Risk Factors Comparison 2024-02-29 to 2023-03-01 Form: 10-K

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Certain factors may have a material adverse effect on our business, financial condition, and results of operations. You should consider carefully the risks and uncertainties described below, in addition to other information contained in this Annual Report, including our Consolidated Financial Statements and related notes. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks actually occur, our business, financial condition, results of operations and future prospects could be materially and adversely affected. In that event, the trading price of our common stock could decline, and you could lose part or all of your investment. Risks Related to our Business and the Oil and Natural Gas Industry Oil and natural gas prices are volatile. Stagnation or declines in commodity prices may adversely affect our financial condition and results of operations, cash flows, access to the capital markets and **available borrowings under our Bank Credit Facility and our** ability to grow. Our revenues, cash flows, profitability and future rate of growth substantially depend upon the market prices of oil and natural gas. Prices affect our cash flows available for capital expenditures and our ability to access funds under our Bank Credit Facility and through the capital markets. The amount available for borrowing under our Bank Credit Facility is subject to a borrowing base, which is determined by the lenders taking into account our estimated proved reserves and is subject to periodic redeterminations based on pricing models to be determined by the lenders at such time. Further, because we use the full cost method of accounting for our oil and gas operations, we perform a ceiling test each quarter, ~~which is impacted by declining~~ **and the risk that we are required to write- down the carrying value of oil and natural gas properties increases when oil and natural gas** prices **are low or volatile** . ~~Significant~~ **In addition, write- downs may occur if we experience substantial downward adjustments to our estimated proved reserves or our undeveloped property values, or if estimated future development costs increase. Volatility in commodity** ~~price~~ **prices** ~~declines~~ **, poor conditions in the global economic markets and other factors** could cause us to **record additional** ~~take ceiling test~~ write- downs ~~, which would be reflected~~ **of our oil and natural** ~~as~~ **gas** ~~non- cash~~ **properties and other assets in the future, and incur additional** charges against ~~current~~ **future** earnings. **Any required** ~~See the Risk Factor entitled " Lower oil and natural gas prices and other factors in the future may result in ceiling test~~ write- downs **or** ~~and other~~ impairments ~~of our asset carrying~~ **could materially affect the quantities and present** ~~values~~ **value** ~~" for further discussion~~ **of our reserves, which could adversely affect our business, results of operations and financial condition** . In addition, significant or extended price declines may also adversely affect the amount of oil and natural gas that we can economically produce. A reduction in production and / or the prices we receive for our production could result in a shortfall in our expected cash flows and require us to reduce our capital spending or borrow funds to cover any such shortfall. Any of these factors could negatively impact our ability to replace our production and our future rate of growth. The markets for oil and natural gas have been volatile historically and are likely to remain volatile in the future. For example, during the period January 1, ~~2020~~ **2021** through December 31, ~~2022~~ **2023** , the daily NYMEX WTI crude oil price per Bbl ranged from a low of $ **47** ~~(36~~ . **47** ~~98)~~ to a high of $ 123. 64, and the daily NYMEX Henry Hub natural gas price per MMBtu ranged from a low of $ 1. ~~33~~ **74** to a high of $ 23. 86. Subsequent to December 31, ~~2022~~ **2023** , NYMEX WTI crude oil and NYMEX Henry Hub natural gas prices recorded daily lows of $ ~~72~~ **70** . ~~82~~ **62** per Bbl and $ ~~2~~ **1** . ~~17~~ **61** per MMBtu, respectively. The prices we receive for our oil and natural gas depend upon many factors beyond our control, including, among others: • changes in ~~the~~ **domestic and global** supply of and demand for oil and natural gas; • market uncertainty; • level of consumer product demands; • **the cost of exploring for, developing and producing oil and natural gas; • changes in climate, weather and natural disasters such as** hurricanes and other adverse climatic conditions; • the impact of applicable market differentials, including those relating to quality, transportation, fees, energy content and regional pricing; • domestic and foreign governmental actions, regulations and taxes; • price and availability of alternative fuels **and competing forms of energy** ; • political and economic conditions in oil ~~-~~ **and natural gas** producing ~~countries~~ **regions** , particularly ~~those~~ in the Middle East, Russia, South America and Africa; • **armed conflicts and hostilities such as** Russia' s ongoing war in Ukraine and ~~resulting sanctions~~ **increasing hostilities** in ~~response thereto~~ **Israel and the Middle East** ; • the occurrence or threat of epidemic or pandemic diseases **and** ~~, such as the~~ **other public health events** ~~outbreak of COVID- 19, or any government response to such occurrence or threat~~ ; • actions by OPEC Plus **and other significant producers and governments** relating to oil and natural gas price and production controls **; • volatility in the political, legal and regulatory environments ahead of the upcoming U. S. and Mexico presidential elections** ; • U. S. and foreign supply of oil and natural gas; • price and quantity of oil and natural gas imports and exports; • the level of global oil and natural gas exploration and production ~~; • the level of global oil~~ and ~~natural gas~~ inventories; • localized supply and demand fundamentals and transportation availability; • **infrastructure availability and constraints such as** capacity of processing, gathering, storage and transportation facilities; • speculation as to the future price of oil and the speculative trading of oil and natural gas futures contracts; • price and availability of competitors' supplies of oil and natural gas; • technological advances affecting energy consumption; and • overall ~~domestic and foreign~~ economic conditions **worldwide** . These factors make it very difficult to predict future commodity price movements with any certainty. Substantially all of our oil and natural gas sales are made in the spot market or pursuant to contracts based on spot market prices and are not long- term fixed price contracts. Further, oil prices and natural gas prices do not necessarily fluctuate in direct relation to each other. Because oil, natural gas and NGLs accounted for approximately ~~65~~ **73** %, ~~26~~ **20** %, and ~~9~~ **7** %, respectively, of our estimated proved reserves as of December 31, ~~2022~~ **2023** , and approximately ~~67~~ **75** %, ~~25~~ **18** %, and ~~8~~ **7** %, respectively, of our ~~2022~~ **2023** production on an MBoe basis, our financial results are sensitive to

movements in oil, natural gas and NGL prices **. Future exploration and drilling results are uncertain and involve substantial costs. Drilling for oil and natural gas involves numerous risks including the risk that we may not encounter commercially productive reservoirs. The costs of drilling, completing and operating wells are often uncertain, and drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including: • unexpected drilling conditions; • pressure or irregularities in formations; • equipment failures or accidents; • inflation in exploration and drilling costs; • fires, explosions, blowouts or surface cratering; • lack of, or disruption in, access to infrastructure and transportation; • lack of available skilled labor; and • shortages or delays in the availability of services or delivery of equipment** . Our production, revenue and cash flow from operating activities are derived from assets that are concentrated in a single geographic ~~area~~ **region** , making us vulnerable to risks associated with operating in one geographic area. **We currently** ~~Our production, revenue and cash flow from operating~~ **operate in a** ~~activities are derived from assets that are~~ concentrated ~~in a single~~ geographic ~~area~~ **region** , **in** the U. S. Gulf of Mexico and in the shallow waters off the coast of Mexico. ~~Unlike~~ **As such,** ~~other~~ -- **the success and profitability of** ~~entities that are geographically diversified, we may not have the resources to effectively diversify~~ our operations ~~or benefit from the possible spreading of risks or offsetting of losses. Our lack of diversification~~ may ~~subject us to numerous economic, competitive and regulatory developments, any or all of which may have an adverse impact upon the particular industry in which we operate, and result in our dependency upon a single or limited number of hydrocarbon basins. In addition, the geographic concentration of our properties in the U. S. Gulf of Mexico and in the shallow waters off the coast of Mexico means that some or all of our properties could~~ be ~~affected should~~ **disproportionately exposed to** the **effect of** ~~region~~ **regional** ~~experience~~ **conditions such as** : • severe weather, such as hurricanes, winter storms **, loop currents** , tornadoes and other adverse climatic conditions; • ~~delays~~ **changes in state or regional laws and regulations affecting** ~~or~~ **our** ~~decreases~~ **operations (including regulations that may,** in ~~production~~ **certain circumstances, impose strict liability** ~~or~~ **for pollution damage or require posting substantial bonds to address decommissioning and P & A costs) and interruption or termination of operations by governmental authorities based on environmental, safety or** ~~the~~ **other considerations** ~~availability of equipment, facilities or services~~ ; • **local price fluctuations and other regional supply and demand factors, including availability of gathering, pipeline, transportation and storage capacity constraints; • production** delays or decreases in the **region; • limited potential customers; • infrastructure capacity and** availability **of rigs** ~~or capacity to transport~~ , ~~gather or process production~~ **equipment, oil field services, supplies and labor** ; • changes in the status of pipelines that we depend on for transportation of our production to the marketplace; • ~~extensive governmental regulation (including regulations that may, in certain circumstances, impose strict liability for pollution damage or require posting substantial bonds to address decommissioning and P & A costs) and interruption or termination of operations by governmental authorities based on environmental, safety or other considerations; •~~ changes in ~~the regulatory environment such as the~~ guidelines issued by ~~the~~ BOEM related to financial assurance requirements to cover decommissioning obligations for operations on the OCS; and / or • changes imposed as a result of litigation or by a new ~~Presidential~~ **presidential** ~~Administration~~ **administration** or by Congress in the United States that may result in added restrictions and delays or prohibitions in offshore oil and natural gas exploration and production activities, including with respect to leasing, permitting, site development or operation in federal waters or hydraulic fracturing. Because all or a number of our properties could experience many of the same conditions at the same time, these conditions may have a relatively greater impact on our results of operations than they might have on other producers who have properties over a wider geographic area. Production periods or relatively short reserve lives for U. S. Gulf of Mexico properties may subject us to higher reserve replacement needs and may impair our ability to reduce production during periods of low oil and natural gas prices. Substantially all of our operations are in the U. S. Gulf of Mexico. As a result, our reserve replacement needs from new prospects may be greater than those of other ~~oil and natural gas~~ companies with longer- life reserves in other producing areas. Our future oil and natural gas production is highly dependent upon ~~our level of success in~~ finding **and /** or acquiring additional reserves at a unit cost that is sustainable at prevailing commodity prices. Exploring for, developing or acquiring reserves is capital intensive and uncertain. We may not be able to economically find, develop or acquire additional reserves or make the necessary capital investments if our cash flows from operations decline or external sources of capital become limited or unavailable. Our need to generate revenues to fund ongoing capital commitments **and /** or repay debt may limit our ability to slow or shut- in production from producing wells during periods of low prices for oil and natural gas. We cannot assure you that our future exploitation, exploration, development and acquisition activities will result in additional proved reserves or that we will be able to drill productive wells at acceptable costs. Further, current market conditions may adversely impact our ability to obtain financing to fund acquisitions, and further lower the level of activity and depressed values in the oil and natural gas property sales market. Our actual recovery of reserves may substantially differ from our proved reserve estimates. **Reserve estimation is a subjective and complex process that requires significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data to estimate volumes to be recovered from underground accumulations of oil and natural gas that cannot be directly measured. These** ~~Estimates~~ **estimates** of our proved oil and natural gas reserves and the estimated future net cash flows from such reserves are based upon various assumptions, including assumptions required by the SEC relating to oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. **Our** ~~The process of estimating oil and natural gas reserves is complex. This process requires significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each reservoir and is therefore inherently imprecise. Additionally, our~~ interpretations of the rules governing the estimation of proved reserves could differ from the interpretation of staff members of regulatory authorities resulting in estimates that could be challenged by these authorities. Actual future production, oil and natural gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and natural gas reserves will most likely vary from those estimated. Any significant variance **in these factors** could materially affect the estimated quantities and present value of reserves. Our properties may also be susceptible to hydrocarbon drainage from

