REFINITIV

DELTA REPORT

10-Q

EP - EMPIRE PETROLEUM CORP

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	985
CHANGES	105
DELETIONS	566
ADDITIONS	314

REFINITIV

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023March 31, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from: ____________to ____________

EMPIRE PETROLEUM CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE	**001-16653**	**73-1238709**
(State or Other Jurisdiction of Incorporation or Organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

2200 S. Utica Place, Suite 150, Tulsa, Tulsa, OK 74114

(Address of principal executive offices)(Zip Code)

(539 (539)) 444-8002

(Registrant’s telephone number, including area code)

(Former name, or former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered	
Common Stock $.001 par value	**EP**	**EP**	**NYSE American**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yesþ ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yesþ ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐

Non-accelerated filer ☒ Smaller reporting company ☒

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the registrant's common stock, $0.001 par value, outstanding as of the latest practicable date of November 9, 2023 May 9, 2024 was 22,892,280 30,380,906.

EMPIREEMPIRE PETROLEUM CORPORATION
TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

EMPIRE PETROLEUM CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 31, 2024	December 31, 2023
ASSETS		
Current Assets:		
Cash	$ 3,491,465	$ 7,792,508
Accounts Receivable	7,290,007	8,354,636
Derivative Instruments	—	406,806
Inventory	1,797,342	1,433,454
Prepaids	1,250,672	757,500
Total Current Assets	13,829,486	18,744,904
Property and Equipment:		
Oil and Natural Gas Properties, Successful Efforts	107,020,654	93,509,803
Less: Accumulated Depreciation, Depletion and Impairment	(24,427,923)	(22,996,805)
Total Oil and Gas Properties, Net	82,592,731	70,512,998
Other Property and Equipment, Net	1,729,316	1,883,211
Total Property and Equipment, Net	84,322,047	72,396,209
Other Noncurrent Assets	1,931,161	1,474,503
Total Assets	$ 100,082,694	$ 92,615,616
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	$ 17,194,236	$ 16,437,219
Accrued Expenses	7,436,586	7,075,302
Derivative Instruments	440,644	—
Current Portion of Lease Liability	430,273	432,822
Current Portion of Note Payable - Related Party (Note 8)	1,060,004	1,060,004
Current Portion of Long-Term Debt	486,483	44,225
Total Current Liabilities	27,048,226	25,049,572
Long-Term Debt	8,533,693	4,596,775
Long-Term Note Payable - Related Party (Note 8)	2,970,000	—
Long Term Lease Liability	441,748	544,382
Derivative Instruments (Note 8)	1,292,000	—
Asset Retirement Obligations	28,105,761	27,468,427
Total Liabilities	68,391,428	57,659,156
Commitments and Contingencies (Note 15)		
Stockholders' Equity:		
Series A Preferred Stock - $.001 Par Value, 10,000,000 Shares Authorized, 6 and 6 Shares Issued and Outstanding, Respectively	—	—
Common Stock - $.001 Par Value, 190,000,000 Shares Authorized, 25,623,674 and 25,503,530 Shares Issued and Outstanding, Respectively	85,145	85,025
Additional Paid-in Capital	100,200,135	99,490,253
Accumulated Deficit	(68,594,014)	(64,618,818)
Total Stockholders' Equity	31,691,266	34,956,460

Total Liabilities and Stockholders' Equity	$ 100,082,694	$ 92,615,616

	September 30, 2023	December 31, 2022
ASSETS		
Current Assets:		
Cash	$ 11,034,834	$ 11,944,442
Accounts Receivable	7,226,146	7,780,239
Derivative Instruments	—	121,584
Inventory	1,564,684	1,840,274
Prepaids	591,732	1,048,434
Total Current Assets	20,417,396	22,734,973
Property and Equipment:		
Oil and Natural Gas Properties, Successful Efforts	74,620,878	63,986,339
Less: Accumulated Depreciation, Depletion and Impairment	(22,014,050)	(20,116,696)
Total Oil and Gas properties, Net	52,606,828	43,869,643
Other Property and Equipment, Net	1,867,911	1,441,529
Total Property and Equipment, Net	54,474,739	45,311,172
Sinking Fund	—	2,779,000
Utility and Other Deposits	1,374,771	719,930
Total Assets	$ 76,266,906	$ 71,545,075
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	$ 6,051,027	$ 5,843,366
Accrued Expenses	5,726,117	9,461,010
Derivative Instruments	1,053,606	—
Current Portion of Lease Liability	424,819	256,975
Term Note Payable - Related Party (Note 8)	1,060,004	—
Curresnt Portion of Long-Term Debt	4,549,585	2,059,309
Total Current Liabilities	18,865,158	17,620,660
Long-Term Debt	116,507	4,063,115
Bridge Loans - Related Parties (Note 8)	10,000,000	—
Term Note Payable - Related Party (Note 8)	—	1,076,987
Lease Liability	654,524	547,692
Derivative Instruments	59,949	—
Asset Retirement Obligations	27,742,852	25,000,740
Total Liabilities	57,438,990	48,309,194
Commitments and Contingencies (Note 15)		
Stockholders' Equity:		
Series A Preferred Stock - $.001 Par Value, 10,000,000 Shares Authorized, 6 and 6 Shares Issued and Outstanding, Respectively	—	—
Common Stock - $.001 Par Value, 190,000,000 Shares Authorized, 22,892,280 and 22,093,503 Shares Issued and Outstanding, Respectively	82,414	81,615
Additional Paid-in Capital	78,566,843	75,303,479
Accumulated Deficit	(59,821,341)	(52,149,213)
Total Stockholders' Equity	18,827,916	23,235,881
Total Liabilities and Stockholders' Equity	$ 76,266,906	$ 71,545,075

See accompanying notes to condensed consolidated financial statements.

EMPIRE PETROLEUM CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
Revenue:		
Oil Sales	$ 9,441,964	$ 8,938,715
Gas Sales	377,130	656,035
NGL Sales	416,211	504,954
Total Product Revenues	10,235,305	10,099,704
Other	10,086	19,364
Loss on Derivatives	(858,150)	(66,823)
Total Revenue	9,387,241	10,052,245
Costs and Expenses:		
Lease Operating Expense	7,387,423	6,520,163
Production and Ad Valorem Taxes	833,447	758,114
Depletion, Depreciation & Amortization	1,490,130	622,489
Accretion of Asset Retirement Obligation	485,349	401,275
General and Administrative Expense:		
General and Administrative Expense	2,879,037	3,023,279
Stock-Based Compensation	710,002	949,639
Total General and Administrative Expense	3,589,039	3,972,918
Total Costs and Expenses	13,785,388	12,274,959
Operating Income (Loss)	(4,398,147)	(2,222,714)
Other Income and (Expense):		
Interest Expense	(315,049)	(237,299)
Other Income (Expense) (Note 8)	738,000	422
Income (Loss) Before Income Taxes	(3,975,196)	(2,459,591)
Income Tax (Provision) Benefit	—	—
Net Income (Loss)	$ (3,975,196)	$ (2,459,591)
Net Income (Loss) per Common Share:		
Basic	$ (0.15)	$ (0.11)
Diluted	$ (0.15)	$ (0.11)
Weighted Average Number of Common Shares Outstanding:		
Basic	25,688,427	22,096,796
Diluted	25,688,427	22,096,796

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue:				
Oil Sales	$ 9,492,127	$ 11,501,521	$ 27,578,453	$ 35,247,309
Gas Sales	411,217	1,526,148	1,315,938	3,731,946
Natural Gas Liquids Sales	411,624	945,317	1,278,759	3,201,947
Total Product Revenues	10,314,968	13,972,986	30,173,150	42,181,202
Other	17,050	22,921	54,775	71,877

Net Gain (Loss) on Derivatives	(1,185,921)	42,474	(1,319,401)	(93,740)
Total Revenue	9,146,097	14,038,381	28,908,524	42,159,339
Costs and Expenses:				
Lease Operating Expense (Including Workovers)	7,050,054	7,751,755	20,669,217	16,981,057
Production and Ad Valorem Taxes	792,241	1,112,246	2,271,630	3,151,325
Depletion, Depreciation & Amortization	727,943	539,543	2,061,474	1,429,788
Accretion of Asset Retirement Obligation	470,505	342,619	1,277,141	1,009,107
General and Administrative Expense:				
General and Administrative Expense	2,580,464	2,040,418	7,497,947	6,915,068
Stock-Based Compensation	158,792	809,641	2,289,237	1,672,823
Total General and Administrative Expense	2,739,256	2,850,059	9,787,184	8,587,891
Total Costs and Expenses	11,779,999	12,596,222	36,066,646	31,159,168
Operating Income (Loss)	(2,633,902)	1,442,159	(7,158,122)	11,000,171
Other Income and (Expense):				
Interest Expense	(249,796)	(125,330)	(671,982)	(347,763)
Other Income (Expense)	1,350	(1,100,888)	23,256	(1,278,760)
Income (Loss) Before Income Taxes	(2,882,348)	215,941	(7,806,848)	9,373,648
Income Tax (Provision) Benefit	134,720	—	134,720	—
Net Income (Loss)	$ (2,747,628)	$ 215,941	$ (7,672,128)	$ 9,373,648
Net Income (Loss) per Common Share:				
Basic	$ (0.12)	$ 0.01	$ (0.34)	$ 0.45
Diluted	$ (0.12)	$ 0.01	$ (0.34)	$ 0.41
Weighted Average Number of Common Shares Outstanding:				
Basic	22,727,639	21,651,383	22,320,207	20,654,294
Dilsuted	22,727,639	24,065,485	22,320,207	22,778,836

See accompanying notes to condensed consolidated financial statements.

EMPIRE PETROLEUM CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Three and Nine Months Ended September 30, 2023 March 31, 2024 and 2022 2023
(Unaudited)

	Common Stock		Preferred Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Par Value	Shares	Par Value			
Balances, December 31, 2023	25,503,530	$ 85,025	6	$ —	$ 99,490,253	$ (64,618,818)	$ 34,956,460
Net Loss	—	—	—	—	—	(3,975,196)	(3,975,196)
Stock-Based Compensation	120,144	120	—	—	709,882	—	710,002
Balances, March 31, 2024	25,623,674	$ 85,145	6	$ —	$ 100,200,135	$ (68,594,014)	$ 31,691,266

	Common Stock		Preferred Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Par Value	Shares	Par Value			
Balances, December 31, 2022	22,093,503	$ 81,615	6	$ —	$ 75,303,479	$ (52,149,213)	$ 23,235,881
Net Loss	—	—	—	—	—	(2,459,591)	(2,459,591)
Impact of Former CEO settlement	—	—	—	—	(2,126,131)	—	(2,126,131)
Stock-Based Compensation	11,089	11	—	—	949,628	—	949,639
Balances, March 31, 2023	22,104,592	81,626	6	—	74,126,976	(54,608,804)	19,599,798
Net Loss	—	—	—	—	—	(2,464,909)	(2,464,909)
Options and Warrants Exercised	—	—	—	—	—	—	—
Stock-Based Compensation	20,000	20	—	—	1,180,786	—	1,180,806
Balances, June 30, 2023	22,124,592	81,646	6	—	$ 75,307,762	(57,073,713)	18,315,695
Net Loss	—	—	—	—	—	(2,747,628)	(2,747,628)
Warrants Exercised	500,000	500	—	—	2,499,500	—	2,500,000
Stock Issued for Purchase Option (See Note 3)	67,000	67	—	—	600,990	—	601,057
Stock-Based Compensation	200,688	201	—	—	158,591	—	158,792
Balances, September 30, 2023	22,892,280	$ 82,414	6	$ —	$ 78,566,843	$ (59,821,341)	$ 18,827,916
	Common Stock		**Preferred Stock**		**Additional Paid-In Capital**	**Accumulated Deficit**	**Total**
	Shares	**Par Value**	**Shares**	**Par Value**			

Balances, December 31, 2021	19,840,648	$ 79,362	—	$ —	$ 68,988,134	$ (59,233,343)	$ 9,834,153
Net Income	—	—	—	—	—	3,623,427	3,623,427
Issuance of Preferred Stock	—	—	6	—	6	—	6
Warrants Exercised	48,750	195	—	—	97,305	—	97,500
Stock-Based Compensation	—	—	—	—	376,278	—	376,278
Balances, March 31, 2022	19,889,398	79,557	6	—	69,461,723	(55,609,916)	13,931,364
Net Income	—	—	—	—	—	5,534,280	5,534,280
Options and Warrants Exercised	1,553,895	1,554	—	—	2,885,629	—	2,887,183
Stock-Based Compensation	—	—	—	—	486,904	—	486,904
Balances, June 30, 2022	21,443,293	81,111	6	—	72,834,256	(50,075,636)	22,839,731
Net Income	—	—	—	—	—	215,941	215,941
Options and Warrants Exercised	439,272	439	—	—	404,781	—	405,220
Stock-Based Compensation	—	—	—	—	809,641	—	809,641
Balances, September 30, 2022	21,882,565	$ 81,550	6	$ —	$ 74,048,678	$ (49,859,695)	$ 24,270,533

	Common Stock		Preferred Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Par Value	Shares	Par Value			
Balances, December 31, 2022	22,093,503	$ 81,615	6	$ —	$ 75,303,479	$ (52,149,213)	$ 23,235,881
Net Loss	—	—	—	—	—	(2,459,591)	(2,459,591)
Impact of Former CEO settlement	—	—	—	—	(2,126,131)	—	(2,126,131)
Stock-Based Compensation	11,089	11	—	—	949,628	—	949,639
Balances, March 31, 2023	22,104,592	$ 81,626	6	$ —	$ 74,126,976	$ (54,608,804)	$ 19,599,798

See accompanying notes to condensed consolidated financial statements.

