Risk Factors Comparison 2024-03-11 to 2023-02-22 Form: 10-K

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Our business involves a high degree of risk. If any of the following risks, or any risks described elsewhere in this Annual Report, were actually to occur, our business, financial condition or results of operations could be materially adversely affected and the trading price of our shares could decline resulting in the loss of part or all of your investment. The risks described below are not the only ones facing us. Additional risks not presently known to us or which we currently consider immaterial may also adversely affect us. Risks related to our business Continuing or worsening inflationary pressures and associated...... this Annual Report for additional information. Oil, NGL and natural gas prices are volatile. Volatility in oil, NGL and natural gas prices has adversely affected, and may continue to adversely affect, our business, financial condition and results of operations and may in the future affect our ability to meet our capital expenditure obligations and financial commitments as well as negatively impact our stock price. The prices we receive for our oil, NGL and natural gas production heavily influence our revenue, profitability, access to capital and future rate of growth. Commodity prices are subject to wide fluctuations in response to relatively minor changes in supply and demand. Historically, the market for oil, NGL and natural gas has been volatile and will likely continue to be volatile in the future. The prices we receive for our production, and the levels of our production, depend on numerous factors beyond our control. See" Cautionary Statement Regarding Forward- Looking Statements " for a list of the factors that significantly impact our business and could impact our business in the future, including those specifically related to pricing and production. Lower oil, NGL and natural gas prices have reduced, and may in the future continue to reduce, our cash flows and borrowing ability. We may be unable to obtain needed capital or financing on satisfactory terms, which could lead to a decline in our oil, NGL and natural gas reserves as existing reserves are depleted. A further decrease in oil, NGL and natural gas prices could render uneconomic a large portion of our exploration, development and exploitation projects. This has already resulted in us having to make significant downward adjustments to our estimated proved reserves, and we may need to make further downward adjustments in the future. Furthermore, lower oil, NGL and natural gas prices could lead to a reduced borrowing base under our Senior Secured Credit Facility, which could trigger repayments under such facility. Also, lower oil, NGL and natural gas prices would likely cause a decline in our stock price. Conservation measures, technological advances and negative shift in market perception towards the oil and natural gas industry could reduce demand for oil and natural gas. Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, technological advances in fuel economy and energy generation devices, and the increased competitiveness of alternative energy sources (such as electric vehicles, wind, solar, geothermal, tidal, fuel cells and biofuels) could reduce demand for oil and natural gas and, therefore, our revenues. Additionally, certain segments of the investor community have recently expressed negative sentiment towards investing in the oil and natural gas industry. In the past, equity returns in the sector versus other industry sectors have led to lower oil and natural gas representation in certain key equity market indices. Some investors, including certain pension funds, university endowments and family foundations, have stated policies to reduce or eliminate their investments in the oil and natural gas sector based on social and environmental considerations. Furthermore, certain other stakeholders have pressured commercial and investment banks to stop funding oil and gas projects. With the volatility in oil and natural gas prices, and the likelihood that interest rates will continue to rise in the near term, increasing the cost of borrowing, certain investors have emphasized capital efficiency and free cash flow from earnings as key drivers for energy companies, especially shale producers. This may also result in a reduction of available capital funding for potential development projects, further impacting our future financial results. **See" Item 1. Business — Regulation of the oil and natural gas industry — " Greenhouse gas " emissions" for further discussion.** The impact of the changing demand for oil and natural gas services and products, together with a change in investor sentiment, may have a material adverse effect on our business, financial condition, results of operations and cash flows. Furthermore, if we are unable to achieve the desired level of capital efficiency or free cash flow within the timeframe expected by the market, our stock price may be adversely affected. ~~There is no guarantee that~~ **We may be subject to risks in connection with acquisitions and dispositions of assets. Our growth strategy will, in part, rely on acquisitions. 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 Permian Basin or in other basins. Our ability to achieve the anticipated benefits of our acquisitions, including the 2023 Acquisitions, depends in part on whether** we **can integrate the businesses** ~~will be successful in optimizing our spacing, drilling and completions techniques in order to maximize our rate of return, cash flows from operations and shareholder value. As~~ we **acquire into** ~~accumulate and process geological and production data, we attempt to create a development plan, including well spacing and completion design, that maximizes our rate of return, cash flows from operations and shareholder value. However, due to many factors, including some beyond our control, there is no guarantee that we will be able to find the optimal plan or~~ **our existing business in** ~~one that provides continuous improvement. If we are unable to design and implement~~ an effective ~~spacing, drilling~~ and **efficient manner** completions strategy, it may have a...... personnel than we are able to offer. We may not be able to ~~compete~~ **accomplish this integration process** successfully ~~in the future in acquiring prospective reserves, developing reserves, marketing hydrocarbons, attracting and retaining quality personnel and raising additional capital, which could have a material adverse effect on our business. We may be subject to risks in connection with acquisitions and disposition of assets~~. The successful acquisition of producing properties requires an assessment of several factors, including (i) recoverable reserves; (ii) future oil, NGL and natural gas prices and their applicable differentials; (iii) timing of development; (iv) capital and operating costs; and (v) potential environmental and other liabilities. The successful disposition of assets requires an assessment of several factors, including historical operations, potential environmental and other liabilities and impact on our business. The accuracy of these assessments is inherently uncertain. Our assessment will not reveal all existing or potential problems nor will it permit us to become sufficiently familiar with the properties to fully assess their deficiencies and capabilities. Inspections may not always be performed on every well, and environmental problems are not necessarily observable even when an inspection is undertaken. Even when problems are identified, the seller or buyer may be unwilling or unable to provide effective contractual protection against all or part of the problems. We often are not entitled to contractual indemnification for environmental liabilities and acquire or sell assets on an" as is" basis. Even in those circumstances in which we have contractual indemnification rights for pre- closing liabilities, it remains possible that the seller or buyer will not be able to fulfill its contractual obligations. Problems with assets we acquire or dispose of could have a material adverse effect on our business, financial condition and results of operations. **See" Item 1. Business — Regulation of the oil and natural gas industry — Hazardous substance and waste handling" for further discussion.** Acquisitions may not achieve the intended results and our results may suffer if we do not effectively manage our expanded operations following such transactions. Some of the assumptions that we have made, such as the nature of assets to be acquired, may not be realized. There could also be undisclosed or unknown liabilities and unforeseen expenses associated with the acquisition that were not discovered in the due diligence review conducted by us prior to entering into the transaction agreements. **Further, transaction costs and other non- recurring expenses incurred in connection with acquisitions may be greater than we initially anticipate.