production by other operators on adjacent properties. In addition, we may adjust estimates of proved reserves to reflect production history, results of exploration and development, prevailing oil and natural gas prices and other factors, many of which are beyond our control. See **Part I,** Items 1 and 2. Business and Properties — Summary of Reserves for further discussion on ~~2022~~ **2023** changes in estimates of our proved reserves. You should not assume that any present value of future net cash flows from our proved reserves represents the market value of our estimated oil and natural gas reserves. We base the estimated discounted future net cash flows from our proved reserves at December 31, ~~2022~~ **2023** on historical 12- month average prices and costs as of the date of the estimate. Actual future prices and costs may be materially higher or lower. Further, actual future net revenues are affected by factors such as: • the amount and timing of capital expenditures and decommissioning costs; • the rate and timing of production; • changes in governmental legislation, regulations or taxation; • volume, pricing and duration of our oil and natural gas hedging contracts; • supply of and demand for oil and natural gas; • actual prices we receive for oil and natural gas; and • our actual operating costs in producing oil and natural gas. The timing of both our production and our incurrence of expenses in connection with the development and production of oil and natural gas properties affects the timing of actual future net cash flows from reserves, and thus their actual present value. In addition, the 10 % discount factor that we use to calculate the net present value of future net revenues and cash flows may not necessarily be the most appropriate discount factor based on our cost of capital in effect from time to time and the risks associated with our business and the oil and natural gas industry in general. At December 31, ~~2022~~ **2023** , approximately ~~17~~ **14** % of our estimated proved reserves (by volume) were undeveloped and approximately ~~21~~ **23** % were non- producing. Any or all of our PUD or proved developed non- producing reserves may not be ultimately developed or produced. Furthermore, any or all of our undeveloped and developed non- producing reserves may not be ultimately produced during the time periods we plan or at the costs we budget, which could result in the write- off of previously recognized reserves. Recovery of undeveloped reserves generally requires significant capital expenditures and successful drilling or waterflood operations. Our reserve estimates include the assumptions that we incur capital expenditures to develop these undeveloped reserves and the actual costs and results associated with these properties may not be as estimated. Any material inaccuracies in these reserve estimates or underlying assumptions materially affects the quantities and present value of our reserves, which could adversely affect our business, results of operations and financial condition. Our acreage **must** ~~has to~~ be drilled before lease expirations in order to hold the acreage by production. If commodity prices become depressed for an extended period of time, it might not be economical for us to drill sufficient wells in order to hold acreage, which could result in the expiry of a portion of our acreage, which could have an adverse effect on our business. **Our leases may expire** ~~Unless~~ **unless** production is established as required by ~~the~~ leases covering ~~the~~ undeveloped acres ~~, the leases for such acreage may expire~~ . Our drilling plans for areas not held by production are subject to change based upon various factors. As of December 31, ~~2022~~ **2023** , approximately ~~51~~ **53** % of our net acreage was undeveloped acres. See **Part I,** Items 1 and 2. Business and Properties — Acreage for further discussion. Many of these factors are beyond our control, including drilling results, oil and natural gas prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, gathering system and pipeline transportation constraints and regulatory approvals. On the acreage that we do not operate, we have less control over the timing of drilling, and therefore there is additional risk of expirations occurring in those acreages. The marketability of our production depends mostly upon the availability, proximity and capacity of oil and natural gas gathering systems, pipelines and processing facilities. The marketability of our production depends upon the availability, proximity, operation and capacity of oil and natural gas gathering systems, pipelines and processing facilities. The lack of availability or capacity of **this infrastructure** ~~these gathering systems, pipelines and processing facilities~~ could result in the shut- in of producing wells or ~~the delay~~ **delays** or discontinuance of development plans for **our** properties. The disruption of these gathering systems, pipelines and processing facilities due to maintenance and / or weather could negatively impact our ability to market and deliver our products. Federal, state, and local regulation of oil and natural gas production and transportation, general economic conditions and changes in supply and demand could adversely affect our ability to produce and market our oil and natural gas. If market factors change dramatically, the financial impact could be substantial. The availability of markets and the volatility of product prices are beyond our control and represent a significant risk. ~~Lower oil and natural gas prices and other factors in the future may result in ceiling test write- downs and other impairments of our asset carrying values. We use the full cost method of accounting for our oil and gas operations. Accordingly, we capitalize the costs to acquire, explore for and develop oil and natural gas properties. Under the full cost method of accounting, our capitalized costs are limited to a ceiling based on the present value of future net revenues from proved reserves, computed using a discount factor of 10 %, plus the lower of cost or estimated fair value of unproved oil and natural gas properties not being amortized less the related tax effects. A write- down of oil and natural gas properties does not impact cash flows from operating activities, but does reduce net income. The risk that we are required to write- down the carrying value of oil and natural gas properties increases when oil and natural gas prices are low or volatile. In addition, write- downs may occur if we experience substantial downward adjustments to our estimated proved reserves or our undeveloped property values, or if estimated future development costs increase. Volatility in commodity prices, poor conditions in the global economic markets and other factors could cause us to record additional write- downs of our oil and natural gas properties and other assets in the future, and incur additional charges against future earnings. Any required write- downs or impairments could materially affect the quantities and present value of our reserves, which could adversely affect our business, results of operations and financial condition. With respect to our operations in Mexico, our oil and natural gas properties are classified as unproved properties, not subject to amortization. The finalization of the unitization and unit operating agreement, which sets out the terms on which the reservoir will be jointly developed, and the outcome of the dispute with the Government of Mexico over decisions taken by SENER with respect to the Zama discovery, could adversely affect the value of the oil and natural gas assets and result in an impairment of our unevaluated oil and gas properties prior to reaching a final investment decision or of our evaluated properties upon reaching a final investment decision. See Part I, Items 1 and 2. Business and Properties — Upstream Properties — Mexico~~

~~— Block 7. Continuing or worsening inflationary~~ **Inflationary** issues and associated changes in monetary policy may result in increases to the cost of our goods, services and personnel, which in turn could cause our capital expenditures and operating costs to rise. The U. S. inflation rate ~~has been~~ steadily ~~increasing since~~ **rose in** 2021 and into 2022 **before eventually declining throughout 2023** . These inflationary pressures ~~have~~ resulted in ~~and may result in additional~~ increases to the costs of our goods, services and personnel, which ~~would~~ in turn **,** ~~cause~~ **caused** our capital expenditures and operating costs to rise. **The** ~~Sustained levels of high inflation have likewise caused the~~ U. S. Federal Reserve (the " Fed ") and other central banks ~~to increase~~ **increased** interest rates multiple times in 2022 and ~~the Fed has indicated its intention to continue to raise benchmark interest rates into~~ 2023 in an effort to curb inflationary pressure on the costs of goods and services across the U. S. **and globally. While the Fed indicated in December 2023 that it may reduce benchmark interest rates in 2024** , ~~which~~ **the continuation of elevated rates** could have the effects of raising the cost of capital and depressing economic growth, either of which — or the combination thereof — could hurt the financial and operating results of our business ~~. To the extent elevated inflation remains, we may experience further cost increases for our operations, including services, labor costs and equipment if our drilling activity increases~~ . Higher crude oil and natural gas prices may cause the costs of materials and services to continue to rise. We cannot predict any future trends in the rate of inflation ~~, and a significant increase in inflation, to the extent we are unable to recover higher costs through higher crude oil and natural gas prices and revenues, would negatively impact our~~ - **or the monetary policies in response thereto** ~~business, financial condition and results of operations~~ . We may be unable to pursue our CCS business, either wholly or in significant measure, which could have a material adverse effect on our business, results of operations and financial condition. **The** ~~Our CCS business strategy envisions the construction and operation of one or more CCS projects within the next two to three years, utilizing anthropogenic CO2 generated by industrial emitters along the Texas and Louisiana Gulf Coast. See Part I, Items 1 and 2. Business and Properties – Carbon Capture & Sequestration for the four CCS projects that are actively being evaluated. Our goal is that CCS projects, such as these four, will eventually enable us to offset some or all our annual net CO2 emissions while delivering an economic return. However, the~~ successful development of ~~such~~ **our CCS** projects is dependent on various economic, regulatory ~~and~~ **,** operational **and technical** factors **. The** ~~, and any~~ failure to satisfy, wholly or in significant measure, any of such factors could have a material adverse impact on our business, results of operations and financial condition. ~~Another emerging~~ **Risks related to our CCS business include but are not limited to: • the uncertainty of evolving government regulations; • adequate capital** ~~financial~~ **financing to develop our projects; • the availability of necessary infrastructure, equipment, services and skilled personnel to develop our CCS business; • sufficient infrastructure to capture CO2 at the source, and transport it to CCS sites; • the availability, applicability and adequacy of various federal and state** incentive ~~for~~ **programs related to** CCS projects ~~may be~~ **; •** the **availability and cost of acquiring necessary federal and state permits** ~~approximately $ 1. 2 trillion infrastructure bill signed by President Biden in November 2021~~ , **including permits applicable to subsurface injection, and air emissions or impacts to environmental, natural, historic or cultural resources resulting from the construction and operation of a CCS facility; • our ability to maintain adequate financial assurances to cover the cost of corrective action, injection well plugging, post injection site care and site closure, and emergency and remedial response; • public and political opinion regarding CCS development in local communities; • locating suitable sources of anthropogenic CO2; • obtaining sufficient quantities of CO2 from, and entering into suitable agreements with, emitters on terms that are acceptable and economical to us; and • complex recordkeeping and GHG emissions / sequestration accounting** which **may increase** ~~includes a provision for approximately $ 2. 5 billion to expand the U. S. Department of Energy' s Carbon Storage Validation and Testing program to include large- scale commercialization of new or~~ **our costs** ~~expanded carbon sequestration projects and CO2 transport infrastructure~~ . ~~However, the~~ **The availability and** applicability of ~~the~~ **various federal** financial incentives **related** ~~in the infrastructure bill~~ to our projects is uncertain ~~at this time~~ and there is no assurance that **if available,** ~~we would qualify for such incentives in the pursuit of our CCS projects or that~~ such incentives would be adequate for our CCS project needs **or that such incentives will continue to be available in the future** . Additionally, successful development of CCS projects in the United States requires ~~that we~~ **us to** comply with ~~what we anticipate will be a~~ stringent **and varied** regulatory ~~scheme~~ **schemes** requiring ~~that we obtain certain~~ permits applicable to subsurface injection of CO2 for geologic sequestration. Moreover, as operator **for two** of our CCS projects, we must demonstrate and maintain levels of financial assurance sufficient to cover the cost of corrective action, injection well plugging, post injection site care and site closure, and emergency and remedial response. As ~~CCS and~~ carbon management ~~represent~~ **represents** an emerging sector, regulations may evolve rapidly **and unpredictably** , which could impact the feasibility of one or more of our anticipated projects. There is no assurance that we will be successful in obtaining **sufficient federal and state** permits or adequate levels of financial assurance for one or more of our CCS projects or that permits can be obtained on a timely basis, whether due to difficulty with the technical demonstrations required to obtain such permits, public opposition or otherwise. Separately, ~~permitting~~ CCS projects **are** also **subject to additional** ~~requires obtaining a number of other~~ permits and approvals unrelated to subsurface injection from various U. S. federal and state agencies, such as for air emissions or impacts to environmental, natural, historic or cultural resources resulting from the construction and operation of a CCS facility. To the extent regulatory requirements are imposed, are ~~amended~~ **increased** or more stringently enforced, we may incur additional costs in the **development** ~~pursuit of one or more~~ of our CCS projects, which costs may be material or may render any one or more of our **projects uneconomic.** CCS projects ~~uneconomical. Development of successful CCS projects will~~ also require satisfying certain operational factors, such as locating a suitable source of anthropogenic CO2 and reaching suitable agreements to capture that CO2. Such agreements are complex and may involve allocation of not only fees but also various credits, incentives and environmental attributes associated with the sequestration of CO2. Not all emission sources produce sufficiently large quantities of pure or relatively pure streams of CO2, or have installed equipment to capture such CO2, so as to be usable in one or more of our CCS projects. As a result, we **may not** ~~cannot assure whether we will~~ be able to obtain sufficient quantities of CO2 from emitters on terms that are acceptable to us, and the failure to do so may have a material impact on our