EMPIRE PETROLEUM CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30,	
	2023	2022
Cash Flows From Operating Activities:		
Net Income (Loss)	$ (7,672,128)	$ 9,373,648
Adjustments to Reconcile Net Income (Loss) to Net Cash		
Provided By Operating Activities:		
Stock-Based Compensation	2,289,237	1,672,823
Amortization of Right of Use Assets	287,956	135,234
Depreciation, Depletion and Amortization	2,061,474	1,429,788
Accretion of Asset Retirement Obligation	1,277,141	1,009,107
Loss on Dersivatives	1,319,401	93,740
Settlement on or Purchases of Derivative Instruments	(87,042)	(244,805)
Loss on XTO Final Settlement	—	1,448,363
PIE-Related Expense	—	1,399,030
Change in Operating Assets and Liabilities:		
Accounts Receivable	(1,572,038)	304,009
Inventory, Oil in Tanks	(292,057)	(567,477)
Prepaids, Current	911,416	(45,362)
Accounts Payable	194,438	(2,464,573)
Accrued Expenses	(3,732,113)	1,480,826
Other Long-Term Assets and Liabilities	(942,916)	(117,185)
Net Cash Provided By (Used In) Operating Activities	(5,957,231)	14,907,166
Cash Flows From Investing Activities:		
Acquisition of Oil and Natural Gas Properties	(2,094,419)	(2,205,000)
Additions to Oil and Natural Gas Properties	(5,596,535)	(1,502,900)
Purchase of Other Fixed Assets	(179,514)	(307,787)
Cash Paid for Right of Use Assets	(427,711)	(135,244)
Sinking Fund Deposit	2,779,000	(640,000)
Net Cash Provided By (Used In) Investing Activities	(5,519,179)	(4,790,931)
Cash Flows From Financing Activities:		
Principal Payments of Debt	(1,933,198)	(1,384,167)
Proceeds from Bridge Loans from Related Parties	10,000,000	—
Proceeds from Warrant Exercises	2,500,000	3,389,903
Net Cash Provided By (Used In) Financing Activities	10,566,802	2,005,736
Net Change in Cash	(909,608)	12,121,971
Cash - Beginning of Period	11,944,442	3,611,871
Cash - End of Period	$ 11,034,834	$ 15,733,842
Supplemental Cash Flow Information:		
Cash Paid for Interest	$ 398,033	$ 292,022

	For the Three Months Ended March 31,	
	2024	2023

Cash Flows From Operating Activities:		
Net Income (Loss)	$ (3,975,196)	$ (2,459,591)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided By Operating Activities:		
Stock-Based Compensation	710,002	949,639
Amortization of Right of Use Assets	135,733	76,225
Depreciation, Depletion and Amortization	1,490,130	622,489
Accretion of Asset Retirement Obligation	485,349	401,275
Loss on Commodity Derivatives	858,150	66,823
Settlement on or Purchases of Commodity Derivative Instruments	(10,700)	(41,187)
Gain on Financial Derivatives	(738,000)	—
Change in Operating Assets and Liabilities:		
Accounts Receivable	1,064,629	(849,909)
Inventory, Oil in Tanks	(363,888)	(420,859)
Prepaids, Current	(2,398)	89,812
Accounts Payable	4,339,024	(213,611)
Accrued Expenses	361,284	(110,053)
Other Long-Term Assets and Liabilities	(446,430)	(3,177,767)
Net Cash Provided By (Used In) Operating Activities	3,907,689	(5,066,714)
Cash Flows From Investing Activities:		
Additions to Oil and Natural Gas Properties [(a)]	(16,940,873)	(2,210,004)
Purchase of Other Fixed Assets	(31,023)	(27,170)
Cash Paid for Right of Use Assets	(125,238)	(86,545)
Sinking Fund Deposit	—	2,779,000
Net Cash Provided By (Used In) Investing Activities	(17,097,134)	455,281
Cash Flows From Financing Activities:		
Borrowings on Credit Facility	3,950,000	—
Proceeds from Promissory Note - Related Party (Note 8)	5,000,000	
Principal Payments of Debt	(61,598)	(569,136)
Net Cash Provided By (Used In) Financing Activities	8,888,402	(569,136)
Net Change in Cash	(4,301,043)	(5,180,569)
Cash - Beginning of Period	7,792,508	11,944,442
Cash - End of Period	$ 3,491,465	$ 6,763,873
Supplemental Cash Flow Information:		
Cash Paid for Interest	$ 179,893	$ 136,761

(a) Incurred capital expenditures were $13,358,866 and $2,210,004 for the respective periods. The differences between incurred and cash capital expenditures is due to changes in related accounts payable.

See accompanying notes to condensed consolidated financial statements.

EMPIRE PETROLEUM CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and Basis of Presentation

Empire Petroleum Corporation (the "Company", collectively with its subsidiaries) is an independent energy company operator engaged in optimizing developed production by employing field management methods to maximize reserve recovery while minimizing costs. Empire operates the following wholly-owned subsidiaries in its areas of operations:

- Empire New Mexico, LLC ("Empire New Mexico")
  - Empire New Mexico LLC d/b/a Green Tree New Mexico
  - Empire EMSU LLC
  - Empire EMSU-B LLC
  - Empire AGU LLC
  - Empire NM Assets LLC
- Empire Rockies Region
  - Empire North Dakota LLC ("Empire North Dakota")
  - Empire North Dakota Acquisition LLC ("Empire NDA")
- Empire Texas ("Empire Texas"), consisting of the following entities:
  - Empire Texas LLC
  - Empire Texas Operating LLC
  - Empire Texas GP LLC
  - Pardus Oil & Gas Operating, LP (owned 1% by Empire Texas GP LLC and 99% by Empire Texas LLC)
- Empire Louisiana LLC ("Empire Louisiana")

Empire was incorporated in the State of Delaware in 1985. The consolidated financial statements of Empire Petroleum Corporation and subsidiaries include the accounts of the Company and its wholly-owned subsidiaries.

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with United States generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation of the Company's financial position, the results of operations, and the cash flows for the interim period are included. All adjustments are of a normal, recurring nature. Certain amounts in prior periods have been reclassified to conform to current presentation. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending December 31, 2023 December 31, 2024.

The information contained in this Form 10-Q should be read in conjunction with the audited financial statements and related notes for the year ended December 31, 2022 December 31, 2023 which are contained in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 31, 2023 March 28, 2024.

Note 2 – Summary of Significant Accounting Policies

Significant Accounting Policies

ThereDuring the three months ended March 31, 2024, the Company added one significant accounting policy and estimate relating to convertible debt and derivative liability. Besides this, there have been no material changes to significant accounting policies and estimates from the information provided in the Form 10-K for the year ended December 31, 2022 December 31, 2023.

Convertible Debt and Derivative Liability

In connection with the Company's issuance of a Promissory Note (the "Note") in the first quarter of 2024, the Company bifurcated the embedded conversion option, and recorded the embedded conversion option as a long-term derivative liability in accordance with FASB ASC 815, Derivatives and Hedging. The convertible debt and the derivative liability associated with the Note are presented on the Condensed Consolidated Balance Sheets as the Long-Term Note Payable – Related Party and long-term Derivative Instruments. The convertible debt is carried at amortized cost. The derivative liability will be remeasured at each reporting period using a binomial lattice model with changes in fair value recorded in the Condensed Consolidated Statements of Operations in Other Income (Expense). See Note 8 for further details.

Fair Value Measurements

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement* (ASC Topic 820), defines fair value, establishes a consistent framework for measuring fair value and establishes a fair value hierarchy based on the observability of inputs used to measure fair value.

The three-level fair value hierarchy for disclosure of fair value measurements defined by ASC Topic 820 is as follows:

Level 1 – Unadjusted, quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. An active market is defined as a market where transactions for the financial instrument occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Inputs, other than quoted prices within Level 1, that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level 3 – Prices or valuations that require unobservable inputs that are both significant to the fair value measurement and unobservable. Valuation under Level 3 generally involves a significant degree of judgment from management.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation techniques involve a degree of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instrument's complexity. The Company reflects transfers between the three levels at the beginning of the reporting period in which the availability of observable inputs no longer justifies classification in the original level. There were no transfers between fair value hierarchy levels for the period ended September 30, 2023 March 31, 2024.

***Financial instruments and other* – The fair values determined for accounts receivable, accrued expenses and other current liabilities were equivalent to the carrying value due to their short-term nature.**

***Derivatives*– Derivative financial instruments are carried at fair value and measured on a recurring basis. The Company's commodity price hedges are valued based on discounted future cash flow models that are primarily based on published forward commodity price curves; thus, these inputs are designated as Level 2 within the valuation hierarchy.**

The fair values of derivative instruments in asset positions include measures of counterparty nonperformance risk, and the fair values of derivative instruments in liability positions include measures of the Company's nonperformance risk. These measurements were not material to the Condensed Consolidated Financial Statements.

***Assets and Liabilities Measured at Fair Value on a Recurring Basis* - The Company uses a binomial lattice valuation model to value the Level 3 derivative liabilities at inception and on subsequent valuation dates. This model incorporates transaction details such as the Company's stock price, contractual terms of the Note and unobservable inputs classified as Level 3 including risk-free rate and expected volatility. As of March 31, 2024, these unobservable inputs were 4.6% and 50%, respectively. The fair value of the embedded derivative liability will be reassessed quarterly using the same binomial lattice valuation model.**

Fair Value on a Nonrecurring Basis

The Company applies the provisions of fair value measurement on a non-recurring basis to its non-financial assets and liabilities, including oil and gas properties and asset retirement obligations. These assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value adjustments if events or changes in certain circumstances indicate that adjustments may be necessary. No triggering events that require assessment of such items were observed during the nine three months ended September 30, 2023 March 31, 2024.

Related Party Transactions

Transactions between related parties are considered to be related party transactions even though they may not be given accounting recognition. FASB ASC 850, *Related Party Disclosures* requires that transactions with related parties that would have influence in decision making shall be disclosed so that users of the financial statements can evaluate their significance. Related party transactions typically occur within the context of the following relationships: affiliates of the entity; entities for which investments in their equity securities is typically accounted for under the equity method by the investing entity; trusts for the benefit of employees; principal owners of the entity and members of their immediate families; management of the entity and members of their immediate families; and other parties that can significantly influence the management or operating policies of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

Concentrations of Credit Risk

The Company's accounts receivable are primarily receivables from oil and natural gas purchasers and joint interest owners. The purchasers of the Company's oil and natural gas production consist primarily of independent marketers, major oil and natural gas companies and gas pipeline companies. Historically, the Company has not experienced any significant losses from uncollectible accounts from its oil and natural gas purchasers. The Company operates a substantial portion of its oil and natural gas properties. As the operator of a property, the Company makes full payments for costs associated with the property and seeks reimbursement from the other working interest owners in the property for their share of those costs. Joint operating agreements govern the operations of an oil or natural gas well and, in most instances, provide for offsetting of amounts payable or receivable between the Company and its joint interest owners. The Company's joint interest partners consist primarily of independent oil and natural gas producers. If the oil and natural gas exploration and production industry in general was adversely affected, the ability of the Company's joint interest partners to reimburse the Company could be adversely affected.

Recently Issued Adopted Accounting Pronouncements Standards

The FASB periodically issues new accounting standards in a continuing effort to improve standards of financial accounting and reporting. The Company has reviewed the recently issued pronouncements and concluded that the following new accounting standards are applicable:

In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses*. This ASU, as further amended, affects trade receivables, financial assets and certain other instruments that are not measured through net income. This ASU will replace the currently required incurred loss approach with an expected loss model for instruments measured at amortized cost and is effective for financial statements issued for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The adoption of this ASU on January 1, 2023 by the Company did not have a material impact on the Company's consolidated financial statements since the Company does not have a history of material credit losses.

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging —Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. The amendments in this ASU affect entities that issue convertible instruments and/or contracts in an entity's own equity. The amendments in this ASU primarily affect convertible instruments issued with beneficial conversion features or cash conversion features because the accounting models for those specific features are removed. However, all entities that issue convertible instruments are affected by the amendments to the disclosure requirements of this ASU. For contracts in an entity's own equity, the contracts primarily affected are freestanding instruments and embedded features that are accounted for as derivatives under the current guidance because of failure to meet the settlement conditions of the derivatives scope exception related to certain requirements of the settlement assessment. Also affected is the assessment of whether an embedded conversion feature in a convertible instrument qualifies for the derivatives scope exception. Additionally, the amendments in this ASU affect the diluted EPS calculation for instruments that may be settled in cash or shares and for convertible instruments. The amendments in this ASU are effective for public business entities, excluding entities eligible to be smaller reporting companies, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The Board specified that an entity should adopt the guidance as of the beginning of its annual fiscal year. The Board decided to allow entities to adopt the guidance through either a modified retrospective method of transition or a fully retrospective method of transition. The Company is analyzing has adopted this standard for the effect that adoption will have but current year and does not currently expect it to have a material impact as a result of adopting these standards.

on our consolidated financial statements.

Note 3 – Property

The Company follows the successful successful efforts method of accounting for its oil and natural gas activities. Under this method, costs to acquire oil and natural gas properties and costs incurred to drill and equip development and exploratory wells are deferred until exploration and completion results are evaluated. Exploration drilling costs are expensed if recoverable reserves are not found. Upon sale or retirement of oil and natural gas properties, the costs and related accumulated depreciation, depletion and amortization are eliminated from the accounts and the resulting gain or loss is recognized.

Costs incurred to maintain wells and related equipment and lease and well operating costs are charged to expense as incurred.