** We may use more cash and other financial resources on integration and implementation activities than we expect. We may not be able to successfully integrate the assets acquired into our existing operations or realize the expected economic benefits of the acquisition **, including those acquired in the 2023 Acquisitions** , which may have a material and adverse effect on our business, financial condition and results of operations. In instances where a portion of the acreage we are acquiring is undeveloped, our plans, development schedule and production schedule associated with the acreage may fail to materialize. As a result, our investment in these areas may not be as economic as we anticipate, and we could incur material write- downs of unevaluated properties. **completions** strategy,it may have a material adverse effect on our production results,financial performance,stock price and net asset value.In addition,we use 3D seismic and other advanced technologies,which are relatively unproven and require greater pre- drilling expenditures than traditional drilling strategies,which may result in a reduction in our returns.As a result,our drilling activities may not be successful or economical,and our overall drilling success rate or our drilling success rate for activities in a particular area could decline.Competition in the oil and natural gas industry is intense,making it difficult for us to acquire properties,market oil,NGL and natural gas and secure trained personnel.Our ability to acquire additional ~~drilling~~ locations and to find and develop reserves in the future may depend on our ability to evaluate and select suitable properties and to consummate transactions in a highly competitive,concentrated geographic environment for acquiring properties,marketing oil,NGL and natural gas and securing trained personnel.Also,there is substantial competition for capital available for investment in the oil,NGL and natural gas industry,especially in our focus areas.Many of our competitors possess and employ financial,technical and personnel resources substantially greater than ours.Those companies may be able to pay more for productive oil,NGL and natural gas properties and exploratory locations and to evaluate,bid for and purchase a greater number of properties and locations than our financial or personnel resources permit.In addition,other companies may be able to offer better compensation packages to attract and retain qualified personnel than we are able to offer Recent transactions may expose us to contingent liabilities. We have agreed to indemnify the sellers of assets in recent transactions **, including in connection with the 2023 Acquisitions,** against certain liabilities related to (i) production, processing and other imbalances, (ii) obligations to pay working interests and related payments, (iii) obligations for plugging and abandonment of applicable wells and (iv) certain other items. In addition, we have agreed to indemnify the buyer of assets for breaches of certain specified fundamental representations and warranties and failure to perform covenants or obligations contained in the respective transaction agreement, subject to certain limitations, and certain other indemnities. Our indemnification obligations are, in some cases, subject to limitations, but the amount of our maximum exposure could be material. In some instances, our indemnification obligations are not subject to any limitations. Significant indemnification claims by such sellers or buyers could materially and adversely affect our business, financial condition and results of operations. We may be unable to quickly adapt to changes in market / investor priorities. Historically, one of the key drivers **of external capital investment** in the unconventional resource industry has been growth in production and reserves. ~~With~~ **However, in light of recent trends such as** historical **levels of** volatility in oil and natural gas prices and **sustained high** ~~the likelihood that rising~~ interest rates ~~will increase~~ **increasing** the cost of borrowing, capital efficiency and free cash flow from earnings have become the key drivers for energy companies, particularly shale producers **like ourselves** . Such shifts in focus sometimes require changes in planning and resource management, which may not occur instantaneously. Any delay in responding to such changes in market sentiment or perception may result in the investment community having a negative sentiment regarding our business plan, potential profitability and our ability to operate in a manner deemed" efficient," which may have a negative impact on the price of our common stock. Estimating reserves and future net cash flows involves uncertainties. Negative revisions to reserve estimates, decreases in oil, NGL and natural gas prices or increases in service costs, may lead to decreased earnings and increased losses or impairment of oil and natural gas properties. The reserves data included in this Annual Report represent estimates. Reserves estimation is a subjective process of evaluating underground accumulations of oil, NGL and natural gas that cannot be measured in an exact manner. Reserves that are" proved reserves" are those estimated quantities of oil, NGL and natural gas that geological and engineering data demonstrate with reasonable certainty are recoverable in future years from known reservoirs under existing economic and operating conditions and that relate to specific locations for which the extraction of hydrocarbons must have commenced or the operator must be reasonably certain will commence within a five- year period. The estimation process relies on interpretations of available geological, geophysical, engineering and production data. There are numerous uncertainties inherent in estimating quantities of proved reserves and in projecting future rates of production and timing of developmental expenditures, including more rapid production declines than previously expected and many other factors beyond the control of the operator. Further, initial production rates reported by us or other operators may not be indicative of future or long- term production rates. Production declines may be rapid and irregular when compared to a well' s initial production or initial estimates. In addition, the estimates of future net cash flows from our proved reserves and the present value of such estimates are based upon certain assumptions about future production levels, prices and costs that may not prove to be correct. Negative revisions in the estimated quantities of proved reserves have the effect of increasing the rates of depletion on the affected properties, which decrease earnings or result in losses through higher depletion expense. These revisions, as well as revisions in the assumptions of future cash flows of these reserves, may also trigger impairment losses on certain properties, which would result in a non- cash charge to earnings. See **Unaudited Supplementary Information** ~~Note 19 to our consolidated financial statements~~ included elsewhere in this Annual Report. Unless we replace our oil, NGL and natural gas production, our reserves and production will continue to decline, which would adversely affect our future cash flows and results of operations. Producing oil, NGL and natural gas reservoirs are generally characterized by rapidly declining production rates that vary depending upon reservoir characteristics and other factors. Unless we conduct successful ongoing exploration, development and exploitation activities and / or continually acquire properties containing proved reserves, our proved reserves will continue to decline as those reserves are produced. Our future oil, NGL and natural gas reserves and production, and therefore our future cash flow and results of operations, are highly dependent on our success in efficiently developing and exploiting our current reserves and economically finding or acquiring additional recoverable reserves. We may not be able to develop, exploit, find or acquire sufficient additional reserves to replace our current and future production. If we are unable to replace our current and future production, the value of our reserves will decrease, and our business, financial condition and results of operations would be adversely affected. Insufficient transportation capacity in the Permian Basin, and the challenges to alleviating such transportation constraints, could cause significant fluctuations in our realized oil prices and our results of operations. In our area of operation, the Permian Basin has been characterized by periods when oil and / or natural gas production has surpassed local transportation capacity, resulting in substantial discounts to the price received for commodity prices quoted for WTI oil and Henry Hub natural gas. The expansion and construction of pipeline facilities are affected by the availability and costs of necessary equipment, supplies, labor and other services, as well as the length of time to complete such projects. In addition, these projects can be affected by changes in international trade relationships, including the imposition of trade restrictions or tariffs relating to crude oil and natural gas and any materials or products used to expand or construct pipeline facilities, such as certain imported steel mill products that may be subject to a 25 % tariff. All of these factors could negatively impact our realized oil prices, as well as actual results of our operations. The marketability of our production is dependent upon transportation, processing and storage, certain of which we do not control. If these services are unavailable, our operations could be interrupted and our revenues reduced. The marketability of our oil, NGL and natural gas production depends on a variety of factors, including the availability, proximity, capacity and quality constraints of transportation, compression, natural gas processing, fractionation, export terminals and storage facilities owned by us or third parties. We do not control third- party facilities and pipelines that may be utilized for the transportation to market of the products originating at our leases. Our failure to provide or obtain such services on acceptable terms could materially harm our business. Insufficient production from our wells to support the construction of pipeline facilities by third parties or a significant disruption in the availability of our or third- party transportation facilities or other production facilities could adversely impact our ability to deliver to market or produce our oil, NGL and natural gas and thereby cause a significant interruption in our operations. If we are unable, for any sustained period, to implement acceptable delivery or transportation arrangements or specifications or encounter production- related difficulties, we may be required to shut in or curtail production. Any such shut- in or curtailment, or an inability to obtain favorable terms for delivery of the oil, NGL and natural gas produced from our fields, could materially and adversely affect our financial condition and results of operations. A decrease in our production of oil, NGL and natural gas could negatively impact our ability to meet our contractual obligations to deliver oil, NGL and natural gas and our ability to retain our leases. A portion of our oil, NGL and gas production in any region may be interrupted, or shut in, from time to time for numerous reasons, including as a result of extreme weather conditions, such as the freezing of wells and pipelines in the Permian Basin or a decision by the Electric Reliability Council of Texas (" ERCOT") to implement statewide electricity blackouts due to supply / demand imbalances in the electricity grid caused by the extreme cold weather, accidents, loss or unavailability of pipeline or gathering system access and capacity, field labor issues or strikes. Alternatively, we might voluntarily curtail production in response to market conditions, including low oil, NGL and gas prices. If a substantial amount of our production is interrupted at the same time, it could temporarily adversely affect our cash flow. Furthermore, if we were