ability to execute our CCS strategy. Additionally, development of successful CCS projects will require infrastructure to transport CO2 between the source and our CCS sites. In project areas with existing CO2 transportation pipelines, this may require reaching an agreement on CO2 transportation with operators of CO2 pipelines within the regions in which we operate. Inability to reach a suitable agreement may render a project ~~uneconomical~~ -- **uneconomic** or impracticable. Separately, if no CO2 pipelines exist in proposed project areas, or if existing pipelines do not extend to one or more of our project sites, we may be required to convert existing pipelines, or build new CO2 pipelines or lateral connections, which may be subject to various environmental and other permitting requirements **to include increased regulation from U. S. federal and state agencies,** as well as third party easements, which may render one or more projects uneconomical. We will also need to build the required equipment on a timely basis and at a cost that is economically viable. Additionally, complex recordkeeping and GHG emissions / sequestration accounting may be required in connection with one or more of our projects, which may increase the costs of such operations. Different methodologies may be required for various regulatory and non- regulatory accounts regarding GHG emissions / sequestration at one or more of our projects, including but not limited to, compliance with the EPA' s mandatory Greenhouse Gas Reporting Program. Furthermore, as CCS may be viewed as a pathway to the continued use of fossil fuels, notwithstanding that CO2 emissions are intended to be captured, there may be organized opposition to CCS, including as it relates to our projects. **We** ~~In consideration of the above matters, we anticipate, but~~ can provide no assurance ~~,~~ that we will be able to execute ~~upon~~ our CCS business strategy in the future. Any failure by us to achieve such expectations in whole or any significant measure could have a material adverse effect on our business, results of operations and financial condition. Our inability to ~~qualify for, obtain, monetize or otherwise~~ benefit from Section 45Q tax credits could materially reduce our ability to develop CCS projects and, as a result, may adversely impact our business, results of operations and financial condition. The successful development of our CCS projects is dependent upon our ability to benefit from certain financial and tax incentives available with respect to CCS projects. The development of CCS projects is incentivized by tax credits provided under Section 45Q of the Internal Revenue Code of 1986, as amended (such credits, " Section 45Q tax credits "), which provides a tax credit for qualified CO2 that is captured using carbon capture equipment and disposed of in secure geological storage. The amount of Section 45Q tax credits from which we may benefit is dependent upon our ability to satisfy certain wage and apprenticeship requirements, which we cannot assure you that we will satisfy. With respect to the first five tax years a qualifying CCS project is in service, but not beyond December 31, 2032, we may elect a " direct pay " option with respect to available Section 45Q tax credits to efficiently monetize their value (i. e., we may receive a payment for the tax credits through a tax refund as if there had been an overpayment of taxes). Following the period in which the direct pay election is available and for the remaining period in which the applicable Section 45Q tax credits are otherwise available, we may elect to transfer the Section 45Q tax credits to unrelated taxpayers. We cannot assure you that we will be able to efficiently monetize Section 45Q tax credits that are transferred to unrelated taxpayers. We will benefit from Section 45Q tax credits only if we satisfy the applicable statutory and regulatory requirements for obtaining the Section 45Q tax credits, including that we own carbon capture equipment that captures qualified CO2 that we physically or contractually capture and securely store, or if another party that owns carbon capture equipment elects to pass through Section 45Q tax credits to us, that we dispose of the qualified CO2 in secure storage. If we are unable to satisfy such statutory and regulatory requirements or otherwise qualify for or obtain the Section 45Q tax credits, our CCS projects may no longer be economically viable and may not be completed. We cannot assure you that we will be successful in satisfying such requirements or otherwise qualifying for or obtaining the Section 45Q tax credits currently available or that we will be able to effectively benefit from such tax credits. Section 45Q tax credits are also subject to recapture with respect to any CO2 that ceases to be disposed of in secure storage, which recapture is treated as an increase in tax liability for the year in which the recapture occurs. The recapture period for Section 45Q tax credits is limited to a 3- year lookback period preceding the date that sequestered CO2 escapes from its secure storage. Additionally, the availability of Section 45Q tax credits may be reduced, modified or eliminated as a matter of legislative or regulatory policy. There can be no assurance that Section 45Q tax credits will not be reduced, modified or eliminated in the future **, including as a result of any change in presidential administration as a result of the 2024 U. S. presidential election** . Any such reduction, modification or elimination of Section 45Q tax credits, or our inability to otherwise benefit from Section 45Q tax credits, could materially reduce our ability to develop CCS projects and, as a result, may adversely impact our business, results of operations and financial condition. Even if we are able to benefit from Section 45Q tax credits, we may determine that additional financial incentives are required for our CCS projects to be economically viable. If such additional incentives do not emerge, we may not be able to achieve an economic return from our CCS business or, alternatively, the construction or operation of our CCS projects may be substantially delayed, unprofitable or otherwise infeasible. Our business could be negatively affected by...... natural gas industry on the OCS. We may be unable to provide the financial assurances in the amounts and under the time periods required by ~~the~~ BOEM if it submits future demands to cover our decommissioning obligations. If in the future ~~the~~ BOEM issues orders to provide additional financial assurances and we fail to comply with such future orders, ~~the~~ BOEM could elect to take actions that would materially adversely impact our operations and our properties, including commencing proceedings to suspend our operations or cancel our **associated** federal offshore leases. ~~The~~ BOEM requires that lessees demonstrate financial strength and reliability according to its regulations or provide acceptable financial assurances to assure satisfaction of lease obligations, including decommissioning activities on the OCS. In 2016, ~~the~~ BOEM under the Obama Administration had sought to implement more stringent and costly standards under the existing federal financial assurance requirements through issuance and implementation of the 2016 NTL, but **the** ~~former President~~ Trump ~~' s~~ Administration first suspended, and then in 2020 rescinded, the implementation of ~~this~~ **the 2016** NTL ~~. Consistent with recommendations made in a November 2021 DOI report on the federal oil and gas leasing program, the Biden Administration could pursue more stringent financial assurance requirements that could increase our operating costs~~ . Following the effectiveness of the 2016 NTL, we received orders from ~~the~~ BOEM in late 2016 directing us to provide additional financial assurance in material amounts relating to our OCS properties. We

entered into discussions with ~~the~~ BOEM regarding the requested additional financial security and submitted a proposed tailored plan (applicable to our sole and non- sole liability properties) for the posting of additional financial security to the agency for review. However, as the Trump Administration rescinded the 2016 NTL, ~~the~~ BOEM withdrew the previously issued orders under the 2016 NTL. In August 2021, ~~the~~ BOEM published a Note to Stakeholders detailing an expansion of its supplemental financial assurance requirements currently applicable to all sole liability properties and now to certain high- risk, non- sole liability properties; namely, those properties that are inactive, where production end- of- life is fewer than five years, or with damaged infrastructure irrespective of the remaining property life of the surrounding producing assets. BOEM has stated it will prioritize non- sole liability properties where it believes that the current owner does not meet applicable requirements related to financial strength and has no co- owners or predecessors that are financially strong, as determined by BOEM. In connection with this Note to Stakeholders, BOEM initially assessed the required financial assurance for our sole liability properties as approximately $ 70 million. However, following the opportunity to review BOEM' s sole liability assessment, we were able to reduce the financial assurance required to approximately $ 37. 7 million. The bonds covering this amount were posted in 2021. Notwithstanding the above, ~~the~~ BOEM, now under the Biden Administration, could, in the future, continue to make new demands for additional financial assurances in material amounts relating to the decommissioning of our OCS properties. ~~The~~ BOEM may reject our proposals to satisfy any such additional financial assurance coverage and make demands that exceed our capabilities. If we fail to comply with the current or future orders of ~~the~~ BOEM to provide additional surety bonds or other financial assurances, ~~the~~ BOEM could commence enforcement proceedings or take other remedial action, including assessing civil penalties, suspending operations or production, or initiating procedures to cancel leases **associated with our noncompliance** , which, if upheld, would have a material adverse effect on our business, properties, results of operations and financial condition. **BOEM has the right to issue financial assurance orders in the future, including if it determines there is a substantial risk of nonperformance of the current interest holder' s decommissioning liabilities and the Biden Administration may elect to pursue more stringent supplemental bonding requirements.** In the event that ~~the~~ BOEM ~~issues a new NTL or proposes and~~ finalizes new regulations similar to or more stringent than the 2016 NTL, **such as BOEM' s June 2023 proposed rule that substantially revises** the ~~likely result could include the loss of~~ supplemental ~~bonding waivers for a large number of~~ **financial assurance requirements applicable to offshore oil and gas** ~~operators~~ **operations** ~~on the OCS~~ , ~~which could in turn force these operators to seek additional surety bonds and could, consequently, challenge~~ the surety bond market ~~' s~~ **has very limited** capacity ~~for~~ **to** ~~providing~~ **provide** ~~such~~ additional financial assurance ~~. Operators who have already leveraged~~ **and we therefore may not be able to procure and provide** ~~their~~ -- **the financial assurance required by such new regulations** ~~assets as a result of the declining oil market could face difficulty obtaining surety bonds because of concerns the surety companies may have about the priority of their lien on the operator' s collateral~~ . Moreover, ~~a depressed oil price environment~~ **the implementation of such new regulations** could result in sureties seeking additional collateral to support existing **or future** bonds, such as cash or letters of credit, and we cannot provide assurance that we will be able to satisfy collateral demands for ~~future~~ **such** bonds to comply with supplemental bonding requirements of ~~the~~ BOEM. If we are required to provide collateral in the form of cash or letters of credit, our liquidity position could be negatively impacted and we may be required to seek alternative financing. To the extent we are unable to secure adequate financing, we may be forced to reduce our capital expenditures. All of these factors may make it more difficult for us to obtain the financial assurances required by ~~the~~ BOEM to conduct operations on the OCS. These and other changes to BOEM bonding and financial assurance requirements could result in increased costs on our operations **, reduced cash flows if unable to comply** and consequently have a material adverse effect on our business and results of **Our** ~~at our facilities,or those of our purchasers or vendors,could have a material adverse effect on our financial condition and~~ operations ~~.Global geopolitical tensions~~ may **be** ~~create heightened volatility in oil,gas and NGL prices and could~~ adversely ~~affect~~ **affected by political** ~~our business,financial condition~~ and ~~results of operations~~ **economic circumstances in the countries in which we operate** .Our oil and gas **exploration,development and production** activities are subject to ~~numerous geopolitical~~ --- **political** and economic ~~risks,~~ uncertainties (including but not limited to changes,sometimes frequent or marked,in energy policies or the personnel administering them),expropriation of property,cancellation or modification of contract rights,changes in laws and policies governing operations of foreign- based companies,unilateral renegotiation of contracts by governmental entities,redefinition of international boundaries or boundary disputes,foreign exchange restrictions,currency fluctuations,royalty and tax increases ~~,~~ and other risks arising out of governmental sovereignty over the areas in which our operations are conducted,as well as risks of loss due to acts of terrorism,piracy,disease,illegal cartel activities and other political risks,including tension and confrontations among political parties. **Some of** ~~The upcoming presidential election in the~~ **these risks** ~~U.S.,the expected change in presidential administration in Mexico,the extended war between Russia and Ukraine and increasing hostilities in the Middle East~~ may **be higher** ~~cause prolonged uncertainty and volatility~~ in ~~commodity prices~~ **the developing countries in which we conduct our activities,namely,Mexico** .Mexico' s most recent presidential election was held in July 2018.Presidential reelection is not permitted in Mexico.President Andrés Manuel López Obrador **was elected to a six- year term** ,took office on December 1,2018,and his ~~successor~~ **political party,Movimiento Regeneración Nacional has a majority in both houses of Mexico' s congress.Mr.Lopez Obrador,and certain members of** ~~is~~ **his cabinet have,** ~~due to be elected~~ in ~~June~~ **the past,made statements that would call into question the degree** of ~~2024~~ **support their administration will have for Mexico' s energy reforms** . ~~At~~ **However,at** this time we cannot predict what changes (if any) will result from this change in administration.Political events in Mexico could adversely affect economic conditions and / or the oil and gas industry and,by extension,our results of operations and financial position. ~~On~~ operations. Our oil and gas operations are subject to various international, foreign and U. S. federal, state and local governmental regulations that materially affect our operations. Our oil and gas operations are subject to various international, foreign and U. S. federal, state and local laws and regulations. These laws and regulations may be changed in response to economic or political conditions. Regulated matters include: permits for

exploration, development and production operations; limitations on our drilling activities in environmentally sensitive areas, such as marine habitats, and restrictions on the way we can discharge materials and / or GHG emissions into the environment; bonds or other financial responsibility requirements to cover drilling contingencies, well P & A and other decommissioning costs; reports concerning operations, the spacing of wells and unitization and pooling of properties; regulations regarding the rate, terms and conditions of transportation service or the price, terms, and conditions related to the purchase and sale of oil and natural gas; and taxation. Failure to comply with these laws and regulations can result in the assessment of administrative, civil or criminal penalties, the issuance of remedial obligations and the imposition of injunctions limiting or prohibiting certain of our operations. In addition, because we hold federal leases, the federal government requires that we comply with numerous additional regulations applicable to government contractors. The SENER has promulgated guidelines to establish procedures for conducting the unitization of shared reservoirs and approving the terms and conditions of unitization and unit operating agreements, as well as the authority to direct parties holding rights in a potentially shared reservoir to appraise and potentially form a unit for development of such reservoir ~~. Even with the final regulations in place, there are still some uncertainties regarding the unitization process, specifically relating to Block 7 offshore Mexico. In July 2021, SENER designated PEMEX as operator of the Zama unit, just three days after SENER received a letter directly from PEMEX arguing for operatorship. Under Mexico' s own unitization guidelines, SENER was required to " consider the principles of economy, competitiveness, efficiency, legality, transparency, best practices of industry and the best use of hydrocarbons. " In September 2021, we submitted Notices of Dispute to the Government of Mexico relating to the decision taken by SENER. Our aim is to resolve the dispute amicably through consultations and negotiations to achieve a fair and mutually beneficial agreement; however, the outcome of these Notices of Dispute could be adverse to us and affect the value that we are able to recognize from the reservoir discovery~~ . If we are forced to shut- in production, we will likely incur greater costs to bring the associated production back online, and will be unable to predict the production levels of such wells once brought back online. If we are forced to shut- in production, we will likely incur greater costs to bring the associated production back online. Cost increases necessary to bring the associated wells back online may be significant enough that such wells would become uneconomic at low commodity price levels, which may lead to decreases in our proved reserve estimates and potential impairments and associated charges to our earnings. If we are able to bring wells back online, there is no assurance that such wells will be as productive following recommencement as they were prior to being shut- in. Any shut- in or curtailment of the oil, natural gas and NGLs produced from our fields could adversely affect our financial condition and results of operations. Our operations may be adversely affected by...... results of operations and financial position. We may experience significant shut- ins and losses of production due to the effects of **events outside of our control, including** tropical storms and hurricanes in the U. S. Gulf of Mexico and in the shallow waters off the coast of Mexico **and epidemics, outbreaks or other public health events** . Our production is primarily associated with our properties in the U. S. Gulf of Mexico and in the shallow waters off the coast of Mexico. Accordingly, if the level of production from these properties substantially declines, it could have a material adverse effect on our overall production level and our revenue. We are particularly vulnerable to significant risk from hurricanes ~~and~~ **,** tropical storms **, loop currents and other adverse weather conditions** in the U. S. Gulf of Mexico. We are unable to predict what impact future **incidents** ~~hurricanes and tropical storms~~ might have on our future results of operations and production **.Epidemics,pandemics** ,outbreaks or other public health events that are outside of our control ~~,and~~ could significantly disrupt our operations and adversely affect our financial condition.The global or national outbreak of an illness or other communicable disease,or any other public health crisis,such as COVID- 19,may cause disruptions to our business and operational plans,which may include (i) shortages of employees,(ii) unavailability of contractors or subcontractors,(iii) interruption of supplies from third parties upon which we rely,(iv) recommendations of,or restrictions imposed by government and health authorities,including quarantines,to address an outbreak and (v) restrictions that we and our contractors,subcontractors and our customers impose,including facility shutdowns,to ensure the safety of employees ~~In~~ . We are not insured against all of the operating risks to which our business is exposed. In accordance with industry practice, we maintain insurance against some, but not all, of the operating risks to which our business is exposed. We insure some, but not all, of our properties from operational loss- related events. We have insurance policies that include coverage for general liability, physical damage to our oil and gas properties, operational control of well, named U. S. Gulf of Mexico windstorm, oil pollution, construction ~~all~~ risk, workers' compensation and employers' liability and other coverage. Our insurance coverage includes deductibles that have to be met prior to recovery, as well as sub- limits or self-insurance. Additionally, our insurance is subject to exclusions and limitations, and there is no assurance that such coverage will adequately protect us against liability from all potential consequences, damages or losses. See Part I, Items 1 and 2. Business and Properties – Insurance Matters for more information on our insurance coverage. An operational or hurricane or other adverse weather- related event may cause damage or liability in excess of our coverage that might severely impact our financial position. We may be liable for damages from an event relating to a project in which we own a non- operating working interest. Such events may also cause a significant interruption to our business, which might also severely impact our financial position. We may experience production interruptions for which we do not have production interruption insurance. We reevaluate the purchase of insurance, policy limits and terms annually. Future insurance coverage for our industry could increase in cost and may include higher deductibles or retentions. In addition, some forms of insurance may become unavailable in the future or unavailable on terms that we believe are economically acceptable. No assurance can be given that we will be able to maintain insurance in the future at rates that we consider reasonable, and we may elect to maintain minimal or no insurance coverage. We may not be able to secure additional insurance or bonding that might be required by new governmental regulations. This may cause us to restrict our operations in the U. S. Gulf of Mexico, which might severely impact our financial position. The occurrence of a significant event, not fully insured against, could have a material adverse effect on our financial condition and results of operations. ~~SEC rules could limit our ability to book additional PUD reserves in the future. SEC rules require that, subject to limited exceptions, PUD reserves may only be booked if they relate to wells scheduled to be drilled within five years~~