Depletion is calculated on a units-of-production basis at the field level based on total proved developed reserves.

On August 9, 2023, the Company and a subsidiary of Energy Evolution Master Fund, Ltd., a related party, collectively acquired additional working interests in certain of the Company's New Mexico properties. The Company paid $2.1 million in cash and acquired 10% of the total acquired working interests in the transaction. The subsidiary of Energy Evolution Master Fund, Ltd. acquired the other 90% of the acquired working interest ("EEF Interest"). The Company has a one-year option to acquire the EEF Interest for $5 million, subject to adjustments ("Purchase Option"). In exchange for the Purchase Option, the Company issued 67,000 shares of common stock valued at approximately $601,000 and reflected in Utility and Other Deposits. The Company has the right to extend the initial one-year Purchase Option period for two successive one-year periods by agreeing to issue an additional 42,000 shares of common stock prior to the end of the one-year period then in effect. The Purchase Option may be exercised by the Company at any time during the one-year period then in effect by sending written notice to Energy Evolution Master Fund, Ltd. prior to the expiration of such one-year period.

Proved oil and natural gas properties are reviewed for impairment at least annually, or as indicators of impairment arise. There have been no indicators of impairment during the nine three months ended September 30, 2023 March 31, 2024.

Aggregate capitalized costs of oil and natural gas properties are as follows:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Proved properties	$ 69,756,380	$ 52,831,131	$ 92,634,087	$ 75,346,623
Unproved properties	3,158,299	2,865,556	3,708,264	3,245,431
Work in process	1,706,199	8,289,652	10,678,303	14,917,749
Gross capitalized costs	74,620,878	63,986,339	107,020,654	93,509,803
Depreciation, depletion, amortization and impairment	(22,014,050)	(20,116,696)	(24,427,923)	(22,996,805)
Total oil and gas properties, net	$ 52,606,828	$ /43,869,643	$ 82,592,731	$ 70,512,998

Depletion and amortization expense related to oil and gas properties for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was approximately $677,000 1,431,000 and $500,000 563,000, respectively. Depletion and amortization expense for The Company completed four wells in North Dakota related to our Starbuck Drilling program during the nine months ended September 30, 2023 and 2022 was approximately $1,897,000 first quarter of 2024. and $1,331,000, respectively.

Other property and equipment consists of operating lease assets, vehicles, office furniture, and equipment with lives ranging from three to five years.

	September 30, 2023	December 31, 2022
Other property and equipment, at cost	$ 2,795,308	$ 1,878,325
Less: Accumulated depreciation	(927,397)	(436,796)
Other property and equipment, net	$ 1,867,911	$ 1,441,529

	March 31, 2024	December 31, 2023
Other property and equipment, at cost	$ 3,029,041	$ 2,998,018
Less: Accumulated depreciation	(1,299,725)	(1,114,807)
Other property and equipment, net	$ 1,729,316	$ 1,883,211

Depreciation expense related to other property and equipment for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was approximately $51,00059,000 and $39,000, respectively. Depreciation expense for the nine months ended September 30, 2023 and 2022 was approximately $164,000. and $99,000, respectively.

Note 4 - Asset Retirement Obligations

The Company's asset retirement obligations represent the estimated present value of the estimated cash flows the Company will incur to plug, abandon, and remediate its producing properties at the end of their productive lives, in accordance with applicable state laws. Market risk premiums associated with asset retirement obligations are estimated to represent a component of the Company's credit-adjusted risk-free rate that is utilized in the calculations of asset retirement obligations.

The Company's asset retirement obligation activity is as follows:

	For the Three Months Ended March 31, 2024	2023
Asset retirement obligations, beginning of period	$ 28,168,427	$ 25,000,740
Additions	151,985	—
Liabilities settled	—	(190,375)
Revisions	—	(68,809)
Accretion expense	485,349	401,275
Asset retirement obligation, end of period	$ 28,805,761	$ 25,142,831
Less current portion included in Accrued Expenses	700,000	—
Asset retirement obligation, long-term	$ 28,105,761	$ 25,142,831

	For the Nine Months Ended September 30,	
	2023	2022
Asset retirement obligations, beginning of period	$ 25,000,740	$ 20,640,599
Additions	72,000	233,659
Liabilities settled	(910,967)	(160,958)
Revisions	2,303,939	—
Accretion expense	1,277,140	1,009,107
Asset retirement obligation, end of period	$ 27,742,852	$ 21,722,407

The revisions additions in 2023 2024 primarily reflect cost revision estimates relate to the completion of four wells in New Mexico based on 2023 plugging activity. our North Dakota Starbuck Drilling Program during the quarter.

Note 5 – Commodity Derivative Financial Instruments

The Company uses derivative financial instruments to manage its exposure to commodity price fluctuations. Commodity derivative instruments are used to reduce the effect of volatility of price changes on the oil and natural gas the Company produces and sells. The Company does not enter into derivative financial instruments for speculative or trading purposes. The Company's derivative financial instruments consist of swaps and put options.

The Company does not designate its derivative instruments in such a way that would qualify for hedge accounting. Accordingly, the Company reflects changes in the fair value of its derivative instruments in its consolidated statements of operations as they occur.

Unrealized gains and losses related to the contracts are recognized and recorded as changes to the derivative asset or liability on the Company's consolidated balance sheets.

The following table summarizes the net realized and unrealized losses reported in earnings related to the commodity derivative instruments for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Losses on Derivatives:						
Loss on Derivatives:						
Oil derivatives (a)	**$ (1,185,921)**	**$ 42,474**	**$ (1,319,401)**	**$ (93,740)**	**$ (858,150)**	**$ (66,823)**

(a) Includes $847,450 and $25,636 of unrealized derivative losses for the respective periods.

The following represents the Company's net cash payments settlements related to derivatives for the three and nine months ended September 30, 2023 March 31, 2024 and 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Oil derivatives	$ (45,855)	$ (83,832)	$ (87,042)	$ (244,723)

	Three Months Ended March 31,	
	2024	2023
Oil derivatives	$ (10,700)	$ (41,187)

The following table sets forth the Company's outstanding derivative contracts at September 30, 2023 March 31, 2024:

Schedule of outstanding derivative contracts

	4th Quarter 2023	1st Quarter 2024	2nd Quarter 2024	3rd Quarter 2024	4th Quarter 2024
WTI Fixed-Price Swaps:					
Quarterly volume (MBbls)	38.50	38.00	30.00	30.00	30.00
Weighted-average fixed price (Bbl)	$78.60	$74.01	$72.15	$77.02	$75.57
WTI Index Put Options:					
Quarterly volume (MBbls)	41.00				
Floor price (Bbl)	$40.00-$50.00				

	2nd Quarter 2024	3rd Quarter 2024	4th Quarter 2024
WTI Fixed-Price Swaps:			
Quarterly volume (MBbls)	30.00	30.00	30.00
Weighted-average fixed price (Bbl)	$ 72.15	$ 77.02	$ 75.57

Note 6 – Accounts Receivable

The following table represents the Company's accounts receivable as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

Schedule of accounts receivable

	September 30, 2023	December 31, 2022
Oil and gas receivables	$ 3,182,548	$ 3,060,341
Joint interest billings	3,856,691	2,057,719
Receivable from former CEO (See Note 12)	—	2,130,614
Other	186,906	531,565

Total accounts receivable	$ 7,226,146	$ 7,780,239

	March 31, 2024	December 31, 2023
Oil, Gas and NGL Receivables	$ 3,227,706	$ 2,784,745
Joint Interest Billings	4,026,259	5,444,331
Other	36,042	125,560
Total Accounts Receivable	$ 7,290,007	$ 8,354,636

Note 7 – Accrued Expenses

The following table represents the Company’s accrued expenses as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

Schedule of accrued expenses

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Accrued and suspended third-party revenue	**$ 4,135,488**	**$ 4,415,311**	**$ 4,459,055**	**$ 4,049,984**
Accrued salaries and payroll taxes	**400,890**	**3,299,785**	**1,032,523**	**1,059,295**
Accrued production taxes	**828,226**	**500,481**	**774,359**	**829,226**
Income taxes payable	**—**	**208,898**		
Other	**361,513**	**1,036,535**	**1,170,649**	**1,136,797**
	$ 5,726,117	**$ 9,461,010**	**$ 7,436,586**	**$ 7,075,302**

Note 8 – Debt Including Debt with Related Parties

The following table represents the Company's outstanding debt as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

Schedule of outstanding debts

	As of September 30, 2023	As of December 31, 2022
Senior Revolver Loan Agreement	$ 4,369,500	$ 5,869,500
Term Note Payable – Related Party	1,060,004	1,076,987
Bridge Loans – Related Parties	10,000,000	—
Equipment and vehicle notes, 0% to 9.0% interest rates, due in 2025 to 2027 with monthly payments ranging from $400 to $1,400 per month	160,178	252,924
Note Payable to insurance provider, bears 5.78% interest, matures January 2024, monthly payments	136,414	—
Total debt	15,726,096	7,199,411
Less: Current maturities (Excluding Related Parties)	(4,549,585)	(2,059,309)
Less: Related Parties	(10,000,000)	(1,076,987)
Less: Related Parties – Current Maturities	(1,060,004)	—
Long-Term debt	$ 116,507	$ 4,063,115

	As of March 31, 2024	As of December 31, 2023
Equity Bank Credit Facility	$ 8,442,484	$ 4,492,484
Promissory Note – Related Party	2,970,000	—
Note Payable – Related Party	1,060,004	1,060,004
Equipment and vehicle notes, 0.00% to 9.00% interest rates, due in 2025 to 2028 with monthly payments ranging from $900 to $1,400 per month	135,995	148,516
Note Payable to insurance provider, bears 7.29% interest, matures January 2025, monthly payments of principal and interest of $51,067	441,697	—
Total Debt	13,050,180	5,701,004
Less: Current Maturities	(486,483)	(44,225)
Less: Promissory Note – Related Party	(2,970,000)	—
Less: Note Payable – Related Party	(1,060,004)	(1,060,004)
Long-Term debt	$ 8,533,693	$ 4,596,775

Senior Revolver Loan Agreement

On July 7, 2021 December 29, 2023, the Company Empire North Dakota and Empire NDA ("Borrowers"), entered into the Fourth Amendment to its Senior a Revolver Loan Agreement with CrossFirst Equity Bank ("CrossFirst") as further amended by Letter Agreements in conjunction with redetermination dates ("the Amended Agreement" or "Credit (the "Credit Facility"). The maximum amount that can be advanced under Pursuant to the Amended Agreement is $20,000,000 and Credit Facility (a) the existing initial revolver commitment amount following an August 9, 2023 amendment agreement is $5,180,000 which $10,000,000; (b) the maximum revolver commitment amount is $15,000,000; (c) commencing on January 31, 2024, and occurring on the last day of each calendar month thereafter, the revolver commitment amount is reduced by $500,000 per calendar quarter $150,000; (d) commencing on March 31, 2024, there are scheduled semiannual collateral borrowing base redeterminations each year on March 31 and includes September 30; (e) the final maturity date is December 29, 2026; (f) outstanding borrowings bear interest at Wall Street Journal Prime a rate equal to the prime rate of interest plus 150 basis points (10.00% as 1.50%, and in no event lower than 8.50%; (g) a quarterly commitment fee is based on the unused portion of September 30, 2023). the commitments; and (h) Borrowers have the right to prepay loans under the Credit Facility at any time without a prepayment penalty.

The Amended Agreement, Credit Facility is guaranteed by the Company. Borrowers entered into a security agreement, pursuant to which originally matured the obligations under the Credit Facility are secured by liens on May 26, 2024, has been extended to August 23, 2024 through the August 9, 2023 amendment. Collateral for the loan is a lien on substantially all of the assets of Empire Louisiana and Empire North Dakota, wholly owned subsidiaries of Borrowers. Furthermore, the Company, and obligations under the Credit Facility are secured by a continuing, first priority mortgage lien, pledge of and security interest in not less than 80% of Empire Louisiana's and Empire North Dakota's Borrowers' producing oil, gas and other leasehold and mineral interests. interests, including without limitation, those situated in the States of North Dakota and Montana.

The Amended Agreement Credit Facility requires Borrowers to, commencing as of the Company fiscal quarter ended December 31, 2023, maintain commodity derivatives at certain thresholds based on projected production (a) a current ratio of 1.0 to 1.0 or more and beginning March 31, 2021, to maintain certain covenants including an EBITDAX to interest expense (b) a ratio of at least 3:1 and funded debt to EBITDAX, of 4:1 on a trailing twelve-month basis. Beginning with the quarter ended September 30, 2023, the funded debt to EBITDAX is a maximum of 3:1 calculated quarterly and annually based on a trailing twelve-month basis, and an additional covenant of a 1:1 current ratio. As a result of no more than 3.50 to 1.00. At March 31, 2024, the August 23, 2024 maturity date, the total outstanding balance is reflected as current. The Company was Borrowers were technically not in compliance with the loan current ratio covenant, however, the noncompliance was resolved within the applicable cure period in accordance with the Credit Facility agreement following the completion of a subscription rights offering on April 10, 2024 in which the Company received approximately $20.66 million in cash (see Note 10). The Company is in compliance with the other covenants at September 30, 2023 as of March 31, 2024.

Term Promissory Note – Related Party

On February 16, 2024, the Company issued a Promissory Note in the aggregate principal amount of $5,000,000 (the "Note") to Energy Evolution Master Fund, Ltd. ("Energy Evolution"). Energy Evolution has advanced the Company $5,000,000 under the Note. The proceeds of the Note will be used by the Company to fund, in part, its ongoing oil and gas drilling program and for working capital purposes.