required to shut in wells, we might also be obligated to pay shut- in royalties to certain mineral interest owners to maintain our leases. In addition, we have entered into agreements with third **-** party pipelines and purchasers that require us to deliver for transportation or sale minimum amounts of oil and natural gas. Pursuant to these agreements, we must deliver specific amounts of oil or gas over the next ~~eight~~ **six** years. If we are unable to fulfill all of our contractual delivery obligations from our own production, we may be required to pay penalties or damages pursuant to these agreements or we may have to purchase oil from third parties to fulfill our delivery obligations. This could adversely impact our cash flows, profit margins and net income. The potential drilling locations that we have tentatively internally identified for our future wells will be drilled, if at all, over many years. This makes them susceptible to uncertainties that could materially alter the occurrence or timing of their drilling. Although our management team has established certain potential drilling locations as a part of our long- range development plan, our ability to drill and develop these locations depends on a number of uncertainties, including oil, NGL and natural gas prices, the availability and cost of capital, drilling and production costs, our ability to leverage our data and development experience, the availability of drilling services and equipment, lease expirations, gathering systems, marketing and pipeline transportation constraints, regulatory approvals and other factors. Because of these uncertainties, we do not know if the numerous potential drilling locations we have currently identified will ever be drilled or if we will be able to produce oil, NGL or natural gas from these or any other potential drilling locations. As such, it is likely that our actual drilling activities, especially in the long term, could materially differ from those presently anticipated **. See" Item 1. Business — Regulation of the oil and natural gas industry — Water and other waste discharges and spills" for further discussion regarding the issuance of permits that can affect our ability to drill wells** . The inability of our significant customers to meet their obligations to us may materially adversely affect our financial results. Our oil, NGL and natural gas production sales are made to a variety of purchasers, including intrastate and interstate pipelines or their marketing affiliates and independent marketing companies. Certain purchasers individually account for 10 % or more of our oil, NGL and natural gas sales in a given year. The inability or failure of our significant customers to meet their obligations to us or their insolvency or liquidation may adversely affect our financial results. See Notes 2 and 14 to our consolidated financial statements included elsewhere in this Annual Report for further discussion of our accounts receivable and credit risk, respectively. The unavailability or high cost of additional oilfield services, including personnel, drilling rigs, equipment and supplies, as well as fees for the cancellation of such services, could adversely affect our ability to execute our exploration and development plans within our budget and on a timely basis. The demand for and availability of qualified and experienced personnel to drill and complete wells and conduct field operations, including, but not limited to, frac crews, geologists, geophysicists, engineers and other professionals in the oil and natural gas industry can fluctuate significantly, often in correlation with oil, NGL and natural gas prices, causing periodic shortages. From time to time, there have also been shortages of drilling and workover rigs, pipe, sand, water and equipment as demand for such items has increased along with the number of wells being drilled. We have committed in the past, and we may in the future commit, to drilling rig contracts with various third parties that contain penalties for early terminations. These penalties could negatively impact our financial statements upon contract termination. Shortages in rigs, crews, supplies and equipment, as well as related fees could result in delays or cause us to incur significant expenditures that are not provided for in our capital budget, which could have a material adverse effect on our business, financial condition or results of operations. Our business and operations may be further ~~affected~~ **impacted** by **epidemics, outbreaks and** ~~the~~ **other public health events. Epidemics, outbreaks or other public health events that are outside of our control 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 ~~pandemic and responses. Since 2020~~ , **may** ~~the spread of the COVID- 19 coronavirus caused, and is continuing to~~ cause ~~,~~ disruptions ~~in the worldwide~~ **to our business** and **operations, which** ~~U. S. economy. There are many~~ - **may** ~~variables~~ **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** ~~uncertainties regarding the COVID- 19 pandemic~~ , including ~~the emergence~~ **quarantines, to address** ~~and~~ - **an outbreak** ~~severity of new~~ and **(v)** ~~different strains of the virus; the effectiveness of treatments or vaccines against the virus or its new strains; the extent of travel~~ restrictions ~~, business closures and other measures~~ that ~~are~~ **we and** ~~or~~ **our** ~~may be~~ **contractors, subcontractors and our customers** ~~imposed~~ - **impose** ~~in affected areas or countries by governmental authorities; disruptions in the supply chain; a competitive labor market due to sustained labor shortage or increased turnover caused by the COVID- 19 pandemic; increased logistics costs; additional costs due to remote working arrangements~~ , ~~adherence~~ **including facility shutdowns,** to **ensure** ~~social distancing practices and other~~ -- **the safety** ~~COVID- 19 related challenges; and decreases in the price~~ of **employees** ~~oil due to remote working arrangements. Further, there remain increased risks of cyberattacks on information technology systems used in remote working environment; increased privacy- related risks due to processing health- related personal information; absence of workforce due to illness; the impact of the pandemic on any of our contractual counterparties; and other factors that are currently unknown or considered immaterial. It is difficult to assess the ultimate impact of the COVID- 19 pandemic on our business, financial condition and results of operations~~ . Our business could be negatively impacted by disruption of electronic systems, security threats, including ~~cyber- security~~ **cybersecurity** threats, and other disruptions. We are heavily dependent on our information systems and computer-based programs, including our well operations information, seismic data, electronic data processing and accounting data. If any of such systems or programs were to fail or we were subject to cyberspace breaches or attacks, possible consequences include ~~our~~ loss of communication links ~~,~~ **; an** inability to find, produce, process and sell oil, NGL and natural gas **;** ~~and~~ - **an** inability to automatically process commercial transactions or engage in similar automated or computerized business activities **; data loss or corruption; misdirected wire transfers; an inability to maintain our books or records; and an inability to prevent environmental damage** . Any such consequence could have a material adverse effect on our business **, reputation and financial condition** . As an oil and natural gas producer, we face various security threats, including ~~cyber- security~~ **cybersecurity** threats to gain unauthorized access to sensitive information or to render data or systems unusable, threats to the safety of our employees, threats to the security of our or third- party facilities and infrastructure, and threats from terrorist acts. **These threats may materialize as successful attacks.** In particular, ~~cyber- security~~ **cybersecurity** attacks are evolving and include, but are not limited to, malicious software **, surveillance, credential stuffing, spear phishing, social engineering, use of deepfakes (i. e., highly realistic synthetic media generated by artificial intelligence)** , attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. Although we utilize various procedures and controls to monitor and protect against these threats and to mitigate our exposure to such threats, there can be no assurance that these procedures and controls will be sufficient in preventing security threats from materializing. If any of these events were to materialize, they could lead to losses of sensitive information, critical infrastructure, personnel or capabilities essential to our operations and could have a material adverse effect on our reputation, financial position, results of operations or cash flows. Our business could be negatively impacted by hydrocarbon price volatility as the result of, or with the intensification of **global geopolitical tensions** ~~, Russian activities in Ukraine and as the result of, or as a result of the threat~~ -- **that may create heightened volatility in** ~~of, Russia expanding its production of~~ oil and **natural** gas **prices** ~~to finance its activities in Ukraine and~~

