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DELTA REPORT

10-K

PR - PERMIAN RESOURCES CORP

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	11354
CHANGES	517
DELETIONS	8332
ADDITIONS	2505

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

FORM 10-K

☒ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended **December 31, 2022** **December 31, 2023**
or
☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Commission file number 001-37697

PERMIAN RESOURCES CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation) 47-5381253
(I.R.S. Employer Identification No.)

300 N. Mariefeld St., Suite 1000
Midland, Texas 79701
(Registrant's telephone number, including area code): (432) 695-4222

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.0001 per share	PR	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 the filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ 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 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to \$240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of **June 30, 2022** **June 30, 2023**, the last business day of the registrant's most recently completed second fiscal quarter, was approximately **\$1,194,173,176** **\$2,940,481,909** based on the closing price of the shares of common stock on that date. While shares of Class C Common Stock are not listed for public trading, they are exchangeable for shares of Class A Common Stock at any time on a share-for-share basis, and the calculation of aggregate market value assumes all outstanding shares of Class C Common Stock were exchanged for Class A Common Stock as of June 30, 2023.

As of **February 17, 2023** **February 23, 2024**, there were **289,663,160** **540,951,732** shares of Class A Common Stock, par value \$0.0001 per share outstanding and **269,300,000** **230,910,435** shares of Class C Common Stock, par value \$0.0001 per share, outstanding.

Documents Incorporated by Reference:

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GLOSSARY OF OIL UNITS OF MEASUREMENTS AND NATURAL GAS INDUSTRY TERMS

The following are abbreviations and definitions of certain terms used in this Annual Report on Form 10-K, which are commonly used in the oil and natural gas industry:

Bbl. One stock tank barrel of 42 U.S. gallons liquid volume used herein in reference to crude oil, condensate or NGLs.

Bbl/d. One Bbl per day.

Boe. One barrel of oil equivalent, calculated by converting natural gas to oil equivalent barrels at a ratio of six Mcf of natural gas to one Bbl of oil. This is an energy content correlation and does not reflect a value or price relationship between the commodities.

Boe/d. One Boe per day.

Btu. One British thermal unit, which is the quantity of heat required to raise the temperature of a one-pound mass of water by one-degree Fahrenheit.

Completion. The process of preparing an oil and gas wellbore for production through the installation of permanent production equipment, as well as perforation and fracture stimulation to initiate production.

Development well. A well drilled within the proved area of an oil or natural gas reservoir to the depth of a stratigraphic horizon known to be productive.

Differential. An adjustment to the price of oil or natural gas from an established spot market price to reflect differences in the quality, gathering, processing and transportation fees and location of oil or natural gas.

Exploratory well. A well drilled to find a new field or to find a new reservoir in a field previously found to be productive of oil or natural gas in another reservoir.

Extension well. A well drilled to extend the limits of a known reservoir.

Field. An area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same individual geological structural feature or stratigraphic condition. The field name refers to the surface area, although it may refer to both the surface and the underground productive formations.

Formation. A layer of rock which has distinct characteristics that differs from nearby rock.

Henry Hub price. A natural gas benchmark price quoted at settlement date average.

Horizontal drilling. A drilling technique used in certain formations where a well is drilled vertically to a certain depth and then drilled at a right angle within a specified interval.

ICE Brent. Brent crude oil traded on the Intercontinental Exchange, Inc. (ICE).

MBbl. One thousand barrels of crude oil, condensate or NGLs.

MBoe. One thousand Boe.

Mcf. One thousand cubic feet of natural gas.

Mcf/d. One Mcf per day.

MMBtu. One million British thermal units.

MMcf. One million cubic feet of natural gas.

NEOs. Named executive officers, which term refers to the principal executive officer, the principal financial officer, and the next three most highly paid executive officers of a company as of the end of the most recently completed fiscal year, based on total compensation as determined under Rule 402 of Regulation S-K.

NGL. Natural gas liquids. These are naturally occurring substances found in natural gas, including ethane, butane, isobutane, propane and natural gasoline, that can be collectively removed from produced natural gas, separated in these substances and sold.

NYMEX. The New York Mercantile Exchange.

NYSE. The New York Stock Exchange.

Operator. The individual or company responsible for the development and/or production of an oil or natural gas well or lease.

Proved developed reserves. Reserves that can be expected to be recovered through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared with the cost of a new well.

Proved reserves. The estimated quantities of oil, NGLs and natural gas that geological and engineering data demonstrate with reasonable certainty to be commercially recoverable in future years from known reservoirs under existing economic and operating conditions.

Proved undeveloped reserves or PUD. Proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for completion.

Realized price. The cash market price less differentials.

Reserves. Estimated remaining quantities of oil and natural gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and natural gas or related substances to market and all permits and financing required to implement the project.

Reservoir. A porous and permeable underground formation containing a natural accumulation of producible oil and/or natural gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

Royalty interest. An interest in an oil or gas property entitling the owner to shares of the production free of costs of exploration, development and production operations.

SOFR. Secured Overnight Funding Rate.

Spot market price. The cash market price without reduction for expected quality, location, transportation and demand adjustments.

Unproved reserves. Reserves attributable to unproved properties with no proved reserves.

Wellbore. The hole drilled by a drill bit that is equipped for oil and natural gas production once the well has been completed. Also called well or borehole.

Working interest. The interest in an oil and gas property (typically a leasehold interest) that gives the owner the right to drill, produce and conduct operations on the property and to a share of production, subject to all royalties and other burdens and to all costs of exploration, development and operations and all risks in connection therewith.