The Note matures on February 15, 2026 (the "Maturity Date") and accrues interest at the rate of 7% per annum. After the Maturity Date, any principal balance of the Note remaining unpaid accrues interest at the rate of 9% per annum. At the option of Energy Evolution, interest payments will be paid either in cash or in shares of common stock of the Company on each of the following dates (or if any such date is not a business day, the next following business day) (each an "Interest Payment Date”), except upon the occurrence of an Event of Default, in which case interest will accrue and be paid in cash on demand: (i) March 31, 2024; (ii) June 30, 2024; (iii) September 30, 2024; (iv) December 31, 2024; (v) March 31, 2025; (vi) June 30, 2025; (vii) September 30, 2025; (viii) December 31, 2025; and (ix) the Maturity Date. All or any portion of the outstanding principal amount of the Note may be converted into shares of common stock of the Company at a conversion price of $6.25 per share (the "Conversion Price”), at the option of Energy Evolution, at any time and from time to time. If the full principal amount of the Note is drawn and converted into shares of common stock of the Company, 800,000 shares would be issued (without giving effect to any interest that may be converted). Accrued interest on the principal amount converted will be due on the applicable date of conversion in cash or, at the option of Energy Evolution, by issuance of shares of common stock of the Company in the manner set forth in the Note (where the date of conversion is the relevant Interest Payment Date”). The Conversion Price is subject to customary adjustments. The Note may be prepaid at any time or from time to time without the consent of Energy Evolution and without penalty or premium, provided that the Company provides Energy Evolution with at least five business days prior written notice, each principal payment is made in cash and all accrued interest is paid in cash, or at the option of Energy Evolution, the accrued interest may be paid by issuance of shares of common stock of the Company in the manner set forth in the Note (where the Interest Payment Date is the date of prepayment).

The Company determined that an embedded conversion feature included in the Promissory Note required bifurcation from the host contract that is recognized as a separate derivative liability carried at fair value. The estimated fair value of the derivative liability, which represents a Level 3 valuation, was $1,292,000 as of March 31, 2024 and was determined using a binomial lattice model using certain assumptions and inputs discussed in Note 2. Accordingly, the Company has recognized a gain on the fair value adjustment of the derivative liability in the amount of approximately $738,000 in Other Income (Expense) in the Condensed Consolidated Statements of Operations for the quarter ended March 31, 2024. All of the other embedded features of the Note were clearly and closely related to the debt host and did not require bifurcation as a derivative liability.

Note Payable – Related Party

In August 2020, the Company, through its wholly owned subsidiary, Empire Texas, entered into a joint development agreement (the “JDA” "JDA”) with Petroleum & Independent Exploration, LLC and related entities (“ ("PIE”), a related party (See (see Note 14), dated August 1, 2020. Under the terms of the JDA, PIE will perform recompletion or workover on specified mutually agreed upon wells (“ ("Workover Wells”) owned by Empire Texas. Concurrent with the JDA with PIE, a related party, the Company entered into a term loan agreement dated August 1, 2020, whereby PIE will loan up to $2,000,000, at an interest rate of 6% per annum, maturing August 7, 2024August 7, 2024 unless terminated earlier by PIE. The loan proceeds were used for recompletion or workover of certain designated wells. As part of In addition, the JDA, Empire Texas will assign to PIE a combined Company assigned 85% working and revenue interest to PIE in the Workover Wells. Of the assigned interest, 70% working and revenue interest designated wells which will be used applied to repay the obligations under the term loan agreement. Once the term loan is repaid, PIE will reassign a 35% working and revenue interest to Empire Texas in each of the Workover Wells and retain a 50% working and revenue interest. To the extent the cash flows from the revenue interest are insufficient to repay the obligations under the term loan, the Company remains required to repay the obligation.

Bridge Loans - Related Parties

On September 19, 2023, each of Phil Mulacek, an individual and board member, and Energy Evolution Master Fund, Ltd., a Cayman Islands exempted company (each, an “Investor” and collectively, the “Investors”), made a bridge loan to Empire North Dakota in the amount of $5.0 million (collectively, the “Bridge Loans”). The Investors are each a related party of the Company. See Note 14 for a description of material transactions between the Company and the Investors.

The proceeds of the Bridge Loans in the aggregate amount of $10.0 million will be primarily used by Empire North Dakota for the development of oil and gas properties leased and operated by Empire North Dakota (the “North Dakota Properties”). The Company has issued to each Investor its unconditional guarantee of the obligations of Empire North Dakota under the Bridge Loans (collectively, the “Company Guarantees”).

The Bridge Loans, as amended subsequent to September 30, 2023, mature December 31, 2024 (the “Maturity Date”) and accrue interest at the rate of 7% per annum. After the Maturity Date, any principal balance of the Bridge Loans remaining unpaid accrue interest at the rate of 9% per annum. Interest will be paid quarterly, beginning November 16, 2023 in common shares of the Company based on the average VWAP for the five trading days preceding the interest date. Empire North Dakota paid to each Investor an origination fee in cash of $50,000 or 1.0 percent of the principal amount of its Bridge Loan. The Bridge Loans may be prepaid at any time or from time to time.

The Bridge Loans rank pari passu with all other notes similar to the Bridge Loans now or hereafter issued, but are junior to all existing or hereafter created secured debt (as defined in the Bridge Loans) of Empire North Dakota established pursuant to the Credit Facility. The Bridge Loans are senior in all respects to all hereafter created unsecured debt of Empire North Dakota. The Bridge Loans provide that Empire North Dakota will not, directly or indirectly, enter into, create, incur, assume or suffer to exist any unsecured Debt of any kind, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom, that is senior in any respect to Empire North Dakota’s obligations under the Bridge Loans.

On September 19, 2023, Empire Louisiana, Empire North Dakota and CrossFirst entered into that certain Letter Agreement amending the Credit Facility to, among other things: (1) exclude the Bridge Loans from the definition of Funded Debt (as defined in the Credit Facility); (2) allow the indebtedness evidenced by the Bridge Loans; (3) provide for CrossFirst’s consent to the Bridge Loans; and (4) require that the proceeds of the Bridge Loans be deposited into a segregated account with CrossFirst (the “Segregated Account”) and that such proceeds only be used primarily in connection with the development of the North Dakota Properties. In connection with entering into the Letter Agreement, the Company ratified, confirmed and continued its Amended and Restated Guaranty Agreement dated as of March 27, 2019 in favor of CrossFirst, pursuant to which the Company unconditionally guaranteed the obligations of Empire Louisiana and Empire North Dakota under the Credit Facility.

On September 19, 2023, the Investors and Empire North Dakota entered into a Subordination Agreement in favor of CrossFirst (the “Subordination Agreement”), pursuant to which the Investors subordinated (a) the repayment of the Bridge Loans to loan. As of March 31, 2024, $1,060,004 has been advanced from the payment of the indebtedness of Empire Louisiana and Empire North Dakota to CrossFirst under the Credit Facility (the “Lender

Obligations") and (b) any lien and security interests securing the Bridge Loans to the lien and security interests of CrossFirst securing the Lender Obligations. Notwithstanding the foregoing, the Investors have the right, so long as there is no default or event of default under the Credit Facility, to receive regularly scheduled interest payments at the non-default rate and repayments of principal under the Bridge Loans. Under the Subordination Agreement, (a) the Company Guarantees are also subordinated to the Lender Obligations and (b) the Investors and Empire North Dakota agreed to the Segregated Account and that the proceeds of the Bridge Loans will primarily be used in connection with the development of the North Dakota Properties. PIE loan.

Note 9 - Leases

As a lessee, the Company leases its corporate office headquarters in Tulsa, Oklahoma and one field office. The leases expire between 2024 and 2027. 2028. The corporate office has an option to renew for an additional five-year term. The option to renew the lease is generally not considered reasonably certain to be exercised. Therefore, the period covered by such optional period is not included in the determination of the term of the lease and the lease payments during these periods are similarly excluded from the calculation of right-of-use lease asset and lease liability balances.

The Company also leases vehicles primarily used in our field operations. These vehicle leases typically have a three-year life.

The Company recognizes right-of use lease expense on a straight-line basis, except for certain variable expenses that are recognized when the variability is resolved, typically during the period in which they are paid. Variable right-of-use lease payments typically include charges for property taxes, insurance, and variable payments related to non-lease components, including common area maintenance.

Right-of-use lease expense was approximately $288,000 136,000 and $191,000 77,600 for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Cash paid for right-of-use leases was approximately $279,000 125,000 and $192,000 78,400 for the same periods.

Supplemental balance sheet information related to the right-of-use leases is as follows:

	September 30, 2023	December 31, 2022
Operating lease asset - net (included in Other Property and Equipment)	$ 1,213,403	$ 776,219
Current portion of lease liability	$ 424,819	$ 256,975
Long-term lease liability	654,524	547,692
Total right-of-use lease liabilities	$ 1,079,343	$ 804,667

	March 31, 2024	December 31, 2023
Net operating lease asset (included in Other Property and Equipment)	$ 958,648	$ 1,077,031
Current portion of lease liability	$ 430,273	$ 432,822
Long-term lease liability	441,748	544,382
Total right-of-use lease liabilities	$ 872,021	$ 977,204

The weighted average weighted-average remaining term for the Company's right-of-use leases is 2.5 2.1 years. The weighted-average discount rate was 8.51% for the first quarter of 2024.

Maturities of lease liabilities are as follows as of September 30, 2023 March 31, 2024:

Schedule of maturities lease liabilities

Year 1	$	500,197	$ 486,584
Year 2		454,117	376,628
Year 3		226,702	86,680
Year 4		21,700	3,100
Year 5		—	—
Total lease payments		1,202,716	952,992
Less imputed interest		(123,373)	(80,971)
Total lease obligation	$	1,079,343	$ 872,021

Note 10 – Equity

Pursuant to the Company's Amended and Restated Certificate of Incorporation ("Charter"), effective as of March 4, 2022, the total number of shares of all classes of stock that the Company has the authority to issue is 200,000,000, consisting of 190,000,000 shares of common stock, par value $0.001 per share, and 10,000,000 shares of preferred stock, par value $0.001 per share.

Preferred Stock

Preferred stock may be issued from time to time in one or more series at the direction of the Board of Directors and the directors also have the ability to fix dividend rates and rights, liquidation preferences, voting rights, conversion rights, rights and terms of redemption and other rights, preferences, privileges and restrictions as determined by the Board of Directors, subject to certain limitations set forth in the Charter.

Series A Voting Preferred Stock

On March 8, 2022, the Company formalized the issuance of preferred stock as was required under the terms of the Company's May 2021 financing agreements with Energy Evolution Master Fund, Ltd. ("Energy Evolution" or the "Fund") and issued six shares of Series A Voting Preferred Stock. The Series A Voting Preferred Stock was issued in connection with the strategic investment in the Company by the Fund. Energy Evolution. For so long as the Series A Voting Preferred Stock is outstanding, the Company's Board of Directors will consist of six directors. Three of the directors are designated as the Series A Directors and the three other directors (each, a "common director") are elected by the holders of common stock and/or any preferred stock (other than the Series A Voting Preferred Stock) granted the right to vote on the common directors. Any Series A Director may be removed with or without cause but only by the affirmative vote of the holders of a majority of the Series A Voting Preferred Stock voting separately and as a single class. The holders of the Series A Voting Preferred Stock have the exclusive right, voting separately and as a single class, to vote on the election, removal and/or replacement of the Series A Directors. Holders of common stock or other preferred stock do not have the right to vote on the Series A Directors. The approval of the holders of the Series A Voting Preferred Stock, voting separately and as a single class, is required to authorize any resolution or other action to issue or modify the number, voting rights or any other rights, privileges, benefits, or characteristics of the Series A Voting Preferred Stock, including without limitation, any action to modify the number, structure and/or composition of the Company's current Board of Directors.

The Series A Voting Preferred Stock is held by Phil Mulacek, chairman of the Board of Directors and one of the principals of the Fund, Energy Evolution, as the Fund's Energy Evolution's designee (the "Initial Holder"). The Series A Voting Preferred Stock may be transferred only to certain controlled affiliates of the Initial Holder ("Permitted Transferees"), and the voting rights of the Series A Voting Preferred Stock are contingent upon the Initial Holder and Permitted Transferees (collectively, the "Series A Holders") holding together at least 3,000,000 shares of the Company's outstanding common stock.

The Series A Voting Preferred Stock is not entitled to receive any dividends or distributions of cash or other property except in the event of any liquidation, dissolution or winding up of the Company's affairs. In such event, before any amount is paid to the holders of the Company's common stock but after any amount is paid to the holders of the Company's senior securities, the holders of the Series A Voting Preferred Stock will be entitled to receive an amount per share equal to $1.00.

Except as discussed above or as otherwise set forth in the certificate of designation of the Series A Voting Preferred Stock, the holders of the Series A Voting Preferred Stock have no voting rights.

The Series A Voting Preferred Stock is not redeemable at the Company's election or the election of any holder, except the Company may elect to redeem the Series A Voting Preferred Stock for $1.00 per share following satisfaction of its notice and cure requirements in the event that:

- any or all shares of Series A Voting Preferred Stock are held by anyone other than the Initial Holder or a Permitted Transferee; or
- the Series A Holders together hold less than 3,000,000 shares of the Company's outstanding common stock.

The Series A Voting Preferred Stock is not convertible into common stock or any other security.

Common Stock

On August 27, 2021, the Company's Board of Directors approved a one-for-four reverse stock split such that every holder of the Company's common stock would receive one share of common stock for every four shares owned. The reverse stock split was effective as of 6:00 p.m. Eastern Time on March 7, 2022, immediately prior to the Company's listing of its common stock on the NYSE American.