~~destabilize world energy markets~~ . Our revenues and our profitability are heavily dependent on the prices we receive from our sales of oil and natural gas. Oil prices are particularly sensitive to actual and perceived threats to global political stability and to changes in production from OPEC member states. **Specifically** ~~Russia' s activities in Ukraine have caused, and could intensify~~ , volatility in ~~global~~ oil and gas prices **may be created as a result of the ongoing war between Russia** and ~~increases~~ **Ukraine, continued hostilities** in ~~oil production~~ **the Middle East between Israel and Hamas and the potential impact to global shipping caused** by **Houthi rebels** ~~Russia to finance its activities~~ in **Yemen. Such volatility** ~~Ukraine or to destabilize global oil and gas prices~~ could reduce the ~~price~~ **prices** we receive from our sales of oil and natural gas and adversely affect our profitability. The loss of senior management or technical personnel and the failure to attract, train and retain qualified personnel could adversely affect our operations. Effective succession planning is important to our long- term success. Failure to ensure effective transfer of knowledge and smooth transitions involving senior management and technical personnel could hinder our strategic planning and execution and could have a material adverse impact on our operations. We do not maintain any key- man or similar insurance for any officer or other employee. We may not always foresee new operational / technical issues as new technology enables greater operational capabilities. The unconventional oil and natural gas industry has seen a large increase in new technologies to enhance all aspects of operations. This has arguably accelerated as a result of the extended downturn in commodity prices, forcing companies to find new ways to more efficiently produce oil and natural gas. While such technologies can and often ultimately enhance operations, production and profitability, the utilization of such technologies, especially in their early phases, may result in unforeseen consequences and operational issues, resulting in negative consequences. Our producing properties are in a concentrated geographic area, making us vulnerable to risks associated with operating in one major geographic area. Our producing properties are geographically concentrated in the Permian Basin. As of December 31, ~~2022~~ **2023** , all of our total estimated proved reserves were attributable to properties located in this area. As a result of this concentration, we may be disproportionately exposed to the impact of regional transportation constraints, supply and demand factors, delays or interruptions of production from wells in this area caused by governmental regulation, processing and storage capacity constraints, market limitations, water shortages, interruption of the processing or transportation of oil or natural gas, as well as impacts from extreme weather or other natural disasters impacting the Permian Basin, such as the freezing of wells and pipelines in the Permian Basin or a decision by ERCOT to implement statewide electricity blackouts due to supply / demand imbalances in the electricity grid caused by the extreme cold weather. If we were to experience an ownership change, we could be limited in our ability to use net operating losses arising prior to the ownership change to offset future taxable income. In addition, our ability to use net operating loss carryforwards to reduce future tax payments may be limited if our taxable income does not reach sufficient levels. As of December 31, ~~2022~~ **2023** , ~~we~~ **the Company** had federal net operating loss (" NOL") carryforwards totaling $ 1. ~~5~~ **2** billion **, $ 789. 8 million of which will begin to expire in 2034 and $ 366. 8 million of which will not expire but may be limited in future periods,** and state of Oklahoma NOL carryforwards totaling $ **523. 7 million, of which $** 34. ~~4~~ **6** million **will begin expiring in 2032** ~~. If we were to experience an~~ **and $ 489. 1 million will not expire** ~~" ownership change," as determined under Section 382 of the Internal Revenue Code, to which Oklahoma conforms, our ability to offset taxable income arising after the ownership change with NOLs arising prior to the ownership change would be limited, possibly substantially~~ . An ownership change would establish an annual limitation on the amount of our **federal and Oklahoma** pre- change NOLs we could utilize to offset our taxable income in any future taxable year to an amount generally equal to the value of our stock immediately prior to the ownership change multiplied by the long- term tax- exempt rate, periodically promulgated by the IRS. In general, an ownership change will occur if there is a cumulative increase in our ownership of more than 50 percentage points by one or more" 5 % shareholders" (as defined in the Internal Revenue Code) at any time during a rolling three- year period **. Future changes** ~~This annual litigation however, may be significantly increased if there is" net unrealized built-~~ in **our stock** ~~gain" in the assets of the corporation undergoing the~~ ownership **may materially limit our NOLs and other** ~~change. In addition, as a result of a comprehensive~~ tax ~~reform~~ **attributes, which may harm our financial condition and results of operation by effectively increasing our tax obligations. We** ~~bill~~ **will continue** ~~commonly referred~~ to ~~as~~ **review** the **realizability of** ~~Tax Cuts and~~ the ~~Jobs Act (the" Tax Act"),~~ NOLs ~~arising before January 1, 2018,~~ and ~~NOLs arising on or after January 1, 2018, are subject to different rules. NOLs arising before January 1, 2018, can generally be carried forward to offset future taxable income for a period of 20 years. Any NOL arising on or after January 1, 2018, while subject to additional limitations, can generally be carried forward indefinitely. Our ability to use our NOLs during this 20- year period will be dependent on our ability to generate taxable income, and the~~ **other** ~~NOLs could expire before we generate sufficient taxable income. As of December 31, 2022, based on evidence available to us, including projected future cash flows from our oil, NGL and natural gas reserves and the timing of those cash flows, we believe a portion of our NOLs is not fully realizable. As a result, as of December 31, 2022, a valuation allowance has been recorded against our net deferred~~ tax **attributes** ~~assets. See Note 13 to our consolidated financial statements included elsewhere in this Annual Report for additional information~~ . We may incur substantial losses and be subject to substantial liability claims as a result of our operations. Additionally, we may not be insured for, or our insurance may be inadequate to protect us against, these risks. We could be impacted by the outcome of pending litigation as well as unexpected litigation or proceedings. Certain litigation claims may not be covered under our insurance policies, or our insurance carriers may seek to deny coverage. Because we cannot accurately predict the outcome of any action, it is possible that, as a result of pending and / or unexpected litigation, we will be subject to adverse judgments or settlements that could significantly reduce our earnings or result in losses. See" Item 3. Legal Proceedings" for a description of our pending litigation **, as well as" Item 1. Business — Regulation of the oil and natural gas industry — " Greenhouse gas " emissions" for a discussion about climate change litigation brought against the oil and natural gas industry** . We are not insured against all risks. Losses and liabilities arising from uninsured and underinsured events could materially and adversely affect our business, financial condition or results of operations. Our oil, NGL and natural gas exploration and production activities are subject to all of the operating risks associated with drilling for and producing oil, NGL and natural gas, including the possibility of (i) environmental hazards, such as uncontrollable flows of oil, natural gas, brine, well fluids, toxic gas or other pollution into the environment, including groundwater and shoreline contamination, (ii) abnormally pressured formations, (iii) mechanical difficulties, such as stuck oilfield drilling and service tools and casing collapse, (iv) fires, explosions and ruptures of pipelines, (v) disagreements regarding the royalty due to our royalty owners, (vi) personal injuries and death, (vii) electronic system disruption and ~~cyber- security~~ **cybersecurity** threats, (viii) natural disasters and (ix) terrorist attacks targeting oil, NGL and natural gas related facilities and infrastructure. Any of these risks could adversely affect our ability to conduct operations or result in substantial losses to us. We may elect not to obtain insurance if we believe that the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable. The impact of litigation as well as the occurrence of an event that is not fully covered by insurance could have a material adverse effect on our business, financial condition and results of operations. Our targets related to sustainability and emissions reduction initiatives, including our public statements and disclosures regarding them, may expose us to numerous risks. We have developed, and ~~will~~ **expect to** continue to develop, targets related to ESG initiatives, including our emissions reduction targets and strategy. Public statements related to these initiatives reflect our current plans **, and are based on hypothetical expectations and assumptions** and are not a guarantee the targets will be achieved or achieved on the stated timeline. Our efforts to research, establish, accomplish, and accurately report on these targets may expose us to operational, reputational, financial, legal, and other risks. Our ability to achieve our stated targets, including emissions reductions, is subject to numerous factors and conditions, ~~some~~ **many** of which are outside of our control **. Moreover, we may seek to enter into various contractual arrangements, including the purchase of various environmental credits or offsets, in an effort to meet any targets or goals that we may set. While we would generally seek to procure such offsets from verified registries, we cannot guarantee that sufficient quality offsets will be available or ultimately achieve the emission reductions that such offsets or credits may represent. Additionally, emission accounting methodologies are subject to change, resulting in increases in our reported emissions. Moreover, we cannot guarantee that all of our relevant stakeholders will agree with the ultimate approach we may select to meeting our ESG- related targets or goals. Any of these issues could adversely impact our ability to meet any ESG- related targets we may set or give rise to reputational risks** . Our business may face increased scrutiny from investors and other stakeholders related to our ESG initiatives, including our publicly announced targets, as well as our methodologies and timelines for pursuing those initiatives. If our ESG initiatives do not meet evolving investor or other stakeholder expectations and standards, our reputation, ability to attract or retain employees, and attractiveness as an investment or business partner may be negatively impacted. Similarly, our failure to achieve our announced targets within the announced timelines, or at all or comply with ethical, environmental, or other standards, including reporting standards, may adversely impact our business or reputation, or may expose us to government enforcement actions or private litigation. **In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings and recent activism directed at shifting funding away from companies with energy- related assets could lead to increased negative sentiment toward us, our customers, and our industry and to the diversion of investment to other industries, which could have a negative impact on our revenue and profits and our access to and costs of capital. Furthermore, while we may participate in various voluntary frameworks and certification programs to improve the ESG profile of our operations and services, we cannot guarantee that such participation or certification will have the intended results on our ESG profile.