Workover. Operations on a producing well to restore or increase production.

WTI. West Texas Intermediate is a grade of crude oil used as a benchmark in oil pricing.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (the "Annual Report"), includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical fact included in this Annual Report, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this Annual Report, the words "could," "may," "believe," "anticipate," "intend," "estimate," "expect," "project," "goal," "plan," "target" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on management's current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described in *Item 1A. Risk Factors* in this Annual Report.

Forward-looking statements may include statements about:

- volatility of oil, natural gas and NGL prices or a prolonged period of low oil, natural gas or NGL prices and the effects of actions by, or disputes among or between, members of the Organization of Petroleum Exporting Countries ("OPEC"), such as Saudi Arabia, and other oil and natural gas producing countries, such as Russia, with respect to production levels or other matters related to the price of oil;
- political and economic conditions in or affecting other producing regions or countries, including the Middle East, Russia, Eastern Europe, Africa and South America;
- the effects of excess supply of oil and natural gas resulting from the reduced demand caused by the Coronavirus Disease 2019 ("COVID-19") pandemic and the actions by certain oil and natural gas producing countries;
- our business strategy and future drilling plans;
- our reserves and our ability to replace the reserves we produce through drilling and property acquisitions;
- our drilling prospects, inventories, projects and programs;
- our financial strategy, return of capital program, leverage, liquidity and capital required for our development program;
- our realized oil, natural gas and NGL prices;
- the timing and amount of our future production of oil, natural gas and NGLs;
- our ability to identify, complete and effectively integrate acquisitions of properties or businesses;
- our ability to realize the anticipated benefits and synergies from the Earthstone Merger and effectively integrate the acquired assets of CRP and Colgate (as such capitalized terms are defined in *Business and Properties* under Part I, Item 1 of this Annual Report) below);
- our hedging strategy and results;
- our competition and government regulations;
- our ability to obtain permits and governmental approvals;
- our pending legal or environmental matters;
- the marketing and transportation of our oil, natural gas and NGLs;
- our leasehold or business acquisitions;
- cost of developing or operating our properties;

- our anticipated rate of return;
- general economic conditions;
- weather conditions in the areas where we operate;
- credit markets;
- our ability to make dividends, distributions and share repurchases;
- uncertainty regarding our future operating results; and
- our plans, objectives, expectations and intentions contained in this Annual Report that are not historical.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control, incident to the development, production, gathering and sale of oil and natural gas. These risks include, but are not limited to, commodity price volatility, inflation, lack of availability of drilling and production equipment and services, risks relating to the merger of the Company with Earthstone Energy, Inc (the "Earthstone

Merger"), environmental risks, drilling and other operating risks, regulatory changes, the uncertainty inherent in estimating reserves and in projecting future rates of production, cash flow and access to capital, the timing of development expenditures and the other risks described in *Item 1A. Risk Factors* in this Annual Report.

Reserve engineering is a process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data and price and cost assumptions made by reserve engineers. In addition, the results of drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, such revisions would change the schedule of any further production and development drilling. Accordingly, reserve estimates may differ significantly from the quantities of oil and natural gas that are ultimately recovered.

Should one or more of the risks or uncertainties described in this Annual Report occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this Annual Report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Annual Report.

Risk Factors Summary

The following is a summary of the principal risks that could materially adversely affect our business, financial condition and results of operations. Refer to *Risk Factors* under Part I, Item 1A of this Annual Report for a more detailed description of each risk factor.

Risks Related to Commodity Prices

- Commodity prices are volatile, and a sustained period of low commodity prices for oil, natural gas and NGLs could adversely affect our business, financial condition and results of operations.
- If commodity prices decrease to a level such that our future undiscounted cash flows from our properties are less than their carrying value, we may be required to take write-downs of the carrying values of our properties.

Risks Related to Our Reserves, Leases and Drilling Locations

- Reserve estimates depend on many assumptions that may turn out to be inaccurate. Any material inaccuracies in reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves.
- Unless we replace our reserves with new reserves and develop those reserves, our reserves and production will decline, which would adversely affect our future cash flows and results of operations.
- Our use of seismic data is subject to interpretation and may not accurately identify the presence of oil and natural gas, which could adversely affect the results of our drilling operations.
- The development of our estimated PUDs may take longer and may require higher levels of capital expenditures than we currently anticipate. Therefore, our estimated PUDs may not be ultimately developed or produced.
- Certain of our undeveloped leasehold acreage is subject to leases that will expire over the next several years unless production is established on units containing the acreage, the primary term is extended through continuous drilling provisions or the leases are renewed.
- Our identified drilling locations are scheduled out over many years, making them susceptible to uncertainties that could materially alter the occurrence or timing of their drilling.
- Properties that we decide to drill may not yield oil or natural gas in commercially viable quantities.