~~after the date of booking. This requirement may limit our ability to book additional PUD reserves as we pursue our drilling program. Moreover, we may be required to write down our PUD reserves if we do not drill those wells within the required five-year timeframe.~~ Our actual production could differ materially from our forecasts. From time to time, we may provide forecasts of expected quantities of future oil and gas production. These forecasts are based on a number of estimates, including expectations of production from existing wells. In addition, our forecasts may assume that none of the risks associated with our oil and natural gas operations summarized in this section would occur, such as facility or equipment malfunctions, adverse weather effects, adverse resolutions to disputes relating to operatorships ~~(such as that observed with the Zama Field dispute)~~ or significant declines in commodity prices or material increases in costs, which could make certain production uneconomical. Our operations are subject to numerous risks of oil and natural gas drilling and production activities. Oil and gas drilling and production activities are subject to numerous risks, including the risk that no commercially productive oil or natural gas reserves are found. The cost of drilling and completing wells is often uncertain. To the extent we drill additional wells in the U. S. Gulf of Mexico Deepwater and / or in the Gulf Coast deep shelf, our drilling activities increase capital cost. In addition, the geological complexity of the areas in which we have oil and natural gas operations make it more difficult for us to sustain the historical rates of drilling success. Oil and natural gas drilling and production activities may be shortened, delayed or cancelled as a result of a variety of factors, many of which are beyond our control. These factors include: ~~• unexpected drilling conditions; • pressure or irregularities in formations; • equipment failures or accidents;~~ • hurricanes and other adverse weather conditions; • shortages in experienced labor; and • shortages or delays in the delivery of equipment. The prevailing prices of oil and natural gas also affect the cost of and the demand for drilling rigs, production equipment and related services. We cannot assure you that the wells we drill will be productive or that we will recover all or any portion of our investment. Drilling for oil and natural gas may be unprofitable. Drilling activities can result in dry holes and wells that are productive but do not produce sufficient cash flows to recoup drilling costs. ~~Our industry experiences numerous operating risks. The exploration, development and production of oil and gas properties involves a variety of operating risks, including the risk of fire, explosions, blowouts, pipe failure, abnormally pressured formations and environmental hazards. Environmental hazards include oil spills, gas leaks, pipeline ruptures or discharges of toxic gases. We are also involved in completion operations that utilize hydraulic fracturing, which may potentially present additional operational and environmental risks. Additionally, our offshore operations are subject to the additional hazards of marine operations, such as capsizing, collisions and adverse weather and sea conditions, including the effects of hurricanes.~~ In addition, an oil spill on or related to our properties and operations could expose us to joint and several strict liability, without regard to fault, under applicable law for containment and oil removal costs and a variety of public and private damages, including, but not limited to, the costs of responding to a release of oil, natural resource damages and economic damages suffered by persons adversely affected by an oil spill. If an oil discharge or substantial threat of discharge were to occur, we could be liable for costs and damages, which costs and damages could be material to our results of operations and financial position ~~. Our business is also subject to the risks and uncertainties normally associated with the exploration for and development and production of oil and natural gas that are beyond our control, including uncertainties as to the presence, size and recoverability of hydrocarbons. We may not encounter commercially productive oil and natural gas reservoirs. We may not recover all or any portion of our investment in new wells. The presence of unanticipated pressures or irregularities in formations, miscalculations or accidents may cause our drilling activities to be unsuccessful and / or result in a total loss of our investment, which could have a material adverse effect on our financial condition, results of operations and cash flows. In addition, we may be uncertain as to the future cost or timing of drilling, completing and operating wells~~ . We have an interest in Deepwater fields and may attempt to pursue additional operational activity in the future and acquire additional fields and leases in the Deepwaters of the U. S. Gulf of Mexico. Exploration for oil or natural gas in the Deepwaters of the U. S. Gulf of Mexico generally involves greater operational and financial risks than exploration in the shallower waters of the U. S. Gulf of Mexico conventional shelf. Deepwater drilling generally requires more time and more advanced drilling technologies, involving a higher risk of technological failure and usually higher drilling costs. For example, the drilling of Deepwater wells requires specific types of drilling rigs with significantly higher day rates and limited availability as compared to the rigs used in shallower water. Deepwater wells often use subsea completion techniques with subsea trees tied back to host production facilities with flow lines. The installation of these subsea trees and flow lines requires substantial time and the use of advanced remote installation mechanics. These operations may encounter mechanical difficulties and equipment failures that could result in cost overruns. Furthermore, the Deepwater operations generally lack the physical and oilfield service infrastructure present in the shallower waters of the U. S. Gulf of Mexico conventional shelf. As a result, a considerable amount of time may elapse between a Deepwater discovery and the marketing of the associated oil or natural gas, increasing both the financial and operational risk involved with these operations. Because of the lack and high cost of infrastructure, some reserve discoveries in the Deepwater may never be produced economically. If any of these industry operating risks occur, we could have substantial losses. Substantial losses may be caused by injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean- up responsibilities, regulatory investigation and penalties, suspension of operations and production and repairs to resume operations. Any of these industry operating risks could have a material adverse effect on our business, results of operations and financial condition. Competition within our industry may adversely affect our operations. ~~Competition within~~ **Many of** our **competitors are larger and have more available financial resources. The oil and gas** industry is ~~intense~~ **highly competitive** , ~~particularly with respect to the acquisition of producing properties~~ and ~~undeveloped acreage~~ **many companies in our industry are larger and have substantially greater financial resources than we do** . We compete with ~~major~~ **these companies for** oil and **natural** gas **leases and other properties; equipment and personnel; and marketing our product to end- users. Such competition can significantly increase costs and the availability of resources available to us, which could provide larger** companies **a competitive advantage** ~~and other independent producers of varying sizes, all of which are engaged in the acquisition of properties and the exploration and~~

~~development of such properties~~ . **Larger** ~~Many of our~~ competitors ~~have financial resources and exploration and development budgets that are substantially greater than our budget, which~~ may **also** ~~adversely affect our ability to compete. If other companies relocate to the U. S. Gulf of Mexico region, levels of competition may increase and our business could~~ be ~~adversely affected~~ **able to more easily attract and retain experienced personnel** . In **addition** ~~the exploration and production business~~ , ~~some of the~~ larger **competitors** ~~integrated companies~~ may be better able ~~than we are~~ to respond **and adapt** to **adverse economic and** industry ~~changes~~ **conditions,** including price fluctuations, **reduced** oil and gas demand, political ~~change~~ **changes** and ~~government regulations. We actively compete with other companies when acquiring new leases or oil and gas properties. For example, new leases acquired from the BOEM are acquired through a " sealed bid " process and are generally awarded to the highest bidder. These additional resources can be particularly important in reviewing prospects and purchasing properties. The competitors may also have a greater ability to continue drilling activities during periods of low oil and gas prices and to absorb the burden of~~ current and future governmental regulations and taxation. Competitors may be able to evaluate, bid for and purchase a greater number of properties and prospects than our financial or personnel resources permit. Competitors may also be able to ~~pay more~~ **outbid us** for **acquisitions,** productive oil and gas properties and exploratory prospects ~~than we are able or willing to pay~~ . Further, our competitors may be able to expend greater resources on the existing and changing technologies **to gain competitive advantages** ~~that we believe impacts attaining success in the industry~~ . If we are unable to compete successfully ~~in these areas~~ in the future, our future revenues and growth may be diminished or restricted. The loss of our larger customers could materially reduce our revenue and materially adversely affect our business, financial condition and results of operations. We have a limited number of customers that provide a substantial portion of our revenue. The loss of our larger customers, including Shell Trading (US) Company ~~,~~ **and** Valero Energy Corporation ~~and Chevron Products Company~~ , could adversely affect our current and future revenue, and could have a material adverse effect on our business, financial condition and results of operations **. See Part IV, Item 15. Exhibits and Financial Statement Schedules — Note 2 — Summary of Significant Accounting Policies for additional information** . The loss of key personnel could adversely affect our ability to operate. Our industry has lost a significant number of experienced professionals over the years due to its cyclical nature, which is attributable, among other reasons, to the volatility in commodity prices. Our operations are dependent upon key management and technical personnel. We cannot assure you that individuals will remain with us for the immediate or foreseeable future. The unexpected loss of the services of one or more of these individuals could have an adverse effect on us and our operations. In addition, our exploration, production and decommissioning activities require personnel with specialized skills and experience. As a result, our ability to remain productive and profitable depends upon our ability to employ and retain skilled workers. Our ability to expand operations depends in part on our ability to increase the size of our skilled labor force, including geologists and geophysicists, field operations managers and engineers, to handle all aspects of our exploration, production and decommissioning activities. The demand for skilled workers in our industry is high, and the supply is limited. A significant increase in the wages paid by competing employers or the unionization of our U. S. Gulf of Mexico employees could result in a reduction of our labor force, increases in the wage rates that we will have to pay, or both. If either of these events were to occur, our capacity and profitability could be diminished and our growth potential could be impaired. We have operations in multiple jurisdictions, including jurisdictions in which the tax laws, their interpretation or their administration may change. As a result, our tax obligations and related filings are complex and subject to change, and our after- tax profitability could be lower than anticipated. Additionally, future tax legislative or regulatory changes in the United States, Mexico or any other jurisdiction in which we operate or have subsidiaries could result in changes to the taxation of our income and operations, which could also adversely impact our after- tax profitability. We are subject to income, withholding and other taxes in the United States on a worldwide basis and in numerous state, local and foreign jurisdictions with respect to our income, operations and subsidiaries in those jurisdictions. Our after- tax profitability could be affected by numerous factors, including the availability of tax credits, exemptions, refunds (including refunds of value added taxes) and other benefits to reduce our tax liabilities, changes in the relative amount of our earnings subject to tax in the various jurisdictions in which we operate or have subsidiaries, the potential expansion of our business into or otherwise becoming subject to tax in additional jurisdictions, changes to our existing business structure and operations, the extent of our intercompany transactions and the extent to which taxing authorities in the relevant jurisdictions respect those intercompany transactions. Our after- tax profitability may also be affected by changes in the relevant tax laws and tax rates, regulations, administrative practices and principles, judicial decisions, and interpretations, in each case, possibly with retroactive effect. From time to time, federal and state level legislation in the United States has been proposed that would, if enacted into law, make significant changes to tax laws, including to certain key U. S. federal and state income tax provisions currently available to oil and natural gas exploration and development companies. Such proposed legislative changes have included, but have not been limited to, (i) the elimination of the percentage depletion allowance for oil and natural gas properties, (ii) the elimination of current deductions for intangible drilling and development costs, (iii) an extension of the amortization period for certain geological and geophysical expenditures, (iv) the elimination of certain other tax deductions and relief previously available to oil and natural gas companies, and (v) an increase in the U. S. federal income tax rate applicable to corporations (such as us). U. S. states in which we operate or own assets may also impose new or increased taxes or fees on oil and natural gas extraction. It is unclear whether these or similar changes will be enacted and, if enacted, how soon any such changes could take effect. Additionally, the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the " Multilateral Instrument ") has entered into force among the jurisdictions that have ratified it, although the United States has not yet become a signatory to the Multilateral Instrument. Such proposed legislative changes and ratification of the Multilateral Instrument in the jurisdictions in which we operate could result in further changes to our global taxation. Additionally, Mexico has enacted tax reform legislation, and a majority of the provisions became effective on January 1, 2020. These tax reforms provided for new and complex provisions that significantly change how Mexico tax entities and operations and are subject to further legislative change and administrative guidance and interpretation, which may differ from