** Risks related to our financing and indebtedness Our business requires significant capital expenditures and we may be unable to obtain needed capital or financing on satisfactory terms or at all. Our exploration, development, marketing, transportation and acquisition activities require substantial capital expenditures. Historically, we have funded our capital expenditures through a combination of cash flows from operations, proceeds from equity offerings, proceeds from senior unsecured **and subordinated** note offerings, borrowings under our Senior Secured Credit Facility and proceeds from asset dispositions. We do not have commitments from anyone to contribute equity capital to us. Future cash flows are subject to a number of variables, including the level of production from existing wells, prices of oil, NGL and natural gas and our success in developing and producing new reserves. If our cash flow from operations is not sufficient to fund our capital expenditure budget, we may have limited ability to obtain the additional capital necessary to sustain our operations at current levels. We may not be able to obtain debt or equity financing on terms favorable to us or at all. The failure to obtain additional capital could result in a curtailment of our operations relating to exploration and development of our prospects, which in turn could lead to a decline in our oil, NGL and natural gas production or reserves and, in some areas, a loss of properties. Currently, we receive a level of cash flow stability as a result of our hedging activity. To the extent we are unable to obtain future hedges at beneficial prices or our commodity derivative activities are not effective, our cash flows and financial condition may be adversely impacted. To achieve more predictable cash flows and reduce our exposure to adverse fluctuations in the prices of oil, NGL and natural gas, we enter into commodity derivative instrument contracts for a portion of our oil, NGL and natural gas production, including puts, swaps, collars, basis swaps and, in the past, call spreads. In accordance with applicable accounting principles, we are required to record our derivatives at fair market value, and they are included on our consolidated balance sheet as assets or liabilities and in our consolidated statements of operations as gain (loss) on derivatives. Gain (loss) on derivatives are included in our cash flows from operating activities. Accordingly, our earnings may fluctuate significantly as a result of changes in the fair market value of our derivative instruments, including a decrease in earnings if the price of commodities increases above the price of hedges that we have in place. As our current hedges expire, there is a significant uncertainty that we will be able to put new hedges in place that satisfy our hedge philosophy. Derivative instruments also expose us to the risk of financial loss in some circumstances, including when (i) production is less than the volume covered by the commodity derivative instruments; (ii) the counter- party to the commodity derivative instrument defaults on its contractual obligations; (iii) there is an increase in the differential between the underlying price in the derivative instrument and actual prices received; or (iv) there are issues with regard to legal enforceability of such instruments. In addition, government regulation may adversely impact our ability to hedge these risks. For additional information regarding our hedging activities, please see" Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations" and Notes 11 and 12 to our consolidated financial statements included elsewhere in this Annual Report. We may incur significant additional amounts of debt. As of December 31, ~~2022~~ **2023** , we had total long- term indebtedness of $ 1. ~~12~~ **63** billion. We may ~~be able to~~ incur substantial additional indebtedness, including secured indebtedness, in the future. The restrictions on the incurrence of additional indebtedness contained in the indentures governing our senior unsecured notes and in our Senior Secured Credit Facility are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If new debt is added to our existing debt levels, the related risks that we face would increase and may make it more difficult to satisfy our existing financial obligations. In addition, the restrictions on the incurrence of additional indebtedness contained in the indentures governing the senior unsecured notes apply only to debt that constitutes indebtedness under the indentures. However, such increased debt may reduce the amount of outstanding debt allowed under the Senior Secured Credit Facility. Increases in our cost of and ability to access capital **, including as a result of increasing attention to ESG matters,** could adversely affect our business. We require continued access to capital. Our business and operating results can be harmed by factors such as the availability, terms of and cost of capital, increases in interest rates or a reduction in credit rating. These changes could cause our cost of doing business to increase, limit our ability to pursue acquisition opportunities, reduce our cash flow and / or liquidity available for drilling and place us at a competitive disadvantage. Disruptions and volatility in the global financial markets and a downgrade in our credit ratings could negatively impact our costs of capital and ability to raise debt in the public debt markets, and the cost of any new debt could be much higher than our outstanding debt. A significant reduction in our cash flows from operations or the availability of credit could materially and adversely affect our ability to achieve our planned growth and operating **results. Further, certain financial institutions have announced their intention to cease investment banking and corporate lending activities in the North American oil and gas sector or have established climate- related funding commitments or screens for ESG performance that could have the effect of limiting their investment in us or our industry. If we are unable to meet such ESG standards for investment, lending, ratings, or voting criteria and policies set by these parties, we may lose investors, investors may allocate a portion of their capital away from us, we may become a target for ESG- focused activism, we may face increased costs of or limitations on access to capital or insurance necessary to sustain or grow our business, the price of our common stock or debt securities may be adversely impacted, demand for our services and products may be adversely impacted, and our reputation may be adversely affected, all of which could adversely impact our future financial** results. See" Item 7A. Quantitative and Qualitative Disclosures About Market Risk — Interest rate risk" for additional information regarding interest rate risk. See Note 7 to our consolidated financial statements included elsewhere in this Annual Report for additional information regarding our debt and borrowing base. Borrowings under our Senior Secured Credit Facility expose us to interest rate risk. Our earnings are exposed to interest rate risk associated with borrowings under our Senior Secured Credit Facility. The terms of our Senior Secured Credit Facility provide for interest on borrowings at a floating rate equal to an adjusted base rate tied to Term SOFR, a forward- looking term rate that is based on the secure overnight financing rate determined by the Federal Reserve bank of New York. SOFR is a volume weighted measure of the cost of overnight borrowings collateralized by treasury securities and can fluctuate based on multiple factors. In response to inflation, the U. S. Federal Reserve increased rates several times in 2022 **in** ~~and~~ - **an** ~~signaled~~ **effort to curb inflationary pressure on the cost of goods and services across the United States. While the U. S. Federal Reserve indicated in December 2023** that ~~additional interest rate increases should be expected in 2023. On December 14, 2022,~~ it ~~raised~~ **may reduce benchmark** interest rates ~~by 0. 50 %, representing the seventh increase~~ in ~~interest~~ **2024, the continuation of** rates **at current levels could raise** ~~during 2022 to date. Raising or lowering of interest rates by the U. S. Federal Reserve generally causes an increase or decrease, respectively, in SOFR and other~~ -- **the** ~~floating interest rate benchmarks. As such, if interest rates increase, so will our interest costs~~ - **cost of capital and depress economic growth, either of which could negatively impact our financial or operational results of our business** . From time to time, we use interest rate swaps to reduce interest rate exposure with respect to our fixed and / or floating rate debt. If interest rates **were to** increase, so ~~will~~ **would** our interest costs, which may have a material adverse effect on our results of operations and financial condition. We require a significant amount of cash to service our indebtedness. Our ability to generate cash depends on many factors beyond our control. Our ability to make payments on and to refinance our indebtedness **and the dividends on our 2. 0 % Mandatorily Convertible Series A Preferred Stock** and to fund planned capital expenditures depends on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We cannot assure that we will generate sufficient cash flows from operations or that future funding will be available to us under our Senior Secured Credit Facility, equity or debt offerings or other actions in an amount sufficient to enable us to pay our indebtedness or **dividends on our 2. 