Risks Related to Our Operations

- Our development and acquisition projects require substantial capital expenditures. We may be unable to obtain required capital or financing on satisfactory terms, which could lead to a decline in our ability to access or grow production and reserves.
 - Drilling for and producing oil and natural gas are high risk activities with many uncertainties that could adversely affect our business, financial condition or results of operations. Additionally, we may not be insured for, or our insurance may be inadequate to protect us against, these risks.
 - Many of our properties are in areas that may have been partially depleted or drained by offset wells and certain of our wells may be adversely affected by actions other operators may take when drilling, completing, or operating wells that they own.
-
- Part of our strategy involves using some of the latest available horizontal drilling and completion techniques, which involve risks and uncertainties in their application.
-
- Our operations are substantially dependent on the availability of water. Restrictions on our ability to obtain water may have an adverse effect on our financial condition, results of operations and cash flows.
 - Our ability to produce crude oil, natural gas and NGLs economically and in commercial quantities could be impaired if we are unable to acquire adequate supplies of water for our drilling operations or are unable to recycle or dispose of the produced water we produce in an economical and environmentally safe manner.
 - Our producing properties are concentrated in the Delaware Basin, a sub-basin of the Permian Basin, making us vulnerable to risks associated with operating in a single geographic area.
 - The marketability of our production is dependent upon transportation and other facilities, most of which we do not control. If these facilities are unavailable, or if we are unable to access these facilities on commercially reasonable terms, our operations could be interrupted and our revenues reduced.
 - We have entered into multi-year agreements with some of our suppliers, service providers and the purchasers of our oil and natural gas, which contain minimum volume commitments. Any failure by us to satisfy the minimum volume commitments could lead to contractual penalties that could adversely affect our results of operations and financial position.
 - The unavailability or high cost of additional drilling rigs, equipment, supplies, personnel and oilfield services could adversely affect our ability to execute our development plans within our budget and on a timely basis.
 - We could experience periods of higher costs if commodity prices rise. These increases could reduce our profitability, cash flow and ability to complete development activities as planned.
 - We depend upon a small number of significant purchasers for the sale of most of our oil, natural gas and NGL production.
 - We may incur losses as a result of title defects in the properties in which we invest.
 - Multi-well pad drilling may result in volatility in our operating results.
 - We may be unable to make attractive acquisitions or successfully integrate acquired businesses, and any inability to do so may disrupt our business and hinder our ability to grow.
 - A security interruption or failure with respect to our information technology systems could harm our ability to effectively operate our business.

Risks Related to Our Derivative Transactions, Debt and Access to Capital

- Our derivative activities could result in financial losses or could reduce our earnings.
- Our leverage and debt service obligations may adversely affect our financial condition, results of operations, business prospects and our ability to make payments on our outstanding debt.
- We may not be able to generate sufficient cash to service all of OpCo's indebtedness and may be forced to take other actions to satisfy OpCo's obligations under applicable debt instruments, which may not be successful.
- Restrictions in OpCo's existing and future debt agreements could limit our growth and ability to engage in certain activities.
- If OpCo is unable to comply with the restrictions and covenants in the agreements governing its indebtedness, there could be a default under the terms of these agreements, which could result in an acceleration of payment of funds that OpCo has borrowed.
- Any significant reduction in the borrowing base under OpCo's revolving credit facility as a result of the periodic borrowing base redeterminations or otherwise may negatively impact our ability to fund our operations.
- If we experience liquidity concerns, we could face a downgrade in our debt ratings which could restrict our access to, and negatively impact the terms of, current or future financings or trade credit.
- Increases in interest rates could adversely affect our business.

Risks Related to Legislative and Regulatory Initiatives

- Climate change laws and regulations restricting emissions of GHGs could increase our costs and reduce demand for the oil and natural gas we produce, while potential physical effects of climate change could disrupt our production and cause us to incur significant costs in preparing for or responding to those effects.
- Federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing as well as governmental reviews of such activities could result in increased costs and additional operating restrictions or delays in the completion of oil and natural gas wells and adversely affect our production.
- Conservation measures, technological advances and negative shift in market perception toward the oil and natural gas industry could reduce demand for oil and natural gas.
- Our operations may be exposed to significant delays, costs and liabilities as a result of environmental and occupational health and safety requirements applicable to our business activities.

- Restrictions on drilling activities intended to protect certain species of wildlife may adversely affect our ability to conduct drilling activities in areas where we operate.
- A negative shift in investor sentiment towards the oil and natural gas industry and increased attention to environmental, social and governance (“ESG”) and conservation matters may adversely impact our business.
- Any restrictions on oil and natural gas development on federal lands has the potential to adversely impact our operations.
- Tax laws and regulations may change over time, and any such changes could adversely affect our business and financial condition.
- Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect our business, investments and results of operations.

Risks Related to Our Common Stock and Capital Structure

- A negative shift in investor sentiment towards the oil and gas industry could adversely affect our ability to raise equity and debt capital.
- Our principal stockholders hold substantial voting power of our outstanding voting common stock.
- There may be future sales or other dilution of our equity, which may adversely affect the market price of our common stock.
- The declaration of dividends and any repurchases of our common stock are each within the discretion of our board of directors based upon a review of relevant considerations, and there is no guarantee that we will pay any dividends on or repurchase shares of our common stock in the future or at levels anticipated by our stockholders.
- Provisions contained in our Charter and Bylaws, as well as provisions of Delaware law, could impair a takeover attempt, which may adversely affect the market price of our common stock.
- The Charter designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for substantially all actions and proceedings that may be initiated by stockholders, which could limit shareholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Risks Related to the Earthstone Merger

- We may be unable to integrate the business of the Company and Earthstone successfully or realize the anticipated benefits of the Earthstone Merger.
- The failure to integrate our businesses and operations financial forecasts disclosed in connection with those the announcement of Colgate successfully in the expected time frame Earthstone Merger are based on various assumptions that may adversely affect our future results, not be realized.
- Colgate was not a U.S. public reporting company and The synergies attributable to the obligations associated with integrating it into a public company Earthstone Merger may require significant resources and management attention, vary from expectations.