The holders of shares of common stock are entitled to one vote per share for all matters on which common stockholders are authorized to vote on. Examples of matters that common stockholders are entitled to vote on include, but are not limited to, election of three of the six directors and other common voting situations afforded to common stockholders.

In April 2024, the Company completed a subscription rights offering ("Rights Offering") which raised gross proceeds of $20.66 million. The Company distributed at no charge to holders of its common stock, as of the close of business on March 7, 2024 (the record date for the Rights Offering), one subscription right for each share of Common Stock held. Each subscription right entitled the holder to purchase 0.161 shares of Common Stock at a subscription price of $5.00 per share per one whole share of Common Stock. The subscription rights were non-transferable and not listed for trading on any stock exchange or market.

Earnings Per Share

The computation of diluted shares outstanding for the three and nine months ended September 30, 2023, respectively, March 31, 2024 excluded 1,409,686 1,460,589 shares related to stock options, warrants, outstanding RSUs, and convertible debt as their effect would have been anti-dilutive. The computation of diluted shares outstanding for the three months ended March 31, 2023 excluded 1,586,960 2,348,009 shares related to stock options, warrants, and outstanding RSUs, as their effect would have been anti-dilutive. There were no such anti-dilutive shares outstanding for the three and nine months ended September 30, 2022.

Note 11 – Stock-Based Compensation

The Company recognizes stock-based compensation expense associated with granted stock options and restricted stock units (RSUs). The Company accounts for forfeitures of equity-based incentive awards as they occur. Stock-based compensation expense related to time-based restricted stock units is based on the price of the common stock on the grant date and recognized as vesting occurs. For options, the fair value is determined using the Black-Scholes option valuation assumptions on dividend yield, expected annual volatility, risk-free interest rate and an expected useful life. Stock-based compensation is recorded with a corresponding increase in Additional Paid-in Capital within the Condensed Consolidated Balance Sheets.

The following summary reflects nonvested restricted stock unit activity and related information for the nine three months ended September 30, 2023 March 31, 2024.

	RSUs	Weighted Average Fair Value [(a)]
Outstanding, December 31, 2022	224,288	$ 15.42
Granted	179,195	10.47
Vested	(103,185)	17.11
Forfeited	(57,966)	14.43
Outstanding, September 30, 2023	242,332	$ 11.31

(a) Shares are valued at the grant-date market price.

	RSUs	Weighted Average Fair Value [(a)]
Outstanding, December 31, 2023	204,817	$ 10.61
Granted	—	—
Vested	(45,515)	11.75
Forfeited	(22,500)	11.05
Outstanding, March 31, 2024	136,802	$ 10.16

(a) Shares are valued at the grant-date market price.

The following summary reflects stock option activity and related information:

	Options	Weighted Average Exercise Price
Outstanding, December 31, 2022	2,379,700	$ 3.31
Granted	533,000	10.07
Exercised	(235,000)	1.36
Cancelled	(447,734)	4.45
Outstanding, September 30, 2023	2,229,966	$ 4.83

	Options	Weighted Average Exercise Price
Outstanding, December 31, 2023	2,065,381	$ 4.89
Granted	—	—
Exercised	(119,100)	1.32
Cancelled	—	—
Outstanding, March 31, 2024	1,946,281	$ 5.10

The following table summarizes information about stock options outstanding as of September 30, 2023 March 31, 2024.

Range of Exercise Prices	Options Outstanding at 9/30/23	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options Exercisable at 9/30/23	Weighted Average Exercise Price
$1.32 to $12.36	2,229,966	5.14 years	$4.83	1,683,960	$2.75

Range of Exercise Prices	Options Outstanding at 3/31/24	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options Exercisable at 3/31/24	Weighted Average Exercise Price
$1.32 to $12.36	1,946,281	4.67 years	$5.10	1,486,110	$3.23

Note 12 – Executive Separations

On March 16, 2023, Thomas W. Pritchard resigned as Chief Executive Officer and a director of the Company to pursue other opportunities. Although not required under Mr. Pritchard's Employment Agreement with the Company, in recognition of Mr. Pritchard's past service to the Company, the Company will pay Mr. Pritchard severance benefits in the amount of approximately $360,000, as set forth in Section 4.2 of his Employment Agreement, in one lump sum payment within 30 days after March 23, 2023, rather than in monthly installments. This was accrued as of March 31, 2023, and payment was made in April 2023. The Company also extended the period under which Mr. Pritchard has the right to exercise his outstanding vested non-qualified stock options from three months after the date of his termination of employment to September 16, 2024. In addition, Mr. Pritchard has surrendered to the Company 340,234 RSUs and options as satisfaction for the $2.1 million receivable that primarily resulted from incorrect withholdings associated with an April 2022 option exercise by Mr. Pritchard. The Company also had a $2.1 million liability recorded at December 31, 2022, related to withholding payables that were remitted in 2023.

On March 17, 2023, the Board of Directors appointed Michael R. Morrisett to the position of Chief Executive Officer. Mr. Morrisett did not receive any additional compensation for assuming the role of Chief Executive Officer.

In July 2023, the Company's Chief Operating Officer separated from the Company and will receive severance of $145,000 over six months. Additionally, certain vested options were forfeited resulting in the reversal of $576,000 of previously recorded stock-based compensation.

Note 13 –Income Taxes

For all periods presented, the Company's effective tax rate is 0%. Other than the full year of 2022, the Company has generated net operating losses since inception, which would normally reflect a tax benefit in the Condensed Consolidated Statement of Operations and a deferred asset on the Condensed Consolidated Balance Sheet. However, because of the current uncertainty as to the Company's ability to achieve sustained profitability, a valuation reserve has been established that offsets the amount of any tax benefit available for each period presented in the Condensed Consolidated Statements of Operations. The following table presents a reconciliation of its effective income tax rate to the U.S. statutory income tax rate for the three and nine months ended September 30, 2023. March 31, 2024 and 2023.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022

	For the Three Months Ended March 31,			
	2024		2023	
	$	%	$	%

	$	%	$	%	$	%	$	%				
Provision (benefit) at statutory rate	(605,293)	21.0%	45,348	21.0%	(1,639,438)	21.0%	1,968,466	21.0%	(834,791)	21.0%	(516,514)	21.0%
State Taxes (net of federal impact)	(138,056)	4.8%	10,473	4.9%	(374,979)	4.8%	454,622	4.9%	(190,937)	4.8%	(118,333)	4.8%
Nondeductible Expenses	(5,469)	0.2%	—	0.0%	(1,529)	0.0%	—	0.0%	6,401	-0.2%	(2,460)	0.1%
Return to Provision	(5,355)	0.2%	—	0.0%	(5,355)	0.1%	—	0.0%				
Stock Options Exercised									(103,796)	2.6%	—	0.0%
Valuation Allowance	619,453	-21.5%	(55,821)	-25.9%	1,886,581	-24.2%	(2,423,088)	-25.9%	1,123,123	-28.3%	637,307	-25.9%
Income tax provision (benefit)	(134,720)	4.7%	—	0%	(134,720)	1.7%	—	0%	—	0.0%	—	0%

Note 14 – Related Party Transactions

Energy Evolution is a related party of the Company as it beneficially owns approximately 24 26.6% of the Company's outstanding shares of common stock as of September 30, 2023 March 31, 2024. Subsequent to the Rights Offering (see Note 10) Energy Evolution beneficially owns approximately 30.1% of the Company’s outstanding shares. Additionally, a board member of Energy Evolution was appointed to the Company’s board in October 2021. This board member separately beneficially owns approximately 16 19.3% of the Company’s outstanding shares of common stock as of September 30, 2023 March 31, 2024. Subsequent to the Rights Offering this board member beneficially owns approximately 20.6% of the Company’s outstanding shares. The board member also is a majority owner of PIE. In October 2021 another Energy Evolution member was appointed to the Company’s board of directors.

In March 2021, the majority owner of PIE, through the exercise of warrants, became a significant shareholder of the Company’s outstanding shares of stock. The Company has a joint development agreement JDA with PIE to perform recompletion completions or workover workovers on specified mutually agreed upon wells in Texas. (see Note 8). As of September 30, 2023 March 31, 2024, the Company has outstanding incurred obligations of approximately $1.1 million $1.1 million as a part of the joint development agreement (See JDA.

On February 16, 2024, the Company issued a Promissory Note in the aggregate principal amount of $5,000,000 (the "Note”) to Energy Evolution (see Note 8). In As of March 31, 2024, Energy Evolution has advanced the third quarter of 2022, a $1.4 million long-term asset that had previously been recorded as an offset to Company $5,000,000 under the note payable was expensed to workovers within Lease Operating Expense Note.

Accounts receivable on the Condensed Consolidated Statement Balance Sheet includes approximately $1,030,000 receivable from Energy Evolution. Accrued Expenses includes approximately $213,000 of Operations.

The Company has also entered into a Shared Services Agreement with PIE effective August 1, 2023 that includes access revenue payable to administrative, engineering and support services as well as building and insurance services. The agreement provides that the Company will reimburse PIE for the out-of-pocket or actual costs incurred by PIE in providing such services to the Company.

Energy Evolution.

In July 2023, Energy Evolution exercised its remaining warrants for 500,000 shares of common stock for $5.00 per share. The Company received $2.5 million related to this transaction.

On September 19, 2023, each of Phil Mulacek and Energy Evolution made a bridge loan to Empire North Dakota each in the amount of $5.0 million. The Investors are each a related party of the Company. See Note 8 for a description of the Bridge Loans.

Note 15 – Commitments and Contingencies

From time to time, the Company is subject to various legal proceedings arising in the ordinary course of business, including proceedings for which the Company may not have insurance coverage. While many of these matters involve inherent uncertainty, as of the date hereof, the Company does not currently believe that any such legal proceedings will have a material adverse effect on the Company’s business, financial position, results of operations or liquidity.

The Company is subject to extensive federal, state, and local environmental laws and regulations. These laws, among other things, regulate the discharge of materials into the environment and may require the Company to remove or mitigate the environmental effects of the disposal or release of petroleum or chemical substances at various sites. Management believes no materially significant liabilities of this nature existed as of the balance sheet date.

Agreed Compliance Order

In January 2024, the Company deposited $1 million into an escrow account in accordance with an Agreed Compliance Order (“ACO”) with the New Mexico Oil Conservation Division (“OCD”) for compliance work on certain inactive wells in New Mexico. Under the terms of the ACO, the escrow funds will be returned to the Company at a rate of $10,000 for each well as the compliance work is completed. In February 2024, $550,000 of the escrow funds were returned to the Company following the completion of work on 55 wells. As of March 31, 2024, the remaining escrow balance of $450,000 is included in other noncurrent assets in the Condensed Consolidated Balance Sheet. In April 2024, we completed work on an additional 25 wells and expect to receive $250,000 from the escrow account in the second quarter of 2024.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q, including this section, includes certain statements that may be deemed “forward-looking statements” within the meaning of federal securities laws. All statements, other than statements of historical facts, which address activities, events, or developments that the Company expects, believes, or anticipates will or may occur in the future, including future sources of financing and other possible business developments, are forward-looking statements. Such statements are subject to a number of assumptions, risks and uncertainties and could be affected by a number of distinct factors, including the Company’s failure to secure short and long-term financing necessary to sustain and grow its operations, increased competition, changes in the markets in which the Company participates and the technology utilized by the Company and new legislation regarding environmental matters. These risks and other risks that could affect the Company's business are more fully described in reports the Company files with the SEC, including its Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. Actual results may vary materially from the forward-looking statements. The Company undertakes no duty to update any of the forward-looking statements in this Form 10-Q.

Overview

Our primary business is the optimization of developed production and development of oil and gas interests. We In 2022 we had net income from operations but have incurred significant losses from operations in 2023 and 2024 and in years prior to 2022, and there 2022. There is no assurance that we will maintain profitability be profitable or obtain funds necessary to finance our future operations.

We seek to increase shareholder value by growing reserves, production, revenues, and cash flow from operating activities by executing our mission to use highly-skilled personnel to thoughtfully and expertly spend capital to realize reserves on producing properties. properties as well as further develop fields.

Management places emphasis on operating cash flow in managing our business, as operating cash flow considers the cash expenses incurred during the period and excludes non-cash expenditures not related directly to our operations.

Business Strategy

Our business strategy is to obtain long-term growth in reserves and cash flow on a cost-effective basis. Management regularly evaluates potential acquisitions of properties that would enhance current core areas of operation.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to use judgment to make estimates and assumptions that affect certain amounts reported in the consolidated financial statements. As additional information becomes available, these estimates and assumptions are subject to change and thus impact amounts reported in the future. Critical accounting policies are those accounting policies that involve judgment and uncertainties affecting the application of those policies and the likelihood that materially different amounts would be reported under different conditions or using differing assumptions. Management periodically updates the estimates used in the preparation of the financial statements based on management’s latest assessment of the current and projected business and general economic environment. There have been no significant changes to the Company’s critical accounting policies during the nine three months ended September 30, 2023 March 31, 2024.

LIQUIDITY AND CAPITAL RESOURCES

General

The Company’s primary sources of short-term liquidity are cash and cash equivalents, net cash provided by operating activities, and issuance of debt or equity securities. The Company’s short- and long-term liquidity requirements consist primarily of capital expenditures, acquisitions of oil and natural gas properties, payments of contractual obligations, and working capital obligations. Funding for these requirements may be provided by any combination of the Company’s sources of liquidity. Although the Company expects that its sources of funding will be adequate to fund its liquidity requirements, no assurance can be given that such funding sources will be adequate to meet the Company’s future needs.