0 % Mandatorily Convertible Series A Preferred Stock or** to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness at or before maturity. We cannot assure that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all. Any significant reduction in our borrowing base under our Senior Secured Credit Facility as a result of a periodic borrowing base redetermination or otherwise will negatively impact our liquidity and, consequently, our ability to fund our operations, as well as our ability to repay borrowings under our Senior Secured Credit Facility or any other obligation if required. Availability under our Senior Secured Credit Facility is currently subject to a borrowing base which is subject to scheduled semiannual (May 1 and November 1) and other elective borrowing base redeterminations based upon, among other things, projected revenues from, and asset values of, the oil and natural gas properties securing the Senior Secured Credit Facility. The lenders under our Senior Secured Credit Facility can unilaterally adjust the borrowing base and the borrowings permitted to be outstanding under our Senior Secured Credit Facility. Reductions in estimates of our oil, NGL and natural gas reserves will result in a reduction in our borrowing base (if prices are kept constant). Reductions in our borrowing base could also arise from other factors, including but not limited to (i) lower commodity prices or production, (ii) increased leverage ratios, (iii) inability to drill or unfavorable drilling results, (iv) changes in oil, NGL and natural gas reserves engineering, (v) increased operating and / or capital costs, (vi) the lenders' inability to agree to an adequate borrowing base or (vii) adverse changes in the lenders' practices (including required regulatory changes) regarding estimation of reserves. We anticipate borrowing under our Senior Secured Credit Facility in the future. Any significant reduction in our borrowing base as a result of such borrowing base redeterminations or otherwise will negatively impact our liquidity and our ability to fund our operations and, as a result, would have a material adverse effect on our financial position, results of operation and cash flow. Further, if the outstanding borrowings under our Senior Secured Credit Facility were to exceed the borrowing base as a result of any such redetermination, we could be required to repay the excess. We may not have sufficient funds to make such repayments. If we do not have sufficient funds and we are otherwise unable to negotiate renewals of our borrowings or arrange new financing, we may have to sell significant assets. Any such sale could have a material adverse effect on our business and financial results. In addition, we keep cash at certain banks that are not FDIC insured or such deposits that exceed the FDIC insured amount. See" Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and capital resources" for additional information regarding our liquidity. See Note 7 to our consolidated financial statements included elsewhere in this Annual Report for additional information regarding our debt and borrowing **base.** We have incurred losses from operations for various periods since our inception and may do so in the future. We incurred net losses in certain years of operation since our inception. Our development of and participation in an increasingly larger number of locations has required and will continue to require substantial capital expenditures. The uncertainty and factors described throughout this section may impede our ability to economically find, develop, exploit and acquire oil, NGL and natural gas reserves. As a result, we may not be able to achieve or sustain profitability or positive cash flows from operating activities in the future. See" Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations — Critical accounting estimates." Our debt agreements contain restrictions that limit our flexibility in operating our business. Our debt agreements contain, and any future indebtedness we incur may contain, various covenants that limit the manner in which we operate our business and our ability to engage in specified types of transactions. These covenants limit our ability to, among other things (i) incur additional indebtedness; (ii) pay dividends on, repurchase or redeem stock; (iii) make certain investments; (iv) sell, transfer or dispose of assets; (v) hedge our production; (vi) consolidate or merge; and (vii) enter into certain transactions with our affiliates. A breach of any of these covenants could result in a default under one or more of these agreements and, in the case of our Senior Secured Credit Facility, permit the lenders to cease making loans to us. A default, if not waived, could result in acceleration of our indebtedness, in which case the debt would become immediately due and payable. If this occurs, we may not be able to repay our debt or borrow sufficient funds to refinance it on terms acceptable to us. Furthermore, we have pledged substantially all of our assets as collateral to secure the debt under our Senior Secured Credit Facility and if we were unable to repay such debt, the lenders could proceed against such collateral. The proceeds from the sale or foreclosure upon such collateral will first be used to repay debt under our Senior Secured Credit Facility, and we may not have sufficient assets to repay such debt to our unsecured indebtedness thereafter. Risks related to regulation of our business If we are unable to drill new allocation wells, it could have a material adverse impact on our future production results. In the State of Texas, allocation wells allow an oil and gas producer to drill a horizontal well under two or more leaseholds that are not pooled. We are active in drilling and producing allocation wells. If regulations regarding allocation wells are made, the RRC denies or significantly delays the permitting of allocation wells or if legislation is enacted that negatively impacts the current process under which allocation wells are permitted, it could have an adverse impact on our ability to drill long horizontal lateral wells on some of our leases, which in turn could have a material adverse impact on our anticipated future production, rates of return and other projected capital efficiencies. Federal and state legislation and regulatory initiatives relating to hydraulic fracturing and water disposal wells could prohibit projects or result in materially increased costs and additional operating restrictions or delays because of the significance of hydraulic fracturing and water disposal wells in our business. Hydraulic fracturing is a practice that is used to stimulate production of oil and / or natural gas from tight formations. The process, which involves the injection of water, proppants and chemicals under pressure into the formation to fracture the surrounding rock and stimulate production, is typically regulated by state oil and natural gas commissions. However, federal, state and local jurisdictions have adopted, or are considering adopting, regulations that could further restrict or prohibit hydraulic fracturing in certain circumstances, impose more stringent operating standards and / or require the disclosure of the composition of hydraulic fracturing fluids. See" Item 1. Business — Regulation of the oil and natural gas industry — Hydraulic fracturing" for a further description of federal and state regulations addressing hydraulic fracturing. Additionally, there are certain governmental reviews either under way or being proposed that focus on environmental aspects of hydraulic fracturing practices, which could spur initiatives to further regulate hydraulic fracturing. Additional levels of regulation and permits required through the adoption of new laws and regulations at the federal, state or local level could have a material adverse effect on our financial condition and results of operations. At this time, it is not possible to estimate the potential impact on our business that may arise if federal or state legislation or regulations governing hydraulic fracturing or water disposal wells are enacted into law. Our operations are substantially dependent on the availability, use and disposal of water. New legislation and regulatory initiatives or restrictions relating to water disposal wells could have a material adverse effect on our future business, financial condition, operating results and prospects. Water is an essential component of both the drilling and hydraulic fracturing processes. Historically, we have been able to purchase water from local land owners and other sources for use in our operations. Texas has previously experienced, and may experience again, low inflows of water. As a result of these conditions, some local water districts may begin restricting the use of water subject to their jurisdiction for drilling and hydraulic fracturing in order to protect the local water supply. If we are unable to obtain water to use in our operations from local sources, we may be unable to economically produce oil, NGL and natural gas, which could have an adverse effect on our results of operations, cash flows and financial condition. Additionally, our operational and production procedures produce large volumes of water that we must properly dispose. The Clean Water Act, the Safe Drinking Water Act, the Oil Pollution Act, and comparable state laws impose restrictions and strict controls regarding the discharge of pollutants, including produced waters and other natural gas wastes, into federal and state waters. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the U. S. Environmental Protection Agency (the" EPA") or the state. Furthermore, the State of Texas maintains groundwater protection programs that require permits for discharges or operations that may impact groundwater conditions. Because of the necessity to safely dispose of water produced during operational and production activities, these regulations, or others like them, could have a material adverse effect on our future business, financial condition, operating results and prospects. See" Item 1. Business — Regulation of the oil and natural gas industry" for a further description of the laws and regulations that affect us. Legislation or regulatory initiatives intended to address seismic activity could restrict our drilling and production activities, as well as our ability to dispose of produced water gathered from such activities, which could have a material adverse effect on our business. State and federal regulatory agencies have recently focused on a possible connection between hydraulic fracturing- related activities, particularly the underground injection of wastewater into disposal wells, and the increased occurrence of seismic activity, and regulatory agencies at all levels are continuing to study the possible linkage between oil and gas activity and induced seismicity. In addition, a number of lawsuits have been filed in some states alleging that disposal well operations have caused damage to neighboring properties or otherwise violated state and federal rules regulating waste disposal. In an effort to control induced seismic activity and recent increase in earthquakes in the Permian Basin, which have been linked by the U. S. and local seismologist to wastewater disposal in oil fields, in September 2021, the RRC curtailed the amount of produced water companies were permitted to inject into some wells in the Permian Basin, and has since indefinitely suspended some permits there and expanded the restrictions to other areas. Because we dispose of large volumes of produced water gathered from our drilling and production operations, these restrictions on the use of produced water and a moratorium on new produced water wells, together with the adoption and implementation of any new laws or regulations, could result in increased operating costs, requiring us or our service providers to truck produced water, recycle it or pump it through the pipeline network or other means, all of which could be costly. We or our service providers may also need to limit disposal well volumes, disposal rates and pressures or locations, which may require us or our service providers to shut down or curtail the injection of produced water into disposal wells. These factors may make drilling activity in the affected parts of the Permian Basin less economical and adversely impact our business, financial condition and results of operations. See" Item 1. Business — Regulation of the oil and natural gas industry — Hydraulic fracturing" for a further description of local regulations addressing seismic activity. A change in the jurisdictional characterization of some of our assets by federal, state or local regulatory agencies or a change in policy by those agencies may result in increased regulation of our assets, which may cause our revenues to decline and operating expenses to increase. Section 1 (b) of the Natural Gas Act of 1938 (the" NGA") exempts natural gas gathering facilities from regulation by the Federal Energy Regulatory Commission (" FERC"). We believe that the natural gas pipelines in our gathering systems meet the traditional tests FERC has used to establish whether a pipeline performs a gathering function and, therefore, are exempt from the FERC' s jurisdiction under the NGA. However, the distinction between FERC- regulated transmission services and federally unregulated gathering services is a fact- based determination. The classification of facilities as unregulated gathering is the subject of ongoing litigation, so the classification and regulation of our gathering facilities are subject to change based on future determinations by FERC, the courts or Congress, which could cause our revenues to decline and operating expenses to increase and may materially adversely affect our business, financial condition or results of operations. In addition, FERC has adopted regulations that may subject certain of our otherwise non- FERC jurisdictional facilities to FERC annual reporting and daily scheduled flow and capacity posting requirements. Additional rules and legislation pertaining to those and other matters may be considered or adopted by FERC from time to time. Failure to comply with those regulations in the future could subject us to civil penalty liability, which could have a material adverse effect on our business, financial condition or results of operations. The adoption of climate change legislation or regulations restricting emissions of" greenhouse gases" could result in increased operating costs and reduced demand for the oil, NGL and natural gas we produce, while potential physical effects of climate change could disrupt our operations and cause us to incur significant costs in preparing for or responding to those effects. In August 2022, President Biden signed into law the ~~Inflation Reduction Act of 2022 ("~~ IRA ~~")~~ . The IRA contains billions of dollars in incentives for the development of renewable energy, clean hydrogen, clean fuels, electric vehicles, investments in advanced biofuels and supporting infrastructure and carbon capture and sequestration, amongst other provisions. In addition, the IRA imposes the first ever federal fee on emission of GHGs through a methane emissions charge, which will be phased- in starting in 2024. The IRA could accelerate the transition of the economy away from the use of fossil fuels towards lower- or- zero- carbon emissions alternatives, which could decrease demand for, and in turn the prices of, the oil and natural gas that we produce and sell, which could have an adverse effect on our business, financial condition and results of operations. Additional restrictions on GHG emissions that may be imposed could adversely affect the oil and gas industry. The adoption of legislation or regulatory programs to reduce GHG emissions could require us to incur increased operating costs, such as costs to purchase and operate emissions control systems, acquire emissions allowances or comply with new regulatory requirements. Any GHG emissions legislation or regulatory programs applicable to power plants or refineries could also increase the cost of consuming, and thereby reduce demand for, the oil, NGL and natural gas we produce. Consequently, legislation and regulatory programs to reduce GHG emissions could have an adverse effect on our business, financial condition and results of operations. See" Item 1. Business — Regulation of the oil and natural gas industry — " Greenhouse gas" emissions" for a further discussion of the laws and regulations related to greenhouse gases. **Moreover, climate change may also result in various physical risks such as the increased frequency or intensity of extreme weather events or changes in meteorological and hydrological patterns that could adversely impact our financial condition and operations, as well as**

those of our suppliers or customers. Such physical risks may result in damage to our facilities or otherwise adversely impact our operations, such as if we become subject to water use curtailments in response to drought, or demand for our services, such as to the extent warmer winters reduce the demand for energy for heating purposes. Such physical risks may also impact the infrastructure on which we rely to provide our services. One or more of these developments could have a material adverse effect on our business, financial condition and operations. Extreme weather conditions can interfere with our production and increase our costs, and damage resulting from extreme weather may not be fully insured. Our operations may be exposed to significant delays, costs and liabilities as a result of environmental, health and safety requirements applicable to our business activities. We may incur significant delays, costs and liabilities as a result of federal, state and local environmental, health and safety requirements applicable to our exploration, development, marketing, transportation and production activities. These laws and regulations may require us to obtain and maintain a variety of permits, approvals, certificates or other authorizations governing our air emissions, water discharges, waste disposal or other environmental impacts associated with drilling, production and transporting product pipelines or other operations; regulate the sourcing and disposal of water used in the drilling, fracturing and completion processes; limit or prohibit drilling activities in certain areas and on certain lands lying within wilderness, wetlands, frontier, seismically active areas and other protected areas; require remedial action to prevent or mitigate pollution from former operations such as plugging abandoned wells or closing earthen pits; and / or impose substantial liabilities for spills, pollution or failure to comply with regulatory filings. In addition, these laws and regulations may restrict the rate of oil or natural gas production. These laws and regulations are complex, change frequently and have tended to become increasingly stringent over time. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, imposition of cleanup and site restoration costs and liens, the suspension or revocation of necessary permits, licenses and authorizations, the requirement that additional pollution controls be installed, and, in some instances, the issuance of orders or injunctions limiting or requiring discontinuation of certain operations. Under certain environmental laws that impose strict as well as joint and several liability, we may be required to remediate contaminated properties currently or formerly operated by us or facilities of third parties that received waste generated by our operations regardless of whether such contamination resulted from the conduct of others or from consequences of our own actions that were in compliance with all applicable laws at the time those actions were taken. In addition, claims for damages to persons or property, including natural resources, may result from the environmental, health and safety impacts of our operations. In addition, accidental spills or releases from our operations could expose us to significant liabilities under environmental laws. Moreover, public interest in the protection of the environment has tended to increase over time. The trend of more expansive and stringent environmental legislation and regulations applied to the oil, NGL and natural gas industry could continue, resulting in increased costs of doing business and consequently affecting profitability. To the extent laws are enacted or other governmental actions are taken that restricts drilling or imposes more stringent and costly operating, waste handling, disposal and cleanup requirements, our business, prospects, financial condition or results of operations could be materially adversely affected. Derivatives reform legislation and related regulations could have an adverse effect on our ability to hedge risks associated with our business. The Dodd- Frank Act, the Adopted Derivatives Rules, and the U. S. Resolution Stay Rules could significantly increase the cost of our derivative contracts, materially alter the terms of our derivative contracts, reduce the availability of derivatives to us that we have historically used to protect against risks that we encounter in our business, reduce our ability to monetize or restructure our existing derivative contracts and increase our exposure to less creditworthy counterparties. The Foreign Regulations could have similar effects. We have stopped entering into new hedging transactions with Foreign Counterparties and do not currently intend to resume hedging with Foreign Counterparties. If we reduce