PART I

ITEMS 1 AND 2. BUSINESS AND PROPERTIES

Overview

Permian Resources Corporation is an independent oil and natural gas company focused on driving sustainable returns through the responsible acquisition, optimization and development of high-return crude oil and associated liquids-rich natural gas reserves. Throughout this Annual Report, unless the context otherwise indicates, all references to the “Company,” “Permian Resources,” “we,” “us,” or “our” refer to Permian Resources Corporation and its consolidated subsidiary, Permian Resources Operating, LLC (“OpCo”, which was formally Centennial Resource Production, LLC or “CRP”).

Our principal business objective is to deliver leading shareholder returns by leveraging our high-quality asset base and technical expertise to sustainably and responsibly develop our oil and natural gas resources to meet the world’s need for affordable, abundant energy. We intend to drive disciplined production growth through optimized development of our assets with the overall objective of improving our rates of return, generating sustainable free cash flow, maintaining a strong and flexible balance sheet and maximizing returns to our shareholders. We also look for opportunities to accretively add to optimize our portfolio of high-return, long-life inventory through accretive acquisitions that meet our strategic and financial objectives.

Business Combination Combinations

On September 1, 2022 November 1, 2023, CRP we completed its the merger (the “Merger” “Earthstone Merger”) with Earthstone Energy, Inc. (“Earthstone”). Earthstone was an independent oil and gas company engaged in the operation and development of oil and natural gas properties. The Earthstone Merger added approximately 223,000 net leasehold acres and significant core inventory locations to our position in the Permian Basin in both Texas and New Mexico and was completed to drive long-term accretion across our key financial and operating metrics, enhance shareholder returns and improve capital efficiency. As a part of the Earthstone Merger consideration, approximately 161.2 million shares of our Class A Common Stock and 49.5 million shares of our Class C Common Stock (with underlying units of OpCo) were issued to Earthstone’s equity holders. Certain operational and financial information set forth in this Annual Report on Form 10-K does not include the activity of Earthstone for periods prior to the completion of the Earthstone Merger on November 1, 2023.

On September 1, 2022, we completed the merger (the “Colgate Merger”) with Colgate Energy Partners III, LLC (“Colgate”). Colgate was an independent oil and gas exploration and development company with properties located in the Delaware Basin. The Colgate Merger was completed to provide increases to our operational and financial scale, drive accretion across our key financial and operating metrics, and enhance the combined company’s shareholder returns. As a part of the Merger consideration, 269,300,000 269.3 million shares of our Class C Common Stock and underlying units of OpCo were issued to Colgate’s equity holders, which represent an approximate 48% noncontrolling interest in

OpCo as of December 31, 2022, holders. Certain operational and financial information set forth in this Annual Report on Form 10-K does not include the activity of Colgate for periods prior to the completion of the Colgate Merger on September 1, 2022.

Refer to Note 2—Business Combination Combinations under Part II, Item 8 of this Annual Report for further information regarding the Merger, mergers.

In connection with the closing of the Merger, the Company changed its name from “Centennial Resource Development, Inc.” to “Permian Resources Corporation” and transferred the listing of its Class A Common Stock to the NYSE under the ticker symbol “PR”.

Description of Our Properties

Our assets are concentrated in the core of the Delaware Permian Basin and consist of large, contiguous acreage blocks in West Texas and New Mexico. As of December 31, 2022 December 31, 2023, we have approximately 176,380 407,000 net leasehold acres 96% of which we operate, and approximately 40,000 68,000 net royalty acres. Approximately 69% 70% of our total acreage is located in Texas primarily in Reeves and Ward Counties and the remaining 31% 30% is located in Lea and Eddy Counties in New Mexico. As of December 31, 2022, approximately 96% of our net acreage is held by production. The relatively high proportion of our operated acreage that is held by production gives us significant operational control and capital spending flexibility. This allows us to execute an optimal development program with significant control over the timing and allocation of capital expenditures to efficiently develop our high-quality asset base to drive returns to investors.

Proved Oil and Gas Reserves

Reserve estimates are inherently imprecise, and estimates for new discoveries and undeveloped locations are more imprecise than reserve estimates for producing oil and gas properties. Accordingly, these estimates are expected to change as new information becomes available. The pre-tax PV 10% amounts shown in the following table are not intended to represent the current market value of our estimated proved reserves. The actual quantities and present value of our estimated proved reserves may be more or less than we have estimated, due to a number of factors. The following table should be read along with Item 1A. Risk Factors in this Annual Report.

The following table summarizes estimated proved reserves, pre-tax PV 10%, and standardized measure of discounted future cash flows for the periods indicated:

		December 31, 2022	December 31, 2021	December 31, 2020		
					December 31, 2023	December 31, 2022
Proved developed reserves:	Proved developed reserves:					
	Oil (MBbls)					
	Oil (MBbls)					
	Oil (MBbls)	Oil (MBbls)	156,941	77,973	70,716	
	Natural gas (MMcf)	Natural gas (MMcf)	652,270	326,223	279,556	
	NGL (MBbls)	NGL (MBbls)	74,940	30,318	31,672	
	Total proved developed reserves (MBoe) ₍₁₎	Total proved developed reserves (MBoe) ₍₁₎	340,593	162,662	148,981	
Proved undeveloped reserves:	Proved undeveloped reserves:					
	Oil (MBbls)	Oil (MBbls)	130,091	75,480	79,776	
	Oil (MBbls)					
	Oil (MBbls)					
	Natural gas (MMcf)	Natural gas (MMcf)	381,301	250,782	248,231	
	NGL (MBbls)	NGL (MBbls)	47,911	25,265	28,773	
	Total proved undeveloped reserves (MBoe) ₍₁₎	Total proved undeveloped reserves (MBoe) ₍₁₎	241,553	142,542	149,921	