Liquidity

As of September 30, 2023 March 31, 2024, the Company had approximately $11 million $3.5 million of cash on hand and approximately $300,000 $1.1 million available on its Credit Facility. For additional information regarding the Credit Facility, see Note 8 to the Condensed Consolidated Financial Statements included in this report.

The Company expects to incur costs related to drilling activities in core areas as well as future oil and natural gas acquisitions in core areas. In October 2023, As of March 31, 2024, the Company commenced a has incurred approximately $25 million of cumulative costs related to the drilling program in the Starbuck field of North Dakota in which we expect to drill 10 to 14 wells at an estimated total cost of $20 million to $22 million. Dakota. It is expected that the Company will use a combination of debt or equity issuances, cash on hand, and cash flows from operations to fund capital programs, ongoing operations, and any potential acquisitions.

Phil Mulacek and Energy Evolution have committed to funding at least an additional $10 million through equity or other mutually agreed instrument.**Working Capital**

Working Capital

Working capital (presented below) decreased by approximately $3.6 million $6.9 million between December 31, 2022 December 31, 2023 and September 30, 2023 March 31, 2024. This change is was primarily a result of driven by payables related to the total outstanding amount under the Credit Facility becoming current due to its maturity on August 24, 2024, coupled with capital expenditures in 2023, higher workover and plug and abandonment costs, Starbuck Drilling Program and a weaker price environment in the first nine months of 2023. lower cash balance at March 31, 2024.

	September, 30 2023	December 31, 2022
Current Assets	$ 20,417,396	$ 22,734,973
Current Liabilities	18,865,158	17,620,660
Working Capital	$ 1,552,238	$ 5,114,313

	March 31, 2024	December 31, 2023
Current Assets	$ 13,829,486	$ 18,744,904
Current Liabilities	27,048,226	25,049,572
Working Capital	$ (13,218,740)	$ (6,304,668)

Cash Flows

Cash Flows Provided By (Used In):	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Variance	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Variance
Operating Activities	$ (5,957,231)	$ 14,907,166	$ (20,864,397)	$ 3,907,689	$ (5,066,714)	$ 8,974,403
Investing Activities	(5,519,179)	(4,790,931)	(728,248)	(17,097,134)	455,281	(17,552,415)
Financing Activities	10,566,802	2,005,736	8,561,066	8,888,402	(569,136)	9,457,538

Cash Flows from Operating Activities
The impact of lower higher commodity prices in 2023 and lower general and administrative expenses during the first quarter of 2024 contributed to the decrease increase in cash flows as well as a higher level of workovers from operating activities. General and plugging activity administrative expense in 2023 and a $2.1 million payment for withholding obligations on an option exercise (see Note 12). The Company had net income in included $360,000 of severance paid to the first nine months of 2022 primarily driven by higher commodity pricing and increasing cash provided by operating activities. Company's former CEO.

Cash Flows from Investing Activities
In 2022, we began recompletions Cash flows from investing activities in the first quarter of 2024 includes approximately $17 million of additions to oil and other capitalizable efforts in multiple states as we sought gas properties primarily due to bring production online from existing wells and bring on new production from sidetrack drilling the development of our operations in North Dakota. This activity continued into 2023 and contributed to $5.6 million of capital expenditures in 2023 coupled with activities related to the Company's current development activities in North Dakota. In addition, the Company purchased interest in producing properties in New Mexico for approximately $2.1 million in August 2023.
As part of the XTO acquisition in 2021, we entered into an agreement to create a sinking fund for future plugging liabilities, paying approximately $4.8 million into that fund in 2021 and 2022. In 2022, we were able to negotiate for the release of the sinking fund requirement and received $2.0 million in late 2022. The remaining $2.8 million of the sinking fund balance was returned to us in 2023.

Cash Flows from Financing Activities
Cash flows from financing activities for the first quarter of 2024 includes $5 million from a promissory note issued to the Company by a related party and approximately $4 million borrowed on the Company's Credit Facility (see Note 8).

Capital Resources

Capital Expenditures

For the nine three months ended September 30, 2023 March 31, 2024, the Company made principal payments on its Credit Facility totaling incurred approximately $1.5 million pursuant to required quarterly payments. In September 2023, we received proceeds from bridge loans from related parties totaling $10 million (See Note 8).

In 2022, we received approximately $3 million $13.4 million of cash related to warrant exercises.

Capital Resources

Capital Expenditures

For the nine months ended September 30, 2023, the Company spent approximately $5.6 million on additions to oil and natural gas properties and which primarily reflects the completion of the 2022 well enhancement project continued drilling and completions activity in North Dakota, new drilling in North Dakota, and non-operated drilling. Dakota. As previously discussed, the Company began a capital program in the third quarter of 2023 in North Dakota.

Production and Operating Data

The following table sets forth a summary of the Company's production and operating data for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023. Because of normal production declines, increased or decreased production due to future acquisitions, divestitures, and development, and fluctuations in commodity prices, the historical information presented below should not be interpreted as being indicative of future results.

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Production and Operating Data:						
Net Production Volumes:						
Oil (Bbl)	120,177	123,804	368,847	361,226	130,760	120,257
Natural Gas (Mcf)	195,908	231,522	638,419	653,829	211,820	231,218
Natural Gas Liquids (Bbl)	35,568	42,989	106,002	121,658	34,785	39,756
Total (Boe)	188,396	205,380	581,252	591,856	200,848	198,549
Average Price per Unit:						
Oil (Bbl)	$ 78.98	$ 92.90	$ 74.77	$ 97.58	$ 72.21	$ 74.33
Natural Gas (Mcf)	$ 2.10	$ 6.59	$ 2.06	$ 5.71	$ 1.78	$ 2.84
Natural Gas Liquids (Bbl)	$ 11.57	$ 21.99	$ 12.06	$ 26.32	$ 11.97	$ 12.70
Total (Boe)	$ 54.75	$ 68.03	$ 51.91	$ 71.27	$ 50.96	$ 50.87
Operating Costs and Expenses per Boe:						
Lease Operating Expense	$ 37.42	$ 37.74	$ 35.56	$ 28.69	$ 36.78	$ 32.84
Production and Ad Valorem Taxes	$ 4.21	$ 5.42	$ 3.91	$ 5.32	$ 4.15	$ 3.82
Depreciation, Depletion, Amortization and Accretion	$ 6.36	$ 4.30	$ 5.74	$ 4.12	$ 9.84	$ 5.16
General and Administrative Expense:						
General and Administrative Expense	$ 13.70	$ 9.93	$ 12.90	$ 11.68	$ 14.33	$ 15.23
Stock-Based Compensation	$ 0.84	$ 3.94	$ 3.94	$ 2.83	$ 3.54	$ 4.78
Total General and Administrative Expense	$ 14.54	$ 13.88	$ 16.84	$ 14.51	$ 17.87	$ 20.01

Bbl– One stock tank barrel, of 42 U.S. gallons liquid volume, used herein in reference to oil, condensate, or natural gas liquids.

Mcf– One thousand cubic feet of natural gas.

Boe– One barrel of oil equivalent, a standard convention used to express oil and natural gas volumes on a comparable oil equivalent basis. Natural gas equivalents are determined under the relative energy content method by using the ratio of 6.0 Mcf of natural gas to 1.0 Bbl of oil or condensate.

Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023

Results of Operations

The following table reflects the Company's summary operating information. Because of normal production declines, increased or decreased drilling activity and the effects of acquisitions, the historical information presented below should not be interpreted as indicative of future results.

	Three Months Ended September 30,			
	2023	2022	Variance	Variance %
Oil Revenues	$ 9,492,127	$ 11,501,521	$ (2,009,394)	-17%
Natural Gas Revenues	411,217	1,526,148	(1,114,931)	-73%
NGL Revenues	411,624	945,317	(533,693)	-56%
Total Product Revenues	10,314,968	13,972,986		
Lease Operating Expense (Including Workovers)	7,050,054	7,751,755	(701,701)	-9%
Production and Ad Valorem Taxes	792,241	1,112,246	(320,005)	-29%
Depreciation, Depletion, Amortization and Accretion	1,198,448	882,162	316,286	36%
General and Administrative Expense:				
General and Administrative Expense	2,580,464	2,040,418	540,046	26%
Stock-based Compensation	158,792	809,641	(650,849)	-80%
Total General and Administrative Expense	2,739,256	2,850,059	(110,803)	-4%
Interest Expense	249,796	125,330	124,466	99%
Operating Income (Loss)	(2,633,902)	1,442,159	(4,076,061)	NM
Net Income (Loss)	(2,747,628)	215,941	(2,963,569)	NM

	Three Months Ended March 31,			
	2024	2023	Variance	Variance %
Oil Revenues	$ 9,441,964	$ 8,938,715	$ 503,249	6%
Natural Gas Revenues	377,130	656,035	(278,905)	-43%
NGL Revenues	416,211	504,954	(88,743)	-18%
Total Product Revenues	10,235,305	10,099,704		
Lease Operating Expense (Including Workovers)	7,387,423	6,520,163	867,260	13%
Production and Ad Valorem Taxes	833,447	758,114	75,333	10%
Depreciation, Depletion, Amortization and Accretion	1,975,479	1,023,764	951,715	93%
General and Administrative Expense:				
General and Administrative Expense	2,879,037	3,023,279	(144,242)	-5%
Stock-based Compensation	710,002	949,639	(239,637)	-25%
Total General and Administrative Expense	3,589,039	3,972,918	(383,879)	-10%
Interest Expense	315,049	237,299	77,750	33%
Operating Income (Loss)	(4,398,147)	(2,222,714)	(2,175,433)	NM
Net Income (Loss)	(3,975,196)	(2,459,591)	(1,515,605)	NM

NM:*A percentage calculation is not meaningful due to change in signs, a zero-value denominator or a percentage change that is greater than 200.*

Revenues

Revenues for the three months ended September 30, 2023 decreased March 31, 2024 increased over the same period as the prior year primarily due to lower higher oil sales volumes despite a decrease in realized prices.

Net oil natural gas and NGL prices and lower oil volumes. sales volumes were approximately 131,000 Bbls for the three months ended March 31, 2024, an increase of approximately 9% over the same period in the prior year. Oil volumes in third-quarter 2023 were impacted by facility maintenance first-quarter 2024 increased primarily due to new wells completed in New Mexico. North Dakota during the period.

Realized oil prices for the three months ended September 30, 2023, March 31, 2024 were approximately $78.98 $72.21 per barrel, while realized prices for the same period in the prior year were approximately $92.90 $74.33 per barrel, a decrease in price of approximately 15% 3%.

Realized natural gas prices for the three months ended September 30, 2023, March 31, 2024 were approximately $2.10 $1.78 per mcf, while realized prices for the same period in the prior year were approximately $6.59 $2.84 per mcf, a decrease in price of approximately 71% 37%.

Realized NGL prices for the three months ended September 30, 2023, March 31, 2024 were approximately $11.57 $11.97 per barrel, while realized prices for the same period in the prior year were approximately $21.99 $12.70 per barrel, a decrease in price of approximately 45% 6%.

Net oil sales volumes were approximately 120,000 Bbls for the three months ended September 30, 2023, a decrease of approximately 3% over the same period in the prior year. Oil volumes in third-quarter 2023 were impacted by facility maintenance in New Mexico.

Lease Operating Expense and Production Taxes

Lease operating expense was lower higher in 2023 2024 due in part to lower higher power and fuel costs, higher contract labor and an increase in the third quarter of employee headcount in first-quarter 2024 compared to first-quarter 2023. Lease operating expense includes approximately $3.2 million $2.0 million workover expense for the three months ended September 30, 2023 March 31, 2024 as compared to $2.9 million $2.7 million for the same period in 2022. 2023. The higher workover expense in 2023 was primarily in New Mexico as the Company continued to work over wells in the region to enhance production.

Production taxes were lower higher for the third first quarter of 2023 2024 compared to 2022 the same period in 2023 as a result of the lower higher product revenues discussed above.

Depreciation, Depletion, Amortization and Accretion

DD&A was higher in the first quarter of 2024 compared to the same period in 2023 due in part to the increase in production and the impact of higher capitalized costs associated with the new drilling activity in North Dakota.

General and Administrative Expense

General and administrative expense, excluding stock-based compensation, increased decreased in 2023 2024 compared to 2022 2023 primarily due to higher the $360,000 of severance expense for the former CEO in first quarter of 2023 (see Note 12) despite an increase in salaries and benefits period over period associated with an increase in employee costs. headcount.

Stock-based Compensation

The Company utilizes stock-based compensation to compensate the Board, members of management, and retain talented personnel. The Company anticipates stock-based compensation to continue to be utilized in 2023 2024 and beyond to attract and retain talented personnel and compensate Board members and consultants. The decrease year over year is

Interest Expense

Cash-based interest expense was higher for the first quarter of 2024 compared to the same period in 2023 primarily due to forfeited stock options resulting in the reversal of $576,000 of previously recorded stock-based compensation (See Note 12).

Interest Expense

Cash-based interest expense increased despite a decrease increase in the outstanding amount under the Company's Credit Facility due to an increase in the interest rate from 5.0% at September 30, 2022 to 10.0% at September 30, 2023.

Nine Months Ended September 30, 2023 and 2022 Facility.

Results of Operations

The following table reflects the Company's summary operating information. Because of normal production declines, increased or decreased drilling activity and the effects of acquisitions, the historical information presented below should not be interpreted as indicative of future results.