our use of derivatives as a result of the Dodd- Frank Act, the Adopted Derivatives Rules, the U. S. Resolution Stay Rules, and Foreign Regulations, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures. Any of these consequences could have a material adverse effect on us, our financial condition and our results of operations. See" Item 1. Business — Regulation of derivatives" for a further description of the laws and regulations that affect us. Tax laws and regulations may change over time, and any such changes could adversely affect our business, results of operations, financial condition and cash flow. From time to time, legislation has been proposed that, if enacted into law, would make significant changes to U. S. federal and state income 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 legislative changes have included, but have not been limited to,** (i) the elimination of the immediate deduction for intangible drilling and development costs, (ii) the repeal of the percentage depletion allowance for oil and natural gas properties and (iii) an extension of the amortization period for certain geological and geophysical expenditures. No accurate prediction can be made as to whether any such legislative changes will be proposed or enacted in the future or, if enacted, what the specific provisions or the effective date of any such legislation would be. ~~The elimination of such U~~ **Additionally, states in which we operate or own assets may impose new or increased taxes or fees on oil and natural gas extraction** . ~~S. federal~~ **Any changes in** tax ~~deductions~~ **laws** , ~~as well as~~ **and significant variance in our interpretation of current tax laws or a successful challenge of one or more of our tax positions by** any **taxing authority could result in additional** ~~other changes to or the imposition of new federal, state, local or non- U. S.~~ taxes **on** ~~(including the imposition of, or~~ **our activities** ~~increases in production~~ , **which** ~~severance or similar taxes)~~ could adversely affect our business, results of operations, financial condition and cash flow. In addition, the IRA ~~imposes~~ **, among other things, introduced** a 15 % corporate alternative minimum tax (" CAMT") **. Under the CAMT, a 15 % minimum tax is imposed** on ~~the~~ **certain adjusted financial statement income of** " **applicable corporations." The CAMT generally treats a corporation as an applicable corporation in any taxable year in which the" average annual** adjusted financial statement income" of **the corporation and** certain ~~large corporations (generally, corporations reporting at least~~ **of its subsidiaries and affiliates for a three- taxable- year period ending prior to such taxable year exceeds** $ 1 billion ~~average adjusted pre- tax net income in their consolidated financial statements) as well as an~~

~~excise tax of 1 % on the fair market value of certain public company stock repurchases for tax years beginning after December 31, 2022~~ . The U. S. **Department of the** Treasury **and** ~~Department,~~ the Internal Revenue Service **have** ~~and other standard-setting bodies are expected to issue~~ **issued** guidance on ~~how~~ **the application of** the CAMT, ~~stock buyback excise~~ **which may be relied upon until final regulations are released. If our CAMT liability is greater than our regular U. S. federal income** tax **liability for any particular tax year** , **the CAMT liability would effectively accelerate our future U. S. federal income tax obligations, reducing our cash flows in that year, but provide** ~~and~~ - **an** ~~other provisions~~ **offsetting credit against our regular U. S. federal income tax liability in future years. Based on our interpretation** of the IRA ~~will be applied~~ **, CAMT and related guidance, we do not expect the CAMT to impact** ~~or~~ **our** ~~otherwise administered~~ **tax obligation for the 2023 taxable year** . We continue to evaluate the IRA and its effect on our financial results and operating cash flow. Restrictions on drilling activities intended to protect certain species of wildlife may adversely affect our ability to conduct drilling activities in some of the areas where we operate. Oil, NGL and natural gas operations in our operating areas can be adversely affected by seasonal or permanent restrictions on drilling activities designed to protect various wildlife. Seasonal restrictions may limit our ability to operate in protected areas and can intensify competition for drilling rigs, oilfield equipment, services, supplies and qualified personnel, which may lead to periodic shortages when drilling is allowed. These constraints and the resulting shortages or high costs could delay our operations and materially increase our operating and capital costs. Permanent restrictions imposed to protect threatened or endangered species could prohibit drilling in certain areas or require the implementation of expensive mitigation measures. The presence of newly listed species, such as the lesser prairie chicken, or designation of previously unprotected species in areas where we operate, such as the dunes sagebrush lizard could cause us to incur increased costs arising from species protection measures or could result in limitations on our exploration and production activities that could have an adverse impact on our ability to develop and produce our reserves **. See" Item 1. Business — Regulation of the oil and natural gas industry — Endangered Species Act" for further discussion about the impact of regulations protecting certain species of wildlife** . Risks related to our common stock Our amended and restated certificate of incorporation, amended and restated bylaws, and Delaware state law contain provisions that may have the effect of delaying or preventing a change in control and may adversely affect the market price of our capital stock. Our amended and restated certificate of incorporation authorizes our board of directors to issue preferred stock without any further vote or action by the stockholders. The rights of the holders of our common stock will be subject to the rights of the holders of any preferred stock that may be issued in the future. The issuance of preferred stock could delay, deter or prevent a change in control and could adversely affect the voting power or economic value of our shares. In addition, some provisions of our amended and restated certificate of incorporation and amended and restated bylaws could make it more difficult for a third party to acquire control of us, even if the change of control would be beneficial to our stockholders. Delaware law prohibits us from engaging in any business combination with any" interested stockholder," meaning generally that a stockholder who owns 15 % of our stock cannot acquire us for a period of three years from the date such stockholder became an interested stockholder, unless various conditions are met, such as the approval of the transaction by our board of directors. Provisions such as these are also not favored by various institutional investor services, which may periodically" grade" us on various factors, including stockholder rights and corporate governance policies. Certain institutional investors may have internal policies that prohibit investments in companies receiving a certain grade level from such services, and if we fail to meet such criteria, it could limit the number or type of certain investors which might otherwise be attracted to an investment in the Company, potentially negatively impacting the public float and / or market price of our common stock. The availability of shares for sale in the future could reduce the market price of our common stock. ~~Our~~ **Subject to the rules of the NYSE, our** board of directors has the authority, without action or vote of our stockholders, to issue our authorized but unissued shares of common stock. In the future, we may issue securities to raise cash for acquisitions, to pay down debt, to fund capital expenditures or general corporate expenses, in connection with the exercise of stock options or to satisfy our obligations under our incentive plans. We may also acquire interests in other companies by using a combination of cash and our **equity securities or just our equity securities. We have in the past issued both shares of** common stock ~~or just our common~~ **and shares of 2. 0 % Mandatorily Convertible Series A Preferred** ~~stock~~ **Stock in order to fund acquisitions and have granted the recipients of such shares registration rights that may be used in order to sell such shares in registered and unregistered transactions, and we may do so in the future** . We may also issue securities convertible into, exchangeable for, or that represent the right to receive, our common stock. Any of these events may dilute your ownership interest in our Company, reduce our earnings per share and have an adverse impact on the price of our common stock. Because we have no **current** plans to pay **,** and ~~are currently restricted from paying~~ **certain of our agreements may, under specified conditions, limit our ability to pay,** dividends on our common stock, investors must look ~~solely~~ **primarily** to stock appreciation for a return on their investment in us. We do not anticipate paying any cash dividends on our common stock in the ~~foreseeable future~~ **near term** . We currently intend to retain all future earnings to fund the development and growth of our business **, with the exception of the dividends accruing on our 2. 0 % Mandatorily Convertible Series A Preferred Stock. To the extent our earnings exceed our budgeted development plans and amounts of accrued dividends on our 2. 0 % Mandatorily Convertible Series A Preferred Stock, if any, we currently expect that we would use such excess earnings to repay indebtedness** . Any payment of future dividends will be at the discretion of our board of directors and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our board of directors deems relevant. Covenants contained in our Senior Secured Credit Facility and the indentures governing our senior unsecured notes ~~restrict~~ **may under specified conditions limit** the payment of dividends **by, for example, requiring compliance with certain financial ratios following the payment of any dividend** . Investors must rely on sales of their common stock after price appreciation, which may never occur, as the ~~only way~~ **primary means** to realize a return on their investment **on our common stock** . Investors seeking cash dividends should not purchase our common stock. ~~40~~