Total proved reserves:	Total proved reserves:										
Oil (MBbls)	Oil (MBbls)										
Oil (MBbls)	Oil (MBbls)	287,032		153,453		150,492					
Natural gas (MMcf)	Natural gas (MMcf)	1,033,571		577,005		527,787					
NGL (MBbls)	NGL (MBbls)	122,851		55,583		60,445					
Total proved reserves (MBoe) ⁽¹⁾	Total proved reserves (MBoe) ⁽¹⁾	582,146		305,204		298,902					
Proved developed reserves %	Proved developed reserves %	59	%	53	%	50	%				
Proved developed reserves %	Proved developed reserves %						76	%	59	%	53
Proved undeveloped reserves %	Proved undeveloped reserves %	41	%	47	%	50	%	Proved undeveloped reserves %	24	%	47
Reserve values (in millions):	Reserve values (in millions):										
Reserve values (in millions):	Reserve values (in millions):										
Standard measure of discounted future net cash flows	Standard measure of discounted future net cash flows										
Standard measure of discounted future net cash flows	Standard measure of discounted future net cash flows										
Standard measure of discounted future net cash flows	Standard measure of discounted future net cash flows	\$	9,425.6	\$	3,396.3	\$	1,184.7				
Discounted future income tax expense	Discounted future income tax expense	2,289.1		481.2		4.4					
Total proved pre-tax PV 10% ⁽²⁾	Total proved pre-tax PV 10% ⁽²⁾	\$	11,714.7	\$	3,877.5	\$	1,189.1				

⁽¹⁾ Calculated by converting natural gas to oil equivalent barrels at a ratio of six Mcf of natural gas to one Boe.

⁽²⁾ Total proved pre-tax PV 10% ("Pre-tax PV 10%") is a supplemental non-GAAP financial measure as defined by the SEC U.S. Securities and Exchange Commission ("SEC") and is derived from the standardized measure of discounted future net cash flows (the "Standardized Measure"), which is the most directly comparable U.S. generally accepted accounting principles ("GAAP") financial measure. Pre-tax PV 10% is computed on the same basis as the Standardized Measure but without deducting future income taxes. We believe Pre-tax PV 10% is a useful measure for investors when evaluating the relative monetary significance of our oil and natural gas properties. We further believe investors may utilize our Pre-tax PV 10% as a basis for comparison of the relative size and value of our proved reserves to other companies because many factors that are unique to each individual company impact the amount of future income taxes to be paid. However, Pre-tax PV 10% is not a substitute for the Standardized Measure. Our Pre-tax PV 10% and Standardized Measure do not purport to present the fair value of our proved oil, NGL and natural gas reserves.

Proved Undeveloped Reserves. Our proved undeveloped (“PUD”) reserves **increased decreased** by **99.0 20.5** MMBoe on a net basis from **December 31, 2021 December 31, 2022** to **December 31, 2022 December 31, 2023**, and the following table provides a reconciliation of the changes to our PUD reserves that occurred during the year:

(MMBoe)	2022	2023
Proved undeveloped reserves at January 1, 2022 January 1, 2023	241,553	142,542
Transfers to proved developed reserves	(55,616)	(91,234)
Revisions to previous estimates	(55,100)	(34,872)
Extensions and discoveries	77,781	47,947
Purchase of reserves in place	132,697	57,689
Divestitures of reserves in place		(751)
Proved undeveloped reserves at December 31, 2022 December 31, 2023	221,083	241,553

The **increase decrease** in proved undeveloped reserves was primarily attributable to **converting 91.2 MMBoe of PUD reserves to proved developed reserves during 2023**, for which we spent \$870.6 million in capital expenditures. Additionally, total revisions to previous estimates reduced PUD reserves by a net amount of 34.9 MMBoe. Negative revisions during 2023 mainly related to (i) 22.3 MMBoe of PUD locations that were mainly reclassified to unproved reserves due to changes made to our development plan (ii) 7.6 MMBoe of downward revisions related to lowered estimates associated with timing and performance, and (iii) 5.0 MMBoe of reduced PUD reserves from lower average commodity prices for the year ended 2023. These decreases in proved undeveloped reserves were partially offset by adding **132.7 57.7** MMBoe of PUD reserves, the significant majority of which were from properties acquired in the **Earthstone Merger** on **September 1, 2022 November 1, 2023** (Refer to **Note 2—Business Combination Combinations** under Part II, Item 8 of this Annual Report for further details on the **Earthstone Merger**). Additionally, we added **77.8 47.9** MMBoe of PUD reserves during the year through extensions and discoveries **as a result of our 2023 drilling results**, which mainly related to new locations added **based on our 2022 drilling results**. The majority of these new PUD locations were on our New Mexico acreage within in the various Bone Spring **Sand and Wolfcamp** formations and we also added locations on the **Company's acreage position** in the Wolfcamp A and B formations on our Texas acreage position. We spent \$445.2 million in capital expenditures to convert 55.6 MMBoe of PUD reserves to proved developed reserves during 2022. Total revisions to previous estimates reduced PUD reserves by a net amount of 55.1 MMBoe. Negative revisions during 2022 totaled 56.0 MMBoe mainly related to 47.8 MMBoe of PUD locations that were either reclassified to unproved reserves or removed due to changes made to our development plan as a result of combining drilling programs following the Merger. The remaining 8.2 MMBoe of the downward revisions were associated with performance and timing and were slightly offset by 0.9 MMBoe of positive revisions associated with upward pricing adjustments. **Delaware Basin**. All of our PUD locations are scheduled to be drilled within five years of their initial booking. Our PUD to proved developed reserves conversion rate was **39% 38%** in **2022, 2023**.