	Nine Months Ended September 30,			
	2023	**2022**	**Variance**	**Variance %**
Oil Revenues	$ 27,578,453	$ 35,247,309	$ (7,668,856)	-22%
Natural Gas Revenues	1,315,938	3,731,946	(2,416,008)	-65%
NGL Revenues	1,278,759	3,201,947	(1,923,188)	-60%
Total Product Revenues	30,173,150	42,181,202		
Lease Operating Expense (Including Workovers)	20,669,217	16,981,057	3,688,160	22%
Production and Ad Valorem Taxes	2,271,630	3,151,325	(879,695)	-28%
Depreciation, Depletion, Amortization and Accretion	3,338,615	2,438,895	899,720	37%
General and Administrative Expense:				
General and Administrative Expense	7,497,947	6,915,068	582,879	8%
Stock-based Compensation	2,289,237	1,672,823	616,414	37%
Total General and Administrative Expense	9,787,184	8,587,891	1,199,293	14%
Interest Expense	671,982	347,763	324,219	93%
Operating Income (Loss)	(7,158,122)	11,000,171	(18,158,293)	NM
Net Income (Loss)	(7,672,128)	9,373,648	(17,045,776)	NM

NM: *A percentage calculation is not meaningful due to change in signs, a zero-value denominator or a percentage change that is greater than 200.*

Revenues

Revenues for the nine months ended September 30, 2023 decreased over the same period as the prior year primarily due to lower realized oil, natural gas and NGL prices, partially offset by higher oil sales volumes.

Realized oil prices for the nine months ended September 30, 2023, were approximately $74.77 per barrel, while realized prices for the same period in the prior year were approximately $97.58 per barrel, a decrease in price of approximately 23%.

Realized natural gas prices for the nine months ended September 30, 2023, were approximately $2.06 per mcf, while realized prices for the same period in the prior year were approximately $5.71 per mcf, a decrease in price of approximately 67%.

Realized NGL prices for the nine months ended September 30, 2023, were approximately $12.06 per barrel, while realized prices for the same period in the prior year were approximately $26.32 per barrel, a decrease in price of approximately 54%.

Net oil sales volumes were approximately 369,000 Bbls for the nine months ended September 30, 2023, an increase of approximately 2% over the same period in the prior year.

Lease Operating Expense and Production Taxes

Lease operating expense was higher in 2023 due in part to higher workover activity in the first nine months of 2023 coupled with higher production. Lease operating expense includes approximately $8.9 million of workover expense for the nine months ended September 30, 2023 as compared to $5.3

million for the same period in 2022. Part of the higher workover expense was in North Dakota as the Company continued to work over wells in the state to enhance production alongside capital recompletions and sidetrack drilling started in 2022.

Production taxes were lower for the first nine months of 2023 compared to 2022 as a result of the lower product revenues discussed above.

Depreciation, Depletion, Amortization and Accretion

The higher DD&A in 2023 is due in part to the increase in production as well as the impact of the capitalized costs associated with the capital development activity in North Dakota.

General and Administrative Expense

General and administrative expense, excluding stock-based compensation, in 2023 includes $360,000 of severance expense for the former CEO and $145,000 of severance expense for the former COO (see Note 12) along with higher employee salaries and wages, partially offset by lower employee bonus expense period over period. The nine months ended September 30, 2022 includes a $650,000 expense accrual related to a sales tax audit.

Stock-based Compensation

The Company utilizes stock-based compensation to compensate members of the Board, management, and retain talented personnel. The Company anticipates stock-based compensation to continue to be utilized in 2023 and beyond to attract and retain talented personnel and compensate Board members and consultants. The increase year over year is primarily due to Board awards in 2023 partially offset by forfeited stock options resulting in the reversal of $576,000 of previously recorded stock-based compensation (See Note 12).

Interest Expense

Cash-based interest expense increased despite a decrease in the outstanding amount under the Company's Credit Facility due to an increase in the interest rate from 5.0% at September 30, 2022 to 10.0% at September 30, 2023.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company conducted carried out an evaluation under the supervision and participation of the Company's Chief Company's Principal Executive Officer and Chief Principal Financial Officer, along with the Company's our management, of the effectiveness of the design and operation of the Company's Company's disclosure controls and procedures as defined in Securities Exchange Act Rule 13a - 15(e) 13a-15(e). Based on this evaluation, the Company's Chief Company's Principal Executive Officer and Chief Principal Financial Officer concluded that the disclosure controls and procedures were effective, as of the end of the period covered by this report, were not effective due in ensuring the information required to an existing material weakness discussed below. As described be disclosed by the Company in the Company's Annual Report on Form 10-K filed with reports it files or submits under the SEC on March 31, 2023, Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer (principal executive officer and Principal Financial Officer concluded that, as of December 31, 2022, the Company's internal control over principal financial reporting was not effective at a reasonable assurance level due officer) to a material weakness as the Company did not have sufficient resources and processes in its accounting function, which restricts the Company's ability to gather, analyze and properly review information related to financial reporting in a allow timely manner.

Management has evaluated the material weakness described above and is in the process of updating its design and implementation of internal control over financial reporting to remediate the aforementioned material weakness and enhance the Company's internal control environment which to date has included the hiring of a Chief Accounting Officer in October 2021. In the first quarter of 2022, the Chief Accounting Officer engaged an outside company to undertake an internal controls review. This review concluded in the third quarter of 2022. Controls that would strengthen the Company's internal control structure that were identified during the course of the review continue to be designed and will be implemented on an ongoing basis. Additionally, in December 2022, we had a change in the Chief AccountingOfficer although the former Chief Accounting Officer continued to assist the Company on a part-time basis in the first half of 2023. In addition to continuing to enhance and refine control design, management plans to add the appropriate resources and focus efforts during 2023 to test the operational effectiveness of the controls that will be established. In May 2023, we hired an additional accounting resource who will serve as Controller. We are committed to continuing to improve our internal control processes and will continue to diligently and vigorously review our financial reporting controls and procedures. decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

While we continue to implement design enhancements to our internal control procedures, we believe that other than the changes described above regarding the ongoing remediation efforts, there were no changes to our internal control over financial reporting during the three months ended September 30, 2023 March 31, 2024, which were identified in connection with the evaluation that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. It is management's expectation that the Company will implement enhanced controls throughout 2023 2024 with additional controls implemented as they are identified by the outside consultants. management. Management will continue to diligently and rigorously review the financial reporting controls and procedures on an ongoing basis.

Inherent Limitations on Effectiveness of Controls

The Company's disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their desired objectives. Management recognizes that a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of their inherent limitations, disclosure controls and procedures and internal control over financial reporting may not prevent or detect all errors or misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding legal proceedings, see Note 15 of the Unaudited Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

Not applicable.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

On August 9, 2023 the Company issued 67,000 shares of common stock to Energy Evolution in exchange for the Purchase Option. For a description of the Purchase Option, see Note 3 of Unaudited Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q. None.

The issuance of such shares of common stock was not registered under the Securities Act of 1933, as amended, in reliance upon the exemption from the registration requirements of that Act provided by Section 4(a)(2) thereof. Energy Evolution is a sophisticated accredited investor with the experience and expertise to evaluate the merits and risks of an investment in the Company and the financial means to bear the risks of such an investment.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.The Company was not informed by any of its directors or Section 16 officers of the adoption or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Item 408 of Regulation S-K, during the first quarter of 2024.

As previously reported, on March 12, 2024, Stephen L. Faulkner, Jr. (Larry) informed the Company that he was resigning as Chief Financial Officer and Chief Accounting Officer of the Company effective on March 28, 2024. The Company has engaged outside consultants to assist the Company's Controller while the Company remains in a search process to identify Mr. Faulkner's successor. Also as previously reported, on May 10, 2024, the Board of Directors of the Company appointed Michael R. Morrisett, the Company's President and Chief Executive Officer, to temporarily serve as the Company's principal financial officer until the Company hires a replacement principal financial officer.

Item 6. Exhibits

10.1 Empire North Dakota LLCPetroleum Corporation Promissory Note Due October 31, 2023February 15, 2026 in the original aggregate principal amount of $5.0 million in favor of Phil Mulacek (incorporated herein by reference to Exhibit 10.1 to the Company's Form 8-K dated September 19, 2023, which was filed on September 25, 2023).

10.2 Empire North Dakota LLC Promissory Note Due October 31, 2023 in the original principal amount of $5.0 million in favor of Energy Evolution Master Fund, Ltd. (incorporated herein by reference to Exhibit 10.210 to the Company's Form 8-K dated September 19, 2023February 16, 2024, which was filed on September 25, 2023February 21, 2024).

10.3 Commercial Guaranty Agreement, dated as of September 19, 2023, issued by Empire Petroleum Corporation in favor of Phil Mulacek (incorporated herein by reference to Exhibit 10.3 to the Company's Form 8-K dated September 19, 2023, which was filed on September 25, 2023).

10.4 Commercial Guaranty Agreement, dated as of September 19, 2023, issued by Empire Petroleum Corporation in favor of Energy Evolution Master Fund, Ltd. (incorporated herein by reference to Exhibit 10.4 to the Company's Form 8-K dated September 19, 2023, which was filed on September 25, 2023).

10.5 Letter Agreement amending Senior Revolver Loan Agreement, dated as of September 19, 2023, by and among Empire Louisiana LLC and Empire North Dakota LLC, as borrowers, Empire Petroleum Corporation, as guarantor, and CrossFirst Bank, as lender (incorporated herein by reference to Exhibit 10.5 to the Company's Form 8-K dated September 19, 2023, which was filed on September 25, 2023).

10.6 Subordination Agreement, dated as of September 19, 2023, by and among Phil Mulacek, Energy Evolution Master Fund, Ltd. and Empire North Dakota LLC in favor of CrossFirst Bank (incorporated herein by reference to Exhibit 10.6 to the Company's Form 8-K dated September 19, 2023, which was filed on September 25, 2023).

10.7 Letter Amendment amending the Bridge Loans, dated as of October 31, 2023, by and among Phil Mulacek and Energy Evolution Master Fund, Ltd., as investors, Empire North Dakota LLC, as borrower, and Empire Petroleum Corporation, as guarantor (incorporated herein by reference to Exhibit 10.1 to the Company's Form 8-K dated October 31, 2023, which was filed on November 1, 2023).

10.8 Shared Services Agreement, dated as of August 1, 2023, by and between PIE Operating, LLC and Empire Petroleum Corporation (submitted herewith).

31.1	Rule 13a - 14 (a)/15(d) - 14(a) Certification of Michael R. Morrisett, Chief Executive Officer (submitted herewith).
31.2	Rule 13a - 14 (a)/15(d) - 14(a) Certification of Stephen L. Faulkner, Jr., Michael R. Morrisett, Chief Financial Executive Officer (principal financial officer) (submitted herewith).
32.1	Section 1350 Certification of Michael R. Morrisett, Chief Executive Officer (submitted herewith).
32.2	Section 1350 Certification of Stephen L. Faulkner, Jr., Michael R. Morrisett, Chief Financial Executive Officer (principal financial officer) (submitted herewith).
101	Financial Statements for Inline XBRL format (submitted herewith).
104	Cover Page Interactive Data File (embedded within Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Empire Petroleum Corporation

Date: November 13, 2023 May 15, 2024

By: /s/ Michael R. Morrisett

Michael R. Morrisett
Chief Executive Officer and President
(Principal Executive Officer and Principal Financial Officer)

Date: November 13, 2023

By: /s/ Stephen L. Faulkner, Jr.

Stephen L. Faulkner, Jr.
Chief Financial Officer and Chief Accounting Officer
(Principal Financial Officer)

26

EXHIBIT 10.8

SHARED SERVICES AGREEMENT

This SHARED SERVICES AGREEMENT (this "**Agreement**") is made and entered into as of August 1, 2023, by and between PIE Operating, LLC, a Texas limited liability company (individually and, collectively with its Affiliates, "**PIE**"), and Empire Petroleum Corporation, a Delaware corporation (individually and, collectively with its Affiliates, "**Empire**"). Each of PIE and Empire a "**Party**" and collectively, "**Parties**".

RECITALS

A. PIE has and will continue to make available to Empire certain services, and Empire will make available to PIE certain services.

B. Empire and PIE desire to obtain certain services from one another for the purpose of retaining the benefit of operational efficiencies created by the sharing of such services.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS

1.1 "**Administrative Services**" shall mean providing postage and mailing, printer toner/ink for printing, office supplies and overhead necessities for technical staff, including ink and paper for large plotting and mapping, well logs, legal documents, leases, etc.

1.2 "**Building & Insurance Services**" shall mean providing physical office space in or near PIE's office in The Woodlands, Texas as agreed to by the Parties (including Suite 400 meeting room, but specifically excluding common areas), and any insurance acquired in connection with such space or in connection with the use(s) thereof.

1.3 "**Provider**" shall mean the Party under this Agreement providing Services to the other Party.

1.4 "**Recipient**" shall mean the Party under this Agreement receiving Services from the other Party.24

1.5 "**Services**" shall mean all services provided pursuant to this Agreement, individually and collectively.

1.6 "**Support Services**" shall mean providing office administration support and infield services, including geotechnical support services, engineering and technical support services, land, legal and regulatory support services and filing services, and operations support (e.g., drilling, completion, workover, facilities for well site, etc.,).

1

1.7 "**Technology & Software Services**" shall mean providing all technical team software (e.g., .ihs Kingdom, PETRA, ARC GIS, Enverus, etc.) and necessary hardware and equipment support, including Neuralog (well log printing and scanning), Office Plotter, Ericom Blaze (Server Connectivity), internet Access and offsite storage, cloud based storage and remote star link rentals, and telecommunications (VOIP for land line ethernet services).

2. PROVISION OF SERVICES

2.1 Scheduled Services. Subject to Article 7 hereof, PIE will provide the Administrative Services, the Building & Insurance Services, the Technology & Software Services to Empire and each Provider shall provide such Support Services that an authorized representative of Recipient may reasonably request from time to time, commencing with the date hereof and continuing until terminated in accordance with Section 7 hereof.