our interpretation. Future tax legislative or regulatory changes in the United States, Mexico or in any other jurisdictions in which we operate now or in the future could also adversely impact our after- tax profitability. ~~A significant portion of our production, revenue and cash flow is concentrated in our Phoenix Field and our Pompano Field. Because of this concentration, any production problems, impacts of adverse weather or inaccuracies in reserve estimates could have a material adverse impact on our business. For the year ended December 31, 2022, approximately 21 % and 18 % of our production and 23 % and 19 % of our total revenue was attributable to our Phoenix Field and our Pompano Field, respectively, both of which are located in the federal waters offshore in the U. S. Gulf of Mexico. This concentration in these fields means that any impact on our production from these fields, whether because of mechanical problems, adverse weather, well containment activities, changes in the regulatory environment or otherwise, could have a material effect on our business. We produce the Phoenix Field through the HP- I, a dynamically positioned floating production facility that is operated by Helix. The HP- I interconnects the Phoenix Field through a production buoy that can be disconnected if the HP- I cannot maintain its position on station, such as in the event of a mechanical problem with the dynamic positioning system or the approach of a hurricane. Because the HP- I may have to be disconnected from the Phoenix Field if circumstances require, our production from the Phoenix Field may be subject to more frequent interruptions than if the Phoenix Field was produced by a more conventional platform. We are also required to disconnect and dry- dock the HP- I every two to three years for inspection as required by the United States Coast Guard, during which time we are unable to produce the Phoenix Field. During the year ended December 31, 2022, Helix dry- docked the HP- I. After conducting sea trials, production resumed in mid- September 2022, resulting in a total shut- in period of 41 days. The shut- in resulted in deferred production of 1. 6 MBoepd during the year ended December 31, 2022 based on production rates prior to the shut- in. The HP- I is part of the Helix Well Containment Group (" HWCG "), which is a consortium that is available to respond to any Deepwater well control event, such as the Macondo well oil spill. If such an event were to occur and the HWCG was to be utilized for well control, the HP- I, which is the vessel that would be used to respond to the Deepwater well control event, would be required to disconnect from the Phoenix Field until such time as the well control event was resolved and the HP- I could return to the Phoenix Field. During such time period, we would not be able to produce the Phoenix Field. In the event the HP- I has to disconnect from the Phoenix Field, our production, revenue and cash flow could be adversely affected, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, all of our production from the Phoenix Field flows through the Green Canyon 19 connection facility operated by Shell GOM Pipeline Company LLC. To the extent Shell GOM Pipeline Company LLC temporarily shuts in its Green Canyon 19 connection facility, whether for maintenance or otherwise, we would not be able to produce the Phoenix Field during this period of time, which may have a material adverse effect on our business, financial condition, results of operations and cash flows. If the actual reserves associated with the Phoenix Field are less than our estimated reserves, such a reduction of reserves could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, all of our production from the Pompano Field flows through the Pompano Pipeline System operated by Crimson Gulf LLC. To the extent Crimson Gulf LLC temporarily shuts in the Pompano Pipeline System, whether for maintenance or otherwise, we would not be able to produce the Pompano Field during this period of time, which may have a material adverse effect on our business, financial condition, results of operations and cash flows. If the actual reserves associated with the Pompano Field are less than our estimated reserves, such a reduction of reserves could have a material adverse effect on our business, financial condition, results of operations and cash flows.~~ Our Mexican operations are subject to certain offshore regulatory and environmental laws and regulations promulgated by Mexico. Our oil and gas operations in shallow waters off the coast of Mexico' s Tabasco state are subject to regulation by the SENER, the CNH and other Mexican regulatory bodies. The laws and regulations governing activities in the Mexican energy sector have undergone significant reformation over the past decade, and the legal regulatory framework continues to evolve as SENER, the CNH and other Mexican regulatory bodies issue new regulations and guidance. Such regulations are subject to change, and it is possible that SENER, the CNH or other Mexican regulatory bodies may impose new or revised requirements that could increase our operating costs and / or capital expenditures for operations in Mexican offshore waters. See Part I, Items 1 and 2. Business and Properties ~~—~~ — Government Regulation ~~—~~ — Regulation in Shallow Waters Off the Coast of Mexico and Part I, Items 1 and 2. Business and Properties ~~—~~ — Government Regulation ~~—~~ — Hydrocarbon Export Regulation in Mexico for additional disclosure relating to the legal requirements imposed by SENER, CNH or other Mexican regulatory bodies to which we may be subject in the pursuit of our operations. In addition, our oil and gas operations in shallow waters off the coast of Mexico' s Tabasco state are subject to regulation by the ASEA. The laws and regulations governing the protection of health, safety and the environment from activities in the Mexican energy sector are also relatively new, having been significantly reformed in 2013 and 2014, and the legal regulatory framework continues to evolve as ASEA and other Mexican regulatory bodies issue new regulations and guidance. Such regulations are subject to change, and it is possible that ASEA or other Mexican regulatory bodies may impose new or revised requirements that could increase our operating costs and / or capital expenditures for operations in Mexican offshore waters. See Part I, Items 1 and 2. Business and Properties ~~—~~ — Environmental and Occupational Safety and Health Regulations ~~—~~ — Environmental Regulation in Shallow Waters Off the Coast of Mexico for additional disclosure relating to the legal requirements imposed by ASEA or other Mexican regulatory bodies to which we may be subject in the pursuit of our operations. The permit holders must comply with requirements relating to insurance, facility construction and design, law compliance, and risk analysis scenarios. Under the Block 7 PSC, we are also jointly and severally liable for the performance of all obligations under the PSC, including exploration, appraisal, extraction and abandonment activities and compliance with all environmental regulations, and failure to perform such obligations could result in contractual rescission of the PSC. Three- dimensional seismic interpretation does not guarantee that hydrocarbons are present or if present, produce in economic quantities. We rely on 3D seismic studies to assist us with assessing prospective drilling opportunities on our properties, as well as on properties that we may acquire. Such seismic studies are merely an interpretive tool and do not necessarily guarantee that hydrocarbons are present or, if present, produce in

economic quantities, and seismic indications of hydrocarbon saturation are generally not reliable indicators of productive reservoir rock. These limitations of 3D seismic data may impact our drilling and operational results, and consequently our financial condition. We may be exposed to liabilities under the U. S. Foreign Corrupt Practices Act **. We are subject to the U. S. Foreign Corrupt Practices Act** (the “ FCPA ”) ~~. We are subject to the FCPA~~ and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties for the purpose of obtaining or retaining business. We may do business in the future in countries and regions in which we may face, directly or indirectly, corrupt demands by officials, tribal or insurgent organizations or private entities. Thus, we face the risk of unauthorized payments or offers of payments by one of our employees or consultants, given that these parties may not always be subject to our control. Our existing safeguards and any future improvements may prove to be less than effective, and our employees and consultants may engage in conduct for which we might be held responsible. Under the Block 7 PSC with the CNH, we work as a consortium with our partners. Violations of the FCPA, by any consortium partner, may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our business, operating results and financial condition. In addition, the CNH has the authority to rescind the PSC if these violations occur. Our ~~business depends on access to oil and natural gas processing, gathering and transportation systems and facilities. The marketability of our oil and natural gas production depends in large part on the operation, availability, proximity, capacity and expansion of processing, gathering and transportation facilities owned by third parties. We can provide no assurance that sufficient processing, gathering and / or transportation capacity exists or that we will be able to obtain sufficient processing, gathering and / or transportation capacity on economic terms. A lack of available capacity on processing, gathering and transportation 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 facilities for an extended period of time could negatively impact our revenues. In addition, we enter 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. In addition, the rates charged for processing, gathering and transportation services may increase over time. Our~~ operations are subject to various risks arising out of the threat of climate change that could result in increased operating costs, limit the areas in which oil and natural gas production may occur and reduce demand for the crude oil and natural gas that we produce. Climate change continues to attract considerable public, political and scientific attention **both domestically** ~~. In the United States, no comprehensive climate change legislation has been adopted at the federal level, but President Biden has indicated that action to address climate change is an~~ **and abroad** ~~important part of his administration’ s agenda~~ . For example, ~~in August 2022,~~ the IRA 2022 ~~passed which advances numerous climate The IRA 2022 amends~~ **contains significant financial incentives for** the **development of renewable energy,alternative fuels,supporting infrastructure and carbon capture and sequestration and imposes the first ever** federal ~~CAA to impose a~~ fee on the emission of **greenhouse gases through a** methane **emissions charge generated** from ~~sources required to report their GHG emissions to the EPA,including those~~ sources in the onshore petroleum and natural gas production categories. ~~The~~ **Beginning in 2024,the** methane emissions charge **is set** ~~would start in calendar year 2024~~ at $ 900 per ton of methane, **and is expected to** increase to $ 1,200 in 2025,and ~~be set at~~ $ 1,500 ~~for~~ **in** 2026 and each year after. **Such additional** ~~Calculation of the fee~~ **fees could significantly impact our operating costs** ~~is based on certain thresholds established in the IRA 2022~~ . **Further** ~~In addition~~ ,the ~~multiple~~ incentives offered for various clean energy industries ~~referenced above~~ could further accelerate the transition of the economy away from the use of fossil fuels towards lower ~~- or zero -~~ ~~related objectives~~ **or zero- carbon emissions alternatives. These regulatory changes could ultimately decrease demand for crude oil and natural gas, increase our compliance and operating costs and consequently adversely affect our business** . Numerous other executive actions and legislative and regulatory initiatives have been ~~made~~ **enacted** or **may** ~~are likely to~~ be **anticipated** ~~considered by his administration and analogous legal actions are likely to be made or considered at the state~~ , **such** ~~regional or international levels of government to monitor and limit existing emissions of GHGs~~ as ~~well as to restrict or eliminate such future emissions. These regulatory efforts have included consideration of~~ cap- and- trade programs, carbon taxes, GHG emissions reporting and tracking programs and regulations that directly limit GHG emissions from certain sources. **Further, regulations or legal actions are likely at the state, regional or international levels of government to monitor and limit existing GHG emissions as well as to restrict or eliminate such future emissions.** Additionally, the threat of climate change has resulted in increasing political, litigation and financial risks associated with the production of fossil fuels and **GHG** emissions ~~of GHGs. Moreover, climate change activism calling for reduced access to capital, fuel conservation measures, governmental initiatives for renewable energy resources, increasing consumer demand for alternative forms of energy, technological advances in fuel economy and energy generation devices may create new competitive conditions that result in reduced demand for the oil and natural gas we produce. Finally, increasing concentrations of GHGs in the Earth’ s atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods, rising sea levels and other climatic events~~ . See Part I, Items 1 and 2. Business and Properties ~~—~~ **—** Environmental and Occupational Safety and Health Regulations ~~—~~ **—** Climate Change for additional disclosure relating to risks arising out of the threat of climate change. The adoption of legislation or regulatory programs to reduce or eliminate future **GHG** emissions ~~of GHGs~~ could require us to incur ~~increased~~ **significant** operating costs, such as costs to purchase and operate emissions control systems, to acquire emissions allowances or comply with new regulatory or reporting requirements. Any such legislation or regulatory programs could also increase the cost of consuming, and thereby reduce demand for, the oil and natural gas we produce. Consequently, legislation and regulatory programs to reduce or eliminate future **GHG** emissions ~~of GHGs~~ could have an adverse effect on our business, financial condition and results of operations. Also, political, financial and litigation risks may result in our restricting or canceling production activities ~~, incurring liability for infrastructure damages as a result of climatic changes~~ or impairing the ability to continue to operate in an economic manner. Further, if any such effects of climate changes were to occur, they could have an adverse effect on our financial condition and results of operations. Increasing attention to ~~ESG~~ **environmental, social and**