For additional information and for a discussion of material changes on our total proved reserves, see *Supplemental Information About Oil & Natural Gas Producing Activities*, Item 8. Financial Statements and Supplementary Data of this Annual Report.

Preparation of Reserve Estimates

Our proved reserves are estimated by an independent engineering firm, Netherland, Sewell & Associates, Inc. (“NSAI”). Reserve estimates are prepared in accordance with the definitions and regulations of the SEC and the Financial Accounting Standards Board (the “FASB”) using a deterministic method, which includes decline curve analysis, production performance analysis, offset analogies, and in some cases a combination of these methodologies.

Controls over Reserve Estimation

We maintain adequate and effective internal controls over the reserve estimation process and the underlying data which the reserve estimates are based upon. Our reserves estimation process is coordinated by our internal reserves department, which consists of qualified petroleum engineers and is overseen by our **Vice President of Planning and Corporate Reserves, Reserves Manager**. Reserve information, including models and other technical data, are stored on a secured database on our network. Certain non-technical inputs used in the reserves estimation process such as ownership interest percentages, oil and natural gas production, commodity prices, price differentials, operating and development costs and plug and abandonment estimates are obtained by other departments. Annually, our internal reserves department prepares a preliminary reserve database and meets with NSAI to discuss the assumptions and methods to be used in the year-end proved reserve estimation process and to review field performance and our future development plans. Following this review, the reserve database and supporting data is furnished to NSAI for their independent estimates and final report.

Qualifications of Responsible Technical Persons

Our **Vice President of Planning and Corporate Reserves Jeff Thompson, Manager, Joseph Jones**, is responsible for overseeing the preparation of the reserves estimates. Mr. **Thompson Jones** has held this position at Permian Resources (formerly Centennial) since **July 2017 September 2022** after formerly serving in a similar role for Colgate prior to the **Colgate Merger** and has over **15 10** years of relevant experience in reservoir engineering and reserve estimation. He holds a Bachelor of Science degree in petroleum engineering from the **University of Oklahoma, Texas A&M University**.

NSAI was founded in 1961 and performs consulting petroleum engineering services under Texas Board of Professional Engineers Registration No. F-2699. Within NSAI, the technical persons primarily responsible for preparing the estimates set forth in the NSAI reserves report incorporated herein are Ms. Lily W. Cheung and Mr. Zachary R. Long. Ms. Cheung, a Licensed

Professional Engineer in the State of Texas (No. 107207), has been practicing consulting petroleum engineering at NSAI since 2007 and has over 4 years of prior industry experience. She graduated from Massachusetts Institute of Technology in 2003 with a Bachelor of Science Degree in Mechanical Engineering and from University of Texas at Austin in 2007 with a Master of Business

Administration Degree. Mr. Long, a Licensed Professional Geoscientist in the State of Texas, Geology (No. 11792), has been practicing consulting petroleum geoscience at NSAI since 2007 and has over 2 years of prior industry experience. He graduated from University of Louisiana at Lafayette in 2003 with a Bachelor of Science Degree in Petroleum Geology and from Texas A&M University in 2005 with a Master of Science Degree in Geophysics. Both technical principals meet or exceed the education, training, and experience requirements set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers; both are proficient in judiciously applying industry standard practices to engineering and geoscience evaluations as well as applying SEC and other industry reserves definitions and guidelines.

Production

The following table sets forth information regarding net production of oil, natural gas and NGLs, and certain price and cost information for each of the periods indicated:

		Year Ended December 31,					
		2022	2021	2020			
		Year Ended December 31,			Year Ended December 31,		
		2023	2022	2021	2023	2022	2021
Net production:	Net production:						
Oil (MBbls)	Oil (MBbls)						
Oil (MBbls)	Oil (MBbls)						
Oil (MBbls)	Oil (MBbls)	18,235	11,701	13,207			
Natural gas (MMcf)	Natural gas (MMcf)	59,692	40,741	41,302			
NGL (MBbls)	NGL (MBbls)	6,750	3,752	4,490			
Total (MBoe) ⁽¹⁾	Total (MBoe) ⁽¹⁾	34,934	22,243	24,581			
Average sales price (excluding effect of hedges):	Average sales price (excluding effect of hedges):						
Oil (per Bbl)	Oil (per Bbl)	\$ 88.95	\$ 63.50	\$ 36.02			
Natural gas (per Mcf)	Natural gas (per Mcf)	4.64	3.67	1.13			
NGL (per Bbl)	NGL (per Bbl)	34.41	36.61	12.91			
Oil (per Bbl)	Oil (per Bbl)						
Oil (per Bbl)	Oil (per Bbl)						
Natural gas price excluding the effects of GP&T (per Mcf) ⁽²⁾	Natural gas price excluding the effects of GP&T (per Mcf) ⁽²⁾						
NGL price excluding the effects of GP&T (per Bbl) ⁽³⁾	NGL price excluding the effects of GP&T (per Bbl) ⁽³⁾						
Total per Boe ⁽¹⁾	Total per Boe ⁽¹⁾	\$ 61.01	\$ 46.30	\$ 23.61			
Operating costs per Boe:	Operating costs per Boe:						
Lease operating expenses	Lease operating expenses	\$ 4.92	\$ 4.78	\$ 4.45			
Lease operating expenses	Lease operating expenses						
Lease operating expenses	Lease operating expenses						

Severance and ad valorem taxes	Severance and ad valorem taxes	4.46	3.02	1.60
Gathering, processing and transportation expenses	Gathering, processing and transportation expenses	2.80	3.86	2.90

(1) Calculated by converting natural gas to oil equivalent barrels at a ratio of six Mcf of natural gas to one Boe.