2.2 Consent of Third Parties. Provider's obligation to deliver any Service described in this Agreement is conditional upon Provider obtaining the consent, where necessary, of any relevant third-party, provided, however, that if such consent cannot be obtained, the Parties shall use their respective commercially reasonable efforts to arrange for alternative methods of delivering such Service.

3. PRICING, BILLING, AND PAYMENT

3.1 Fees. All Services will be charged to and payable by Recipient in accordance with Exhibit A attached hereto.

3.2 Payment. Charges for Services shall be billed monthly by Provider and shall be payable by Recipient no later than 30 days after receipt of each such monthly invoice. If Recipient fails to pay invoice undisputed invoice (or that portion of an invoice that is not disputed in good faith) within 90 days of issuance, than Provider may charge the lesser of 12% annual interest rate with any unpaid portion compounding monthly or the maximum allowable legal interest rate.

3.3 Right to Audit. Recipient, or its designated representative, shall have the right to inspect and audit Provider's books, records, and all associated documents in connection with the Services provided under this Agreement. Provider agrees to maintain such books, records and associated documents for a period of two years from the end of the calendar year in which such costs were invoiced and to make such books, records, and associated documents reasonably available to Recipient during business hours or as otherwise agreed.

4. WARRANTY, LIABILITY, INDEMNITY AND INSURANCE

4.1 Standard of Service. Provider shall provide Services in accordance with customary industry practices and applicable law. Except to the extent set forth in the preceding sentence, Provider makes no warranty, express or implied, with respect to the Services to be provided hereunder.

4.2 Limitation of Liability. The maximum liability of Provider to, and the sole remedy of, Recipient for breach of this Agreement or otherwise with respect to Services is a refund of the price paid for the particular Service or, at the option of Recipient, a redelivery (or delivery) of the

Service, unless the breach arises out of Provider's gross negligence, willful misconduct, or breach of contract with a third-party in connection with providing the Services hereunder. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL, PUNITIVE, OR SPECIAL DAMAGES ARISING OUT OF THIS AGREEMENT, WHETHER RESULTING FROM NEGLIGENCE OR OTHERWISE. Nothing in this Section 4.2 shall be understood to limit either Party's rights or obligations respect to indemnity or insurance in connection with any third-party claim or a Party's right to plead and/or seek contribution or reimbursement in connection with a third-party claim.

4.3 Indemnity. **Except in the cases of claims that are subject to the Louisiana Oilfield Anti-Indemnity Act, and the determination that such law applies to this Agreement, Recipient agrees to indemnify and hold Provider harmless from any damages, loss, cost or liability (including legal fees and expenses and the cost of enforcing this indemnity) arising out of or resulting from a third-party claim regarding Recipient's performance, purported performance or nonperformance of this Agreement (including those arising from or related to the sole, joint, or concurrent negligence of Provider), provided, however, that Recipient will not have any obligation to indemnify Provider to the extent that such third-party claim directly arises out of or results from Provider's gross negligence, willful misconduct, or breach of contract with such third-party in connection with providing the Services hereunder**.

4.4 Insurance.

(a) Without regard to Sections 4.2 or 4.3, each Party shall secure and maintain, and shall require their respective subcontractors to secure and maintain, during the term of this Agreement, insurance coverage with sufficient limits, coverage, and endorsements to cover the Party's liability hereunder, including any claim from such Party's employee, contractors, subcontractors and/or any third-party. Each Party and their subcontractors shall keep such policies in effect for at least three years following the termination of this Agreement.

(b) **Except in the cases of claims that are subject to the Louisiana Oilfield Anti-Indemnity Act, and the determination that such law applies to this Agreement, all liability coverage carried by a Party and any subcontractor shall extend to and protect the indemnitee to the fullest extent and amount of such coverage, including, but not limited to, excess or umbrella insurance policies, and shall be primary to, and receive no contribution from, any other insurance or self-insurance programs maintained by or on behalf of or benefiting the indemnitee. The limits and coverages of the insurance obtained by the Party or any subcontractor, except as otherwise provided herein and to the extent prohibited or required by law, shall in no way limit the liabilities or obligations assumed by any Party or their respective subcontractors. All of a Party's and each subcontractor's liability insurance policies, including excess or umbrella policies, shall name the applicable indemnitees as an additional insured and contain a waiver on the part of the insurer of all rights against the applicable indemnitees, including, but not limited to, a waiver of subrogation.**

5. FORCE MAJEURE

Provider shall be temporarily excused from performance under this Agreement if any force majeure, including but not limited to disaster, fire, war, civil commotion, strike, labor shortage, slowdown, or the unavailability of labor, governmental regulation (including pandemic/public health related operational restrictions), energy shortage, or other occurrence beyond the reasonable control of Provider should have happened and made it impossible for Provider to perform its obligations under this Agreement. Under such circumstances, performance under this Agreement that relates to the delay shall be suspended for the duration of the delay, provided that Provider resumes the performance of its obligations with due diligence as soon as practicable after the effects of such event have been alleviated. In case of any such suspension, the Parties shall use their commercially reasonable efforts to overcome the cause and effect of such suspension, but in no event shall either Party be required to settle any litigation, strike, lockout or other labor difficulty contrary to its best interests in its sole discretion. The provisions of this Section 5 will not excuse any failure to pay, or delay the time for payment of, any sum of money owing pursuant to this Agreement.

6. CONFIDENTIALITY

Each Party acknowledges that the other Party possesses, and will continue to possess, information that has been created, discovered or developed by such other Party and/or in which property rights have been assigned or otherwise conveyed to such other Party, which information has commercial value and is not in the public domain. The proprietary information of each Party will be and remain the sole property of such Party and its assigns. Each Party shall use the same degree of care that it normally uses to protect its own confidential or proprietary information to prevent the disclosure to third parties of the confidential or proprietary information of the other Party. Neither Party shall make any use of the confidential or proprietary information of the other Party, except as contemplated or required by the terms of this Agreement. Notwithstanding the foregoing, this Section 6 shall not apply to any information that a Party can demonstrate: (a) was, at the time of disclosure to it, in the public domain through no fault of such Party; (b) was received after disclosure to it from a third party who had a lawful right to disclose such information to it; or (c) was independently developed by the receiving Party. This provision shall survive termination of the Agreement or any Service under Section 7.

7. TERMINATION

7.1 Master Agreement. This is a master agreement and shall be construed as a separate and independent agreement for each and every group of Services individually defined in Section 1 of this Agreement. The Partis may from time-to-time add additional Services not identified in Section 1 of this Agreement by a written and signed addendum to this Agreement. Any termination of this Agreement with respect to any such group of Services shall not terminate this Agreement with respect to any other group of Services then being provided pursuant to this Agreement.

7.2 Termination. Any one or more of the Services may be terminated (a) upon mutual agreement of Empire and PIE or (b) at a Party's option, upon at least 60 days' advance notice to the other Party. All accrued and unpaid charges for the Services shall be due and payable upon termination of this Agreement with respect to such Services.

7.3 Termination Due to Breach. Upon 30 days' written notice, Provider may terminate this Agreement with respect to any Service or, at its option, suspend performance of its obligations with respect thereto, in either case in the event of the failure of Recipient to pay any invoice with respect to such Service within 30 days of the receipt of such invoice or upon any other material breach by Recipient of this Agreement with respect to such Service, unless (a) Recipient is disputing the invoice in good faith and has paid, or does pay within the 30-day notice period, all amounts not in dispute or (b) Recipient shall have paid the invoice or cured such breach within the 30-day notice period. Provider's rights to terminate this Agreement pursuant to this paragraph are in addition to any other rights Provider may have (to damages or otherwise) pursuant to applicable law with respect to such breach.

7.4 Continuing Obligation. Following any termination of this Agreement with respect to any one or more Service, the following obligations shall continue:

(a) *Transition Period.* Each Party shall cooperate in good faith with the other to transfer and/or retain all records, prepare and file tax returns and take all other actions necessary to provide each Party and their respective successors and assigns with sufficient information in the form requested by such Party, or their respective successors and assigns, as the case may be, to make alternative service arrangements substantially consistent with those contemplated by this Agreement with respect to the terminated Service.

(b) *Third-Party Contracts.* Recipient shall continue to be responsible to pay its portion of any third-party contract that Provider acquires to provide Recipient with Services under this Agreement when such contract extends beyond the term of the applicable Service or this Agreement; provided, Recipient obligation to pay shall be proportionately reduced by the amount any such contracted for Services that Provider actually utilizes for its own operations following termination of a Service or the Agreement. For example, if Recipient is utilizing (i) 5,000 sq. ft. of Provider's office space and (ii) two software licenses that each have a 2 year term and this Agreement is terminated after one year, then Recipient shall continue to pay the costs for such office space and software licenses until expiration of the applicable lease agreement and software license; except that, if Provider uses one of those software licenses and acquires additional employees resulting in Provider using 50% of Recipient's previously used office space (i.e., 2,500 sq. ft.), then Recipient's obligation to pay hereunder would be reduced by 50%. Notwithstanding the foregoing Provider shall have sole and absolute discretion regarding which Services (including office space) that it elects to utilize, if any, after termination of this Agreement and nothing in this clause shall be understood to require Provider to utilize any Service or grant any priority to utilizing Recipient's prior Services after termination of the Agreement. Further, the storage of furniture, boxes, files or equipment in former personnel space shall not constitute utilization of that space under this provision.

8. NO IMPLIED ASSIGNMENTS OR LICENSES

Nothing in this Agreement is to be construed as an assignment or grant of any right, title or interest in any trademark, copyright, design or trade dress, patent right or other intellectual or industrial property right.

9. RELATIONSHIP OF PARTIES

The Parties are independent contractors under this Agreement. Except as expressly set forth herein, neither Party has the authority to, and each Party agrees that it shall not, directly or indirectly contract any obligations of any kind in the name of or chargeable against the other Party without such Party's prior written consent.

10. ASSIGNMENT AND DELEGATION

Neither Party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other Party hereto.

11. NOTICES

All notices or other communications hereunder shall be deemed to have been duly given and made if in writing and (a) if served by personal delivery upon the Party for whom it is intended, on the day so delivered; (b) if mailed by registered or certified mail, return receipt requested, on the third business day following such mailing; (c) if deposited for delivery by a reputable courier service, on the business day following deposit with such courier; or (d) if sent by e-mail, on the day the e-mail is transmitted electronically, or if not a business day, the next succeeding business day to the person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such person:

If to PIE, to:
PIE Operating, LLC
25025 I-45
The Woodlands, Texas 77380
Attn: Sterling Mulacek
E-mail:
If to Empire, to:
Empire Petroleum Corporation
2200 S. Utica Place, Suite 150
Tulsa, Oklahoma 74114
Attn: Larry Faulkner
E-mail:

12. ENTIRE AGREEMENT

This Agreement, including the Schedules, contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

13. PARTIES IN INTEREST

This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any third party other than PIE or Empire or their respective successors or permitted assigns any rights or remedies under or by reason of this Agreement.

14. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas without regard to the rules of conflicts of law of the State of Texas or any other jurisdiction that would require the application of the laws of another jurisdiction.

15. THIRD—PARTY BENEFICIARIES.

This Agreement is for the sole benefit of PIE and Empire and no third party is intended to be a beneficiary of this Agreement.

16. COUNTERPARTS

This Agreement may be executed and delivered in several counterparts and by electronic means, all of which are identical except, and all of such counterparts together shall constitute one and the same instrument.

17. AMENDMENT; WAIVER

Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by PIE and Empire, or in the case of a waiver, by the Party against whom the waiver is to be effective. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

18. NONSOLICITATION

The Parties agree that, during the term of this Agreement and for a period of two years after termination of the Agreement by either party, neither Party shall, either for itself or for any other person, party, or entity, for any reason, either directly or indirectly, contact, solicit, take away, hire, divert, encourage, influence, or induce any employee, independent contractor or other vendor of the Provider, its subsidiaries or its affiliated companies to terminate or modify such peron's relationship with Provider, its subsidiaries or its affiliated companies or assist any other party in doing the same.

[Signatures on Next Page]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

PIE OPERATING, LLC		EMPIRE PETROLEUM CORPORATION	
By:	/s/ Sterling Mulacek	By:	/s/ Michael R. Morrisett
Name:	Sterling Mulacek	Name:	Michael R. Morrisett
Title:	Manager	Title:	CEO & President

EXHIBIT 31.1

CERTIFICATION

I, Michael R. Morrisett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Empire Petroleum Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

November 13, 2023
May 15, 2024

/s/ Michael R. Morrisett

Michael R. Morrisett
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Stephen L. Faulkner, Michael R. Morrisett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Empire Petroleum Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 13, 2023 May 15, 2024

/s/ Stephen L. FaulknerMichael R. Morrisett

Stephen L. Faulkner Michael R. Morrisett
President and Chief Financial Executive Officer and
Chief Accounting Officer
(principal financial officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Empire Petroleum Corporation (the "Company") on Form 10-Q for the period ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael R. Morrisett, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 13, 2023 May 15, 2024

/s/ Michael R. Morrisett

Michael R. Morrisett
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Report and shall not be considered filed as part of the Report.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Empire Petroleum Corporation (the "Company") on Form 10-Q for the period ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen L. Faulkner, Chief Financial

Officer Michael R. Morrisett, President and Chief Accounting Executive Officer (principal financial officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 13, 2023 May 15, 2024

/s/ Stephen L. Faulkner Michael R. Morrisett

Stephen L. Faulkner

Michael R. Morrisett

President and Chief Financial Officer and

Chief Accounting Executive Officer

(principal financial officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Report and shall not be considered filed as part of the Report.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.