governance matters may impact our business. Increasing attention to climate change ~~,~~ **and** societal expectations on companies to address climate change ~~,~~ and ~~potential consumer use of substitutes~~ - **substitute** ~~to oil and gas commodities~~ **energy sources for fossil fuels** may result in increased costs, reduced demand for our products and our services and the products and services of our customers, reduced profits, increased **compliance measures,** investigations and litigation, and negative impacts on our stock price and access to capital markets. ~~Increasing attention to climate change, for example, may result in demand shifts for the hydrocarbon products we produce as well as additional governmental investigations and private litigation against us. To the extent that societal pressures or political or other factors are involved, it is possible that such liability could be imposed without regard to our causation of or contribution to the asserted damage, or to other mitigating factors.~~ Moreover, while we ~~create and~~ **endeavor to** publish **transparent sustainability reports, the** voluntary disclosures **therein** ~~regarding ESG matters from time to time, many of the statements in those voluntary disclosures~~ are **sometimes** based on ~~hypothetical expectations and~~ assumptions **and calculations** that may or may not be representative of ~~current or~~ actual ~~risks~~ or ~~events or forecasts~~ **forecasted** ~~of expected~~ risks or events, including the costs associated therewith. Such ~~expectations and~~ assumptions **and calculations** 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 **environmental, social and governance ("** ESG **")** matters. The Board ~~of Directors~~ ' **s SSCR** ~~Safety, Sustainability and Corporate Responsibility~~ Committee is the primary committee ~~of our Board of Directors~~ responsible for overseeing and managing our ESG initiatives. **Our Director** ~~Committee members are expected to meet quarterly to review the implementation and effectiveness~~ of ~~our~~ ESG ~~programs and policies. In 2022, we hired a Director of ESG who~~ is responsible for driving our sustainability initiatives, engaging with stakeholders, benchmarking our ESG data, and evaluating potential and emerging ESG drivers. ~~Additionally, we have set the following aspirational goals to help strengthen our ESG performance: (i) a 30 % reduction in GHG emissions intensity by 2025 with a stretch goal of 40 %, as compared to our 2018 GHG emissions intensity baseline; and (ii) increased to 20 % the ESG metrics component of our management' s annual incentive plan, which includes key initiatives aimed at GHG emissions reduction and health and safety performance.~~ We note, however, that our ~~ESG~~ governance structure may not be able to adequately identify or manage ESG- related risks and opportunities, which may include failing to achieve our GHG emissions **targets** ~~intensity reduction~~ or other ESG- related aspirational goals, including but not limited to as a result of unforeseen costs or technical difficulties associated with achieving such goals. Moreover, given the evolving nature of GHG emissions accounting methodologies and climate science, it is possible that factors outside of our control could give rise to the need to restate or revise our emissions intensity reduction goals, cause us to miss them altogether, or limit the impact of success of achieving our goals. Additionally, to the extent we meet such targets, they may be achieved through various contractual arrangements, including the purchase of various credits or offsets that may be deemed to mitigate our ESG impact instead of actual changes in our ESG performance. However, we cannot guarantee that there will be sufficient offsets available for purchase given the increased demand from numerous businesses implementing net zero goals, or that the offsets we do purchase will successfully achieve the emissions reductions they represent. 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. We and other companies in our industry publish sustainability reports that are made available to investors. Such ratings and reports are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings may lead to increased negative investor sentiment toward us and to the diversion of investment to other industries which could have a negative impact on our stock price and / or our access to and costs of capital. Additionally, certain institutional lenders may decide not to provide funding to us based on ESG concerns, which could adversely affect our financial condition and access to capital for potential growth projects. To the extent ESG matters negatively impact our reputation, we may also be unable to compete as effectively to recruit or retain employees, which may adversely affect our operations. Furthermore, public statements with respect to ESG matters, such as emissions reduction goals, other environmental targets, or other commitments addressing certain social issues, are becoming increasingly subject to heightened scrutiny from public and governmental authorities related to the risk of potential " greenwashing, " **(** i. e., misleading information or false claims overstating potential ESG benefits **)** . For example, in March 2021, the SEC established the Climate and ESG Task Force in the Division of Enforcement to identify and address potential ESG- related misconduct, including greenwashing. Certain non- governmental organizations and other private actors have also filed lawsuits under various securities and consumer protection laws alleging that certain ESG statements, **emission reduction claims, approaches to accounting for GHG emissions reductions, or other ESG- related** goals or standards were misleading, false, or otherwise deceptive. As a result, we may face increased litigation risk from private parties and governmental authorities related to our ESG efforts. In addition, any alleged claims of greenwashing against us or others in our industry may lead to further negative sentiment and diversion of investments. Additionally, we could face increasing costs as we attempt to comply with and navigate further regulatory ESG- related focus and scrutiny. ~~The enactment of derivatives legislation 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, enacted on July 21, 2010, expanded federal oversight and regulation of the over- the- counter derivatives market and entities that participate in that market. The Dodd- Frank Act requires the CFTC and the SEC to promulgate rules and regulations implementing the Dodd- Frank Act. Although the CFTC and the SEC have finalized certain regulations, others remain to be finalized or implemented and it is not possible at this time to predict when this is accomplished. The CFTC has designated certain interest rate swaps and credit default swaps for mandatory clearing and the associated rules also requires us, in connection with covered derivative activities, to comply with clearing and trade- execution requirements or to take steps to qualify for an exemption to such requirements. Although we expect to continue to qualify for the end- user exception from the mandatory clearing requirements for swaps to be entered into to hedge our commercial risks, the application of the mandatory clearing and trade execution requirements to other market participants, such as swap dealers, may change the cost and availability of the swaps that we use for hedging. In addition, certain banking~~

~~regulators and the CFTC have recently adopted final rules establishing minimum margin requirements for uncleared swaps. Although we expect to continue to qualify for, and to utilize, the end- user exception from such margin requirements for swaps to be entered into to hedge our commercial risks, the application of such requirements to other market participants, such as swap dealers, may change the cost and availability of the swaps that we use for hedging. If any of our swaps do not qualify for the commercial end- user exception, posting of collateral could impact liquidity and reduce cash available to us for capital expenditures, therefore reducing our ability to execute hedges to reduce risk and protect cash flows. The full impact of the Dodd- Frank Act and related regulatory requirements upon our business will not be known until the regulations are fully implemented and the market for derivatives contracts has adjusted. The Dodd- Frank Act and any new regulations could significantly increase the cost of derivative contracts, materially alter the terms of derivative contracts, reduce the availability of derivatives to protect against risks we may encounter or reduce our ability to monetize or restructure our existing derivative contracts. If we reduce our use of derivatives as a result of the Dodd- Frank Act and regulations implementing the Dodd- Frank Act, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures. Finally, the Dodd- Frank Act was intended, in part, to reduce the volatility of oil and gas prices, which some legislators attributed to speculative trading in derivatives and commodity instruments related to oil and natural gas. Our revenues could therefore be adversely affected if a consequence of the Dodd- Frank Act and implementing regulations is to lower commodity prices. Any of these consequences could have a material adverse effect on us, our financial condition and our results of operations. In addition, the European Union and other non- U. S. jurisdictions have implemented and continue to implement new regulations with respect to the derivatives market. To the extent we transact with counterparties in foreign jurisdictions, we may become directly subject to such regulations and in any event the global derivatives market are affected to the extent that foreign counterparties are affected by such regulations. At this time, the impact of such regulations is not clear. Negative publicity may adversely impact us. Media coverage and public statements that insinuate improper actions by us, regardless of their factual accuracy or truthfulness, may result in negative publicity, litigation or governmental investigations by regulators. For example, in September 2021, we experienced negative publicity relating to an oil release in the U. S. Gulf of Mexico, off the coast of Port Fourchon, Louisiana. Although we were a prior lessee of the block in question, had ceased production in the area in 2017 and had removed all pipeline infrastructure by 2019, the resulting publicity may have had a negative impact on us. Similar or further such negative publicity in the future relating to U. S. Gulf of Mexico operations generally, or our operations specifically, may expose us to adverse consequences. Addressing negative publicity and any resulting litigation or investigations may distract management, increase costs and divert resources. Negative publicity may have an adverse impact on our reputation and the morale of our employees, which could materially adversely affect our business, financial position, results of operations, cash flows, growth prospects and stock price.~~ A change in the jurisdictional characterization of our FERC- jurisdictional pipelines, tribal or local regulatory agencies or a change in policy by those agencies may result in increased regulation of such asset, which may cause our revenues to decline and operating expenses to increase or delay or increase the cost of expansion projects. ~~With respect to CKB Petroleum~~ **One of our subsidiaries owns an oil pipeline that extends from South Pass Block 89 in federal waters** , ~~Inc.~~ **offshore Louisiana** , ~~which~~ **to the West Delta Receiving Station in Venice, Louisiana. This subsidiary** has **previously** been granted a waiver of certain portions of the ICA and related regulations by the FERC **. However** , ~~should~~ **if** the pipeline' s circumstances change, the FERC could, either at the request of other entities or on its own initiative, assert that such pipeline no longer qualifies for a waiver. In the event that the FERC ~~were to determine~~ **determines the pipeline** ~~that CKB Petroleum, Inc.~~ no longer qualified for a waiver, we would likely be required to file a tariff with the FERC, provide a cost justification for the transportation charge and provide service to all potential shippers without undue discrimination. Such a change in the jurisdictional status of transportation on **this** ~~the CKB Petroleum, Inc.~~ pipeline could adversely affect our results of operations. ~~The Inflation Reduction Act~~ **Please also see Part I, Items 1 and 2 Business and Properties — Environmental and Occupational Safety and Health Regulations — Federal Regulation** of ~~2022~~ **Sales and Transportation of Crude Oil for more information. We are upgrading our accounting system to a more recent version and, if this upgraded version proves ineffective or we experience difficulties with the migration, we may be unable to timely or accurately prepare financial reports. We are in the process of upgrading our accounting systems. Any problems or delays associated with the implementation of our accounting platform or the failure to complete such implementation on a timely basis** could accelerate the transition to a low carbon...... our compliance and operating costs and consequently adversely affect our **ability to report financial information as our company grows, including the filing of our quarterly or annual reports with the SEC on a timely and accurate basis. After converting from prior systems and processes, we may discover data integrity problems or other issues that, if not corrected, could impact our** business **or financial results** . Risks Related to our Capital Structure and Ownership of our Common Stock Our debt level and the covenants in our current or future agreements governing our debt, including our Bank Credit Facility **,** and the ~~indenture~~ **indentures** ~~for~~ **governing** our **New** ~~12. 00 % Second- Priority~~ Senior ~~Secured~~ Notes, could negatively impact our financial condition, results of operations and business prospects. Our failure to comply with these covenants could result in the acceleration of our outstanding indebtedness. The terms of the agreements governing our debt impose significant restrictions on our ability to take a number of actions that we may otherwise desire to take, including: • incurring additional debt; • paying dividends on stock, redeeming stock or redeeming subordinated debt; • making investments; • creating liens on our assets; • selling assets; • guaranteeing other indebtedness; • entering into agreements that restrict dividends from our subsidiaries to us; • merging, consolidating or transferring all or substantially all of our assets; • hedging future production; and • entering into transactions with affiliates. Our level of indebtedness, and the covenants contained in the agreements governing our debt, including the Bank Credit Facility ~~and~~ **,** the ~~indenture~~ **indentures** for ~~our 12~~ **each of Talos Production Inc** . **' s (the " Issuer ") 9.** ~~00~~ **000** % Second- Priority Senior Secured Notes due ~~January 2026~~ **2029** (the " ~~12~~ **9** . ~~00~~ **000** % Notes ") **and 9** ~~of Talos Production Inc~~ . **375 % Second- Priority Senior Secured Notes due 2031** (the " ~~Issuer~~ **9. 375 % Notes, " and together, with**

the 9. 000 % Notes, our " New Senior Notes "), have important consequences on our operations, including: • requiring that we dedicate a substantial portion of our cash flow from operating activities to required payments on debt, thereby reducing the availability of cash flow for working capital, capital expenditures, and other general business activities; • limiting our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions and other general business activities; • limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; • detracting from our ability to successfully withstand a downturn in our business or the economy generally; • placing us at a competitive disadvantage against other less leveraged competitors; and • making us vulnerable to increases in interest rates because debt under our Bank Credit Facility is at variable rates. **See Part II. Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations — Significant Developments — Debt Offering for additional information on the issuance of the New Senior Notes.** We may be required to repay all or a portion of our debt on an accelerated basis in certain circumstances. If we fail to comply with the covenants and other restrictions in the agreements governing our debt, it could lead to an event of default and the acceleration of repayment of outstanding debt. Our ability to comply with these covenants and other restrictions may be affected by events beyond our control, including prevailing economic and financial conditions. Sustained low oil and natural gas prices have a material and adverse effect on our liquidity position. Our cash flow is highly dependent on the prices we receive for oil and natural gas. We depend on our Bank Credit Facility for a portion of our future capital needs. We are required to comply with certain debt covenants and certain financial ratios under the Bank Credit Facility. Our borrowing base under the Bank Credit Facility, which is redetermined semi- annually, is based on an amount established by the lenders after their evaluation of our proved oil and natural gas reserve values **. Such borrowing base determines the amount which is available under our Bank Credit Facility** . If, due to a redetermination of our borrowing base, our outstanding borrowings plus outstanding letters of credit exceed our redetermined borrowing base (referred to as a borrowing base deficiency), we could be required to repay such borrowing base deficiency. Our Bank Credit Facility allows us to cure a borrowing base deficiency through any combination of the following actions: (i) repay amounts outstanding sufficient to cure the borrowing base deficiency within 30 days after the existence of such deficiency; (ii) add additional oil and gas properties acceptable to the banks to the borrowing base and take such actions necessary to grant the banks a mortgage in such oil and gas properties within 30 days after the existence of such deficiency; (iii) pay the deficiency in four equal monthly installments with the first installment due within 30 days after the existence of such deficiency or (iv) any combination of the above. We are required to elect one of the foregoing options within 10 days after the existence of such deficiency. We may not have sufficient funds to make such repayments. If we do not repay our debt out of cash on hand, we could attempt to restructure or refinance such debt, reduce or delay investments and capital expenditures, sell assets, or repay such debt with the proceeds from an equity offering. We cannot assure you that we will be able to generate sufficient cash flows from operating activities to pay the interest on our debt or that future borrowings, equity financings or proceeds from the sale of assets are available to pay or refinance such debt. Any refinancing of indebtedness could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict business operations. The terms of our debt, including our Bank Credit Facility and the **respective** ~~indenture~~ **indentures** for our **New Senior** ~~12. 00 %~~ Notes, may also prohibit us from taking such actions. Factors that affect our ability to raise cash through offerings 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 offerings, refinancing or sale of assets. We cannot assure you that any such offerings, restructuring, refinancing or sale of assets would be successfully completed. A financial crisis may impact our business and financial condition and may adversely impact our ability to obtain funding under our Bank Credit Facility or in the capital markets. We use our cash flows from operating activities and borrowings under our Bank Credit Facility to fund our capital expenditures, and we rely on the capital markets and asset monetization transactions to provide us with additional capital for large or exceptional transactions. As such, we may not be able to access adequate funding under our Bank Credit Facility as a result of (i) a decrease in our borrowing base due to the outcome of a borrowing base redetermination or a breach or default under our Bank Credit Facility, including a breach of a financial covenant or (ii) an unwillingness or inability on the part of our lending counterparties to meet their funding obligations. We may also face limitations on our ability to access the debt and equity capital markets and complete asset sales, increased counterparty credit risk on our derivatives contracts and requirements by our contractual counterparties to post collateral guaranteeing performance **. Events involving limited liquidity, defaults, non- performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market- wide liquidity problems. Most recently, on May 1, 2023, First Republic was closed by the California Department of Financial Protection and Innovation (" DFPI "), which appointed the FDIC as receiver. The FDIC sold First Republic' s deposits and most of its assets to JPMorgan Chase Bank, N. A. On March 10, 2023, Silicon Valley Bank (" SVB ") was closed by the DFPI, which appointed the FDIC as receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. Although a statement by the Department of the Treasury, the Fed and the FDIC indicated that all depositors of SVB would have access to all of their money after only one business day of closure, including funds held in uninsured deposit accounts, borrowers under credit agreements, letters of credit and certain other financial instruments with SVB, Signature Bank or any other financial institution that is placed into receivership by the FDIC may be unable to access undrawn amounts thereunder. Access to funding sources and other credit arrangements could be significantly impaired by factors that affect the financial services industry or economy in general** . In addition, from time to time, we could be required to, or we or our affiliates may seek to, retire or purchase our outstanding debt through cash purchases and / or exchanges for equity or debt, open- market purchases, privately negotiated transactions or other transactions. Such debt repurchase or exchange transactions, if any, will be upon such terms and at such prices as we may determine and will depend on prevailing market conditions, our

liquidity requirements, contractual restrictions and other factors. The amounts involved may be material. Such transactions may give rise to taxable cancellation of indebtedness income (to the extent the fair market value of the property exchanged, or the amount of cash paid to acquire the outstanding debt, is less than the adjusted issue price of the outstanding debt) and adversely impact our ability to deduct interest expenses in respect of our debt against our taxable income in the future. This could result in a current or future tax liability, which could adversely affect our financial condition and cash flows. We require substantial capital expenditures to conduct our operations and replace our production, and we may be unable to obtain needed financing on satisfactory terms necessary to fund our planned capital expenditures. We spend a substantial amount of capital for the acquisition, exploration, exploitation, development, and production of oil and natural gas reserves. We fund our capital expenditures primarily through operating cash flows, cash on hand and borrowings under our Bank Credit Facility, if necessary. The actual amount and timing of our future capital expenditures may differ materially from our estimates as a result of, among other things, oil and natural gas prices, actual drilling results, the availability of drilling rigs and other services and equipment and regulatory, technological and competitive developments. A further reduction in commodity prices may result in a further decrease in our actual capital expenditures, which would negatively impact our ability to grow production. Our cash flow from operations and access to capital is subject to a number of variables, including: • our proved reserves; • the level of hydrocarbons we are able to produce from our wells; • the prices at which our production is sold; • our ability to acquire, locate and produce new reserves; and • our ability to borrow under our Bank Credit Facility. If low oil and natural gas prices, operating difficulties, declines in reserves or other factors, many of which are beyond our control, cause our revenues, cash flows from operating activities, and the borrowing base under our Bank Credit Facility to decrease, we may be limited in our ability to fund the capital necessary to complete our capital expenditure program. After utilizing our available sources of financing, we may be forced to raise additional debt or equity proceeds to fund such capital expenditures. We cannot be sure that additional debt or equity financing will be available, and we cannot be sure that cash flows provided by operations will be sufficient to meet these requirements. For example, the ability of oil and gas companies to access the equity and high yield debt markets has been, and continues to be, significantly limited. We are a holding company that has no material assets other than our ownership of the equity interests of Talos Production Inc. Accordingly, we are dependent upon distributions from Talos Production Inc. to pay taxes, cover our corporate and other overhead expenses and pay dividends, if any, on our common stock. We are a holding company that has no material assets other than our ownership of the equity interests of Talos Production Inc. We have no independent means of generating revenue. To the extent Talos Production Inc. has available cash, we will cause Talos Production Inc. to make distributions of cash to us, directly and indirectly through our wholly owned subsidiaries, to pay taxes, cover our corporate and other overhead expenses and pay dividends, if any, on our common stock. As we have never declared or paid any cash dividends on our common stock, we anticipate that any available cash, other than the cash distributed to us to pay taxes and cover our corporate and other overhead expenses, will be retained by Talos Production Inc. to satisfy its operational and other cash needs. Accordingly, we do not anticipate paying any cash dividends on our common stock in the foreseeable future. Although we do not expect to pay dividends on our common stock, if our ~~board~~ **Board** of ~~directors~~ **Directors** decides to do so in the future, our ability to do so may be limited to the extent Talos Production Inc. is limited in its ability to make distributions to us, including the significant restrictions the agreements governing Talos Production Inc.' s debt impose on the ability of Talos Production Inc. to make distributions and other payments to us. To the extent that we need funds and Talos Production Inc. is restricted from making such distributions under applicable law or regulation or under the terms of our financing agreements, or is otherwise unable to provide such funds, it could materially adversely affect our liquidity and financial condition. See Part IV, Item 15. Exhibits and Financial Statement Schedules — Note ~~7~~ **8** — Debt — **Limitation on Restricted** ~~Restrictions Which Limit the Payment~~ **Payments** ~~of~~ **Including** Dividends for additional information. Our estimates of future asset retirement obligations may vary significantly from period to period and unanticipated decommissioning costs could materially adversely affect our **current and** future financial position and results of operations. We are required to record a liability for the discounted present value of our asset retirement obligations to plug and abandon inactive, non- producing wells, to remove inactive or damaged platforms, facilities and equipment, and to restore the land or seabed at the end of oil and natural gas operations. These costs are typically considerably more expensive for offshore operations as compared to most land- based operations due to increased regulatory scrutiny and the logistical issues associated with working in waters of various depths. Estimating future restoration and removal costs in the U. S. Gulf of Mexico is especially difficult because most of the removal obligations may be many years in the future, regulatory requirements are subject to change or more restrictive interpretation, and asset removal technologies are constantly evolving, which may result in additional or increased or decreased costs. As a result, we may significantly increase or decrease our estimated asset retirement obligations in future periods. For example, because we operate in the U. S. Gulf of Mexico, platforms, facilities and equipment are subject to damage or destruction as a result of hurricanes and other adverse weather conditions. The estimated costs to plug and abandon a well or dismantle a platform can change dramatically if the host platform from which the work was anticipated to be performed is damaged or toppled rather than structurally intact. Accordingly, our estimates of future asset retirement obligations could differ dramatically from what we may ultimately incur as a result of damage from a hurricane or other natural disaster. Also, a sustained lower commodity price environment may cause our non- operator partners to be unable to pay their share of costs, which may require us to pay our proportionate share of the defaulting party' s share of costs. We have divested, as assignor, various leases, wells and facilities located in the U. S. Gulf of Mexico where the purchasers, as assignees, typically assume all abandonment obligations acquired. Certain of these counterparties in these divestiture transactions or third parties in existing leases have filed for bankruptcy protection or undergone associated reorganizations and may not be able to perform required abandonment obligations. Under certain circumstances, regulations or federal laws such as the OCSLA could impose joint and several strict liability and require predecessor assignors, such as us, to assume such obligations. As of December 31, ~~2022~~ **2023** , we have accrued $ ~~42~~ **3** . ~~1~~ **3** million and $ 12. ~~2~~ **3** million in obligations reflected as " Other current liabilities " and " Other long- term liabilities ",

respectively, on the Consolidated Balance Sheets. See Part IV, Item 15. Exhibits and Financial Statement Schedules — Note 2 — Summary of Significant Accounting Policies and Part IV, Item 15. Exhibits and Financial Statement Schedules — Note ~~12~~ **14** — Commitments and Contingencies for more information. We may not realize ~~all of~~ the anticipated benefits from our **current and** future acquisitions, and we may be unable to successfully integrate future acquisitions. Our growth strategy will, in part, rely on acquisitions. We have to plan and manage acquisitions effectively to achieve revenue growth and maintain profitability in our evolving market. We expect to grow in the future by expanding the exploitation and development of our existing assets, in addition to growing through targeted acquisitions in the U. S. Gulf of Mexico or in other basins. We may not realize all of the anticipated benefits from our future acquisitions, such as increased earnings, cost savings and revenue enhancements, for various reasons, including difficulties integrating operations and personnel, higher than expected acquisition and operating costs or other difficulties, inexperience with operating in new geographic regions, unknown liabilities, inaccurate reserve estimates and fluctuations in market prices. In particular, this risk arises in the context of the ~~EnVen~~ **pending QuarterNorth** Acquisition, which **is** ~~closed on February 13, 2023. See " — Risks Related to our Integration of EnVen into our Business — The failure to successfully integrate our business and operations with EnVen in the~~ expected ~~time frame may adversely affect our future results~~ **to close in the first quarter of 2024** . ~~"~~ In addition, integrating acquired businesses and properties involves a number of special risks and unforeseen difficulties can arise in integrating operations and systems and in retaining and assimilating employees. These difficulties include, among other things: • operating a larger organization; • coordinating geographically disparate organizations, systems and facilities; • integrating corporate, technological and administrative functions; • diverting management' s attention from regular business concerns; • diverting financial resources away from existing operations; • increasing our indebtedness; and • incurring potential environmental or regulatory liabilities and title problems. Any of these or other similar risks could lead to potential adverse short- term or long- term effects on our operating results. The process of integrating our operations could cause an interruption of, or loss of momentum in, the activities of our business. Members of our management may be required to devote considerable amounts of time to this integration process, which decreases the time they have to manage our business. If our management is not able to effectively manage the integration process, or if any business activities are interrupted as a result of the integration process, our business could suffer. Our **current and** future acquisitions could expose us to potentially significant liabilities, including P & A liabilities. We expect that future acquisitions will contribute to our growth. In connection with potential future acquisitions, we may only be able to perform limited due diligence. Successful acquisitions of oil and natural gas properties require an assessment of a number of factors, including estimates of recoverable reserves, the timing of recovering reserves, exploration potential, future oil and natural gas prices, operating costs and potential environmental, regulatory and other liabilities, including P & A liabilities. Such assessments are inexact and may not disclose all material issues or liabilities. In connection with our assessments, we perform a review of the acquired properties. However, such a review may not reveal all existing or potential problems. In addition, our review may not permit us to become sufficiently familiar with the properties to fully assess their deficiencies and capabilities. There may be threatened, contemplated, asserted or other claims against the acquired assets related to environmental, title, regulatory, tax, contract, litigation or other matters of which we are unaware, which could materially and adversely affect our production, revenues and results of operations. We may be successful in obtaining contractual indemnification for preclosing liabilities, including environmental liabilities, but we expect that we will generally acquire interests in properties on an " as is " basis with limited remedies for breaches of representations and warranties. In addition, even if we are able to obtain such indemnification from the sellers, these indemnification obligations usually expire over time and could potentially expose us to unindemnified liabilities, which could materially adversely affect our production, revenues and results of operations. Resolution of litigation could materially affect our financial position and results of operations. Resolution of litigation could materially affect our financial position and results of operations. To the extent that potential exposure to liability is not covered by insurance or insurance coverage is inadequate, we may incur losses that could be material to our financial position or results of operations in future periods. The corporate opportunity provisions in our Second Amended and Restated Certificate of Incorporation could enable others to benefit from corporate opportunities that might not otherwise be available to us. Subject to the limitations of applicable law, our Second Amended and Restated Certificate of Incorporation, among other things: • permits us to enter into transactions with entities in which one or more of our officers or directors are financially or otherwise interested; • permits our officers or directors who are also officers, directors, employees, managing directors, or other affiliate of a Principal Stockholder (as defined in the Second Amended and Restated Certificate of Incorporation) to conduct business that competes with us and to make investments in any kind of property in which we may make investments; and • provides that if any of our officers or directors who is also an officer, director, employee, managing director or other affiliate of the Principal Stockholders becomes aware of a potential business opportunity, transaction or other matter (other than one expressly offered to that director or officer in writing solely in his or her capacity as an director or officer of us), that director or officer will have no duty to communicate or offer that opportunity to us, and will be permitted to communicate or offer that opportunity to any other entity or individual and that director or officer will not be deemed to have acted in a manner inconsistent with his or her fiduciary duty to us or our stockholders. Any of our directors may vote upon any contract or any other transaction between us and any affiliated corporation without regard to the fact that such person is also a director or officer of such affiliated corporation. These provisions create the possibility that a corporate opportunity that would otherwise be available to us may be used for the benefit of others. Our Second Amended and Restated Certificate of Incorporation designates the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States of America as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents. Our Second Amended and Restated Certificate of Incorporation provides that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on our or our stockholders'

behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, employees, agents and stockholders to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, our Second Amended and Restated Certificate of Incorporation or our Second Amended and Restated Bylaws, (iv) any action as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware, or (v) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware. Our Second Amended and Restated Certificate of Incorporation also provides that, to the fullest extent permitted by applicable law, the federal district courts of the U. S. are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts with respect to suits brought to enforce a duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, both state and federal courts have jurisdiction to entertain claims under the Securities Act. Notwithstanding the foregoing, the exclusive forum provision does not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Any person or entity purchasing or otherwise acquiring an interest in any shares of our capital stock shall be deemed to have notice of and to have consented to the forum provisions in our Second Amended and Restated Certificate of Incorporation. These choice- of- forum provisions may limit a stockholder' s ability to bring a claim in a judicial forum that he, she or it believes to be favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits. Alternatively, if a court were to find these provisions of our Second Amended and Restated Certificate of Incorporation inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and board of directors. While the Delaware courts have determined that choice of forum provisions of this type are facially valid, uncertainty exists as to whether a court would enforce such provision, and as such, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in our exclusive forum provision. In such instance, to the extent applicable, we would expect to vigorously assert the validity and enforceability of our exclusive forum provision. This may require additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions. Future sales, or the perception of future sales, by us or our existing stockholders in the public market ~~following the EnVen Acquisition~~ could cause the market price for our common stock to decline. The sale of substantial amounts of shares of our common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. Certain holders of our common stock, including certain ~~significant~~ **former** stockholders of EnVen, are entitled to rights with respect to registration of approximately ~~34~~ **17** . ~~3~~ **9** million shares of our common stock (representing approximately ~~27~~ **11** . ~~1~~ **3** % of the outstanding shares of our common stock **as of February 21, 2024**) under the Securities Act pursuant to certain registration rights agreements **. In addition, we intend to enter into a registration rights agreement in connection with the QuarterNorth Acquisition, which will become effective at the closing, which will grant registration rights to approximately 24. 8 million shares of our common stock (representing approximately 13. 5 % of the outstanding shares of our common stock immediately following the closing of the acquisition** . If these holders of our common stock, by exercising their registration rights, sell a large number of shares, ~~they could adversely affect~~ the market price for our common stock **could be adversely affected. The interests of the Slim Family and its affiliates may differ from the interests of our other stockholders. As of February 21, 2024, an entity controlled by the Carlos Slim Helu and his family members (collectively, the " Slim Family ") beneficially owned and possessed voting power approximately 21. 9 % of our common stock. The Slim Family has significant influence over matters submitted to stockholders for approval, including changes in capital structure, transactions requiring stockholder approval under Delaware law, and corporate governance. The Slim Family may have different interests than other holders of our common stock and may make decisions adverse to your interests. Among other things, the Slim Family' s concentration of voting power could delay or defer a sale of us that many of our other stockholders support. This concentration of voting power could discourage a potential investor from seeking to acquire our common stock and, as a result, might harm the market price of our common stock** . Risks Related to **the QuarterNorth Acquisition and** our Integration of ~~EnVen~~ **QuarterNorth** Into our Business The **market price for our common stock following the closing of the QuarterNorth Acquisition may be affected by factors different from those that historically have affected or currently affect our common stock. Our financial position may differ from our financial position before the completion of the QuarterNorth Acquisition, and the results of operations of the** combined company may **be affected by some factors that are different from those currently affecting our results of operations. Accordingly, the market price and performance of our common stock is likely to be different from the performance of our common stock in the absence of the QuarterNorth Acquisition. In addition, general fluctuations in stock markets could have a material adverse effect on the market for, or liquidity of, our common stock, regardless of our actual operating performance. Our stockholders, as of immediately prior to the QuarterNorth Acquisition, will have reduced ownership in the combined company after closing of the transaction. Based on the number of shares of common stock outstanding immediately following the closing of the QuarterNorth Acquisition, our existing stockholders would own approximately 86. 5 % of the outstanding shares of the combined company and QuarterNorth' s existing members would own approximately 13. 5 % of the outstanding shares of the combined company. As a result, our current stockholders will have less influence on the policies of the combined company than they currently have following the**

closing of the QuarterNorth Acquisition. We may not consummate the QuarterNorth Acquisition on the terms currently contemplated or at all. We may not consummate the QuarterNorth Acquisition, which is subject to the satisfaction of customary closing conditions. Many of the conditions to completion of the QuarterNorth Acquisition are not within either our or QuarterNorth' s control, and neither we nor QuarterNorth can predict when, or if, these conditions will be satisfied. If any of these conditions are not satisfied or waived prior to the outside date, it is possible that the QuarterNorth Acquisition may be terminated. Although we have agreed with QuarterNorth to use reasonable best efforts, subject to certain limitations, to promptly complete the QuarterNorth Acquisition, these and other conditions to the completion of the QuarterNorth Acquisition may fail to ~~realize~~ be satisfied. In addition, satisfying the ~~anticipated benefits~~ conditions to and completion of the ~~EnVen~~ QuarterNorth Acquisition may take longer, and could cost more, and require additional borrowings, than we currently expect . ~~The~~ There ~~ultimate success of~~ can be no assurance that such conditions will be satisfied or that the ~~EnVen~~ QuarterNorth Acquisition will ~~depend~~ be consummated on the terms currently contemplated or at all. If additional borrowings are required to consummate the QuarterNorth Acquisition , ~~among~~ our total debt and leverage will be greater than currently anticipated, and our availability under our Bank Credit Facility will be reduced by a corresponding amount. If we fail to complete the QuarterNorth Acquisition, our management will have broad discretion in the use of proceeds from the January Equity Offering (as defined herein), and may use such proceeds in ways in which you do not approve. Failure to complete the QuarterNorth Acquisition could negatively impact our stock price and have a material adverse effect on our results of operations, cash flows and financial position. If the QuarterNorth Acquisition is not completed for any reason, including as a result of failure to obtain all requisite regulatory approvals, we may be materially adversely affected and, without realizing any of the benefits of having completed the acquisition, we would be subject to a number of risks, including the following: • we may experience negative reactions from the financial markets, including negative impacts on our stock price; • we may experience negative reactions from our customers, distributors, suppliers, vendors, landlords, joint venture partners and other ~~things, our ability to combine each of Talos' s and EnVen' s businesses~~ -- business partners; • ~~in a manner that realizes anticipated synergies and benefits and meets or exceeds the forecasted stand- alone cost savings anticipated by the combined company. We anticipate that~~ we will ~~benefit~~ still be required to pay certain significant costs relating to the acquisition, such as legal, accounting, financial advisor and printing fees; • QuarterNorth may be entitled to receive the full amount of the deposit pursuant to the Agreement and Plan of Merger, dated as of January 13, 2024, by and among the Company, QuarterNorth, Compass Star Merger Sub Inc. and the Equityholder Representatives named therein (the " QuarterNorth Merger Agreement "); • the QuarterNorth Merger Agreement places certain restrictions on our conduct pursuant to the terms thereof, which may delay or prevent us from ~~significant synergies~~ undertaking business opportunities that , ~~based~~ absent the QuarterNorth Merger Agreement, may have been pursued; • matters relating to the acquisition (including integration planning) require substantial commitments of time and resources by our management, which may have resulted in the distraction of our management from ongoing business operations and pursuing other opportunities that could have been beneficial to us; and • litigation related to any failure to complete the acquisition or related to any enforcement proceeding commenced against us to perform our obligations pursuant to the QuarterNorth Merger Agreement. If the QuarterNorth Acquisition is not completed, the risks described above may materialize and they may have a material adverse effect on our results of operations , cash flows ~~among other things~~ , ~~increased~~ financial position and stock price. Future ~~scale~~ - sales or issuances of our common stock could have a negative impact on our common stock price . If holders of ~~we are not able to successfully achieve these synergies, or~~ our common stock ~~the cost to achieve these synergies is greater than expected~~ , by exercising registration rights or otherwise, sell a large number of shares, ~~then~~ - the market price for our common stock could ~~the anticipated benefits of the EnVen Acquisition may not~~ be adversely affected ~~realized fully or at all or may take longer to realize than expected~~ . It is possible that some QuarterNorth shareholders will decide to sell some or all of the shares of our common stock that ~~the~~ they ~~integration process~~ received as consideration in the QuarterNorth Acquisition. Shortly after the closing of ~~our business~~ the QuarterNorth Acquisition, we are obligated to file a registration statement covering the resale of potentially all of the shares issued to the QuarterNorth shareholders. In addition, in connection with ~~EnVen' s~~ the closing of the QuarterNorth Acquisition, we will enter into a registration rights agreement with certain QuarterNorth shareholders, pursuant to which we will grant such holders certain demand, " piggy- back " registration rights with respect to shares of our common stock received by such holders in the acquisition, subject to a lock- up period of 60 days following the closing. Following the closing of the QuarterNorth Acquisition, the QuarterNorth shareholders will collectively own 24. 8 million shares of our common stock, representing approximately 13. 5 % of the outstanding shares of our common stock after the closing of that acquisition. We expect that at least a majority of those shares will be subject to the lock- up period. Any disposition by a significant stockholder of our common stock, including by one of the RRA Holders, or the perception in the market that such dispositions could occur ~~result in the loss of key employees~~ , ~~customers, providers, vendors~~ may cause the price of ~~or~~ our ~~business partners,~~ common stock to fall. Any such decline could impair the combined ~~disruption of either~~ company' s ability to raise capital through future sales of ~~or~~ our ~~both~~ common stock. Further, our common stock may not qualify for investment indices and any such failure may discourage new investors from investing in our common stock. Our and QuarterNorth' s business relationships may be subject to disruption due to uncertainty associated with the QuarterNorth Acquisition, which could have a material adverse effect on the results of operations, cash flows and financial position of us pending and following the closing of the QuarterNorth Acquisition. Parties with which we or QuarterNorth do business may experience uncertainty associated with the QuarterNorth Acquisition, including with respect to current or future business relationships with us following the closing of the QuarterNorth Acquisition. Our and QuarterNorth' s business relationship may be subject to disruption as customers, distributors, suppliers, vendors, landlords, joint venture partners

and other business partners may attempt to delay or defer entering into new business relationships, negotiate changes in existing business relationships or consider entering into business relationships with parties other than us or QuarterNorth following the QuarterNorth Acquisition. These disruptions could have a material and adverse effect on the results of operations, cash flows and financial position of us, regardless of whether the QuarterNorth Acquisition is completed, as well as a material and adverse effect on our ability to realize the expected benefits of the QuarterNorth Acquisition. The QuarterNorth Merger Agreement subjects us to restrictions on our business activities prior to the Effective Time. The QuarterNorth Merger Agreement subjects us to restrictions on our business activities prior to the closing of the QuarterNorth Acquisition (the " Effective Time "). The QuarterNorth Merger Agreement obligates each of us and QuarterNorth to generally conduct our businesses in the ordinary course until the Effective Time and to use commercially reasonable efforts to preserve intact our present business organizations. Additionally, the QuarterNorth Merger Agreement restricts us and QuarterNorth from certain other actions prior to the Effective Time, including, among other things, (i) amending our respective organizational documents, (ii) issuing, selling, pledging, disposing of or encumbering any of our respective securities and (iii) merging, consolidating, combining or amalgamating with any person or acquiring any assets or incurring indebtedness in excess of certain monetary thresholds. These restrictions could prevent us from pursuing certain business opportunities that arise prior to the Effective Time. The failure to successfully integrate our business and operations with QuarterNorth in the expected time frame may adversely affect our future results. The integration process of our business with those of QuarterNorth could result in the loss of key employees, customers, providers, vendors or business partners, the disruption of each company' s or all companies' ongoing businesses, inconsistencies in standards, controls, procedures and policies, potential unknown liabilities and unforeseen expenses, delays, or regulatory conditions or higher than expected integration costs and an overall post- completion integration process that takes longer than originally anticipated. Specifically, the following issues, among others, must be addressed in integrating the operations in order to realize the anticipated benefits of the ~~EnVen~~ **QuarterNorth** Acquisition: • combining the companies' operations and corporate functions and the resulting difficulties associated with managing a larger, more complex, integrated business; • combining our business with ~~EnVen~~ **QuarterNorth** in a manner that permits the combined company to achieve any cost savings or operating synergies anticipated to result from the ~~EnVen~~ **QuarterNorth** Acquisition; • reducing **the** additional and unforeseen expenses such that integration costs are not more than anticipated; • minimizing the loss of key employees; • identifying and eliminating redundant functions and assets; • maintaining existing agreements with customers, providers and vendors or business partners and avoiding delays in entering into new agreements with prospective customers, providers and vendors or business partners; and • consolidating the companies' operating, administrative and information technology infrastructure. In addition, at times the attention of certain members of our management and resources may be focused on the integration of the businesses of the ~~two~~ companies and diverted from day- to- day business operations or other opportunities that may have been beneficial to us, which may disrupt our ongoing business.