(2) Natural gas average sales price excludes \$0.41 per Mcf of gathering, processing and transportation costs ("GP&T") for the year ended December 31, 2023, \$0.22 for the year ended December 31, 2022 and none for the year ended December 31, 2021.

(3) NGL average sales price excludes \$4.71 per Bbl of GP&T charges for the year ended December 31, 2023, \$1.56 per Bbl for the year ended December 31, 2022 and none for the year ended December 31, 2021.

Productive Wells

As of December 31, 2022 December 31, 2023, we owned an approximate 89% 83% average working interest in 966 2,577 gross 862 (2,143 net) operated productive wells and an approximate 7% 11% average working interest in 322 1,094 gross 23 (120 net) non-operated productive wells. Our wells are primarily oil wells (1,134 (3,150 gross, 783 2,018 net productive oil wells) that produce associated liquids-rich natural gas. Productive wells consist of producing wells, wells capable of production and wells awaiting connection to production facilities. Gross wells are the total number of producing wells in which we have an interest, operated and non-operated, and net wells are the sum of our fractional working interests owned in gross wells.

Acreage

The following table sets forth information as of December 31, 2022 December 31, 2023 relating to our gross and net developed and undeveloped leasehold acreage. Developed acreage consists of acres spaced or assigned to productive wells and does not include undrilled acreage held by production under the terms of the lease. Undeveloped acreage is defined as acres on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil or natural gas, regardless of whether such acreage contains proved reserves.

Developed Acreage	Developed Acreage		Undeveloped Acreage		Total Acreage		Developed Acreage		Undeveloped Acreage		Total Acreage	
Gross ⁽¹⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾
161,522		104,846	112,798	71,534	274,320	176,380						
433,957												

(1) A gross acre is an acre in which a working interest is owned. The number of gross acres is the total number of acres in which a working interest is owned.

(2) A net acre is deemed to exist when the sum of the fractional ownership working interests in gross acres equals one. The number of net acres is the sum of the fractional working interests owned in gross acres expressed as whole numbers and fractions thereof.

The following table sets forth the gross and net undeveloped acreage, as of December 31, 2022 December 31, 2023, that will expire over the next five years unless production is established within the spacing units covering the acreage, the lease is renewed or extended under continuous drilling provisions prior to the primary term expiration dates, or pursuant to other terms of the lease agreements.

2023		2024		2025		2026		2027	
Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
24,165	1,778	4,457	1,961	2,822	562	3,487	1,567	—	—

2024		2025		2026		2027		2028	
Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
1,620	766	1,519	930	3,402	1,700	1,120	533	213	200

Drilling Results

The following table sets forth the results of our drilling activity, as defined by wells placed on production, for the periods indicated. Productive wells are exploratory, development or extension wells that produce, or are capable of producing, commercial quantities of hydrocarbons, regardless of whether they produce a reasonable rate of return. Dry wells are exploratory, development or extension wells that prove to be incapable of producing hydrocarbons in sufficient quantities to justify incurring the costs associated with completion as an oil or gas well.

Year Ended December 31,

		2022		2021		2020	
		Gross	Net	Gross	Net	Gross	Net
Year Ended December 31,						Year Ended December 31,	
2023						2023	2022
Gross						Gross	Net
Development Wells:	Development Wells:						
Productive	Productive	95	84.9	42	38.0	31	29.5
Productive							
Productive							
Dry ⁽¹⁾	Dry ⁽¹⁾	3	2.8	—	—	1	1.0
		98	87.7	42	38.0	32	30.5
		185					
Exploratory Wells:	Exploratory Wells:						
Productive	Productive	—	—	—	—	—	—
Productive							
Productive							
Dry	Dry	—	—	—	—	1	1.0
		—	—	—	—	1	1.0
		—					
Total	Total	98	87.7	42	38.0	33	31.5

⁽¹⁾ The developmental dry hole category includes wells that were unsuccessful due to mechanical issues that occurred during drilling.

As of **December 31, 2022** **December 31, 2023**, we had **13** **23** gross **(12.4** **(19.5** net) operated wells in the process of drilling and **34** **45** gross **(29.5** **(36.3** net) operated wells in the process of completion or waiting on completion.

Delivery Commitments

The table below summarizes our firm sales agreements for crude oil, which provides for gross firm sales over the contractual term:

Oil Volume Commitments ⁽¹⁾⁽²⁾				Oil Volume Commitments ⁽¹⁾			
Oil Volume Commitments ⁽¹⁾				Oil Volume Commitments ⁽¹⁾			
Period	Period	Total (Bbl)	Daily (Bbls/d)	Period	Total (Bbl)	Daily (Bbls/d)	
2023	2023	12,410,000	34,000				
2024	2024	10,610,000	29,000				
2025	2025	4,380,000	29,000				
Total	Total	27,400,000					
Total							
Total							

⁽¹⁾ Above volumes represent the total gross volumes we are required to deliver pursuant to agreements with carriers, which gross volumes are not comparable to our net production presented in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation* in this Annual Report, as amounts therein are reflected net of all royalties, overriding royalties and production due to others.

