined business. The Company' s business relationships may be subject to disruption as parties with which Chesapeake or the Company does business may attempt to negotiate changes in existing business relationships or consider entering into business relationships with parties other than Chesapeake, the Company, or the combined business. These disruptions could have an adverse effect on the businesses, financial condition, results of operations or prospects of the combined business, including an adverse effect on Chesapeake' s ability to realize the anticipated benefits of the Proposed Merger. The risk, and adverse effect, of such disruptions could be exacerbated by a delay in completion of the Proposed Merger or termination of the Merger Agreement. Uncertainties associated with the Proposed Merger may cause a loss of management personnel and other key employees of the Company and Chesapeake, which could adversely affect the future business and operations of the combined company following the Proposed Merger. The Company and Chesapeake are dependent on the experience and industry knowledge of their respective officers and other key employees to execute their business plans. The combined company' s success after the Proposed Merger will depend in part upon its ability to retain key management personnel and other key employees of both the Company and Chesapeake. Current and prospective employees of the Company and Chesapeake may experience uncertainty about their roles within the combined company following the Proposed Merger or other concerns regarding the timing and completion of the Proposed Merger or the operations of the combined company following the Proposed Merger, any of which may have an adverse effect on the ability of the Company and Chesapeake to retain or attract key management and other key- personnel. If the Company and Chesapeake are unable to retain personnel, including key management, who are critical to the future operations of the companies, the Company and Chesapeake could face disruptions in their operations, loss of existing customers, loss of key information, expertise or know- how and unanticipated additional recruitment and training costs. In addition, the loss of key personnel could diminish the anticipated benefits of the Proposed Merger.