⁽²⁾ The oil volume commitments listed above represent our total crude oil takeaway capacity that has been contracted with third party carriers. Of these **These** total oil volumes committed however, only 29,000 Bbls/d from **January 2023 through May 2025** are subject to a financial ship-or-pay penalties if such physical delivery commitments are not met.

We believe our current production and reserves are sufficient to fulfill these physical delivery commitments, and production under the agreements is not tied to any specific property. Therefore, if our production is not sufficient to satisfy the firm delivery commitments above, we believe we can purchase sufficient volumes in the market at index-related

prices to satisfy our commitments.

Title to Properties

We believe that we have satisfactory title to substantially all of our producing properties in accordance with generally accepted industry standards. Individual properties may be subject to burdens such as royalty, overriding royalty, working and other outstanding interests customary in the industry. In most cases, we investigate title and obtain title opinions from counsel only when we acquire producing properties or before commencement of drilling operations.

Marketing and Customers

We market the majority of the production from properties we operate on account of both ourselves and that of the other working interest owners in these properties. We generally sell our oil, natural gas and NGL production to purchasers at prevailing market prices, which in certain cases are adjusted for contractual differentials, and the majority of our revenue contracts have terms greater than twelve months.

We normally sell production to a relatively small number of customers, as is customary in our business. The table below summarizes the purchasers that accounted for 10% or more of our total net revenues for the periods presented:

		Year Ended December 31,													
		2022		2021		2020									
Year Ended December 31,								Year Ended December 31,							
2023								2023		2022		2021			
BP	BP														
America	America	34	%	50	%	47	%	BP America	20	%	34	%	50	%	
Shell	Shell														
Trading (US)	Trading (US)														
Company	Company	21	%	22	%	20	%	Shell Trading (US) Company	20	%	21	%	22	%	
Enterprise	Enterprise														
Crude Oil, LLC	Crude Oil, LLC	18	%	—	%	4	%	Enterprise Crude Oil, LLC	30	%	18	%	—	%	
Eagleclaw Midstream Ventures, LLC		8	%	11	%	8	%								
Kinetik Holdings Inc.								Kinetik Holdings Inc.	5	%	8	%	11	%	

health or safety incidents may occur or past non-compliance with environmental, health and safety laws or regulations may be discovered. In addition, governmental, scientific, and public concern over the threat of climate change arising from increasing global greenhouse gas ("GHG") emissions has resulted in higher political and regulatory risks in the United States, including climate change related pledges made by certain administrations. President Biden has issued several executive orders focused on addressing climate change since taking office, which may impact the costs to produce, or demand for, oil and natural gas. Additionally, in November 2021, the Biden Administration released "The Long-Term Strategy of the United States: Pathways to Net-Zero Greenhouse Gas Emissions by 2050," which establishes a roadmap to net zero emissions in the United States by 2050 through, among other things, improving energy efficiency; decarbonizing energy sources via electricity, hydrogen, and sustainable biofuels; and reducing non-carbon dioxide GHG emissions, such as methane and nitrous oxide. The Biden Administration has also considering revisions proposed certain changes to the leasing and permitting programs for oil and natural gas development on federal lands, including imposing bans on new oil and gas leasing, cancelling issued oil and gas leases, and removing public lands from future oil and gas leasing.

Regulation of Production of Oil and Natural Gas

The production of oil, natural gas and NGLs is subject to regulation under a wide range of local, state and federal statutes, rules, orders and regulations. Federal, state and local statutes and regulations require permits for drilling operations, drilling bonds and reports concerning operations. We own interests in properties located in New Mexico and Texas, which regulate drilling and operating activities by, among other things, requiring permits for the drilling of wells, maintaining bonding requirements in order to drill or operate wells, and regulating the location of wells, the method of drilling and casing wells, the surface use and restoration of properties upon which wells are drilled and the plugging and abandonment of wells. The laws of New Mexico and Texas also govern a number of conservation matters, including provisions for the unitization or pooling of oil and natural gas properties, the establishment of maximum allowable rates of production from oil and natural gas wells, the regulation of well spacing or density, and plugging and abandonment of wells. The effect of these regulations is to limit the amount of oil, natural gas and NGLs that we can produce from our wells and to limit the number of wells or the locations where we can drill, although we can apply for exceptions to such regulations or to have reductions in well spacing or density. Moreover, New Mexico and Texas impose a production or severance tax with respect to the production and sale of oil, natural gas and NGLs within their jurisdiction.

Our competitors in the oil and natural gas industry are subject to the same regulatory requirements and restrictions that affect our operations, and as a result we do not expect compliance with such regulatory requirements to affect our operations in any way that is of material difference from our competitors who are similarly situated. However, the failure to comply with these rules and regulations can result in substantial penalties.

Regulation of Sales and Transportation of Oil

Sales of oil, condensate and NGLs from our producing wells are not currently regulated and are made at negotiated prices. Nevertheless, Congress could enact price controls in the future.

Sales of oil are affected by the availability, terms and conditions and cost of transportation services. The transportation of oil in common carrier pipelines is also subject to rate and access regulation. FERC regulates the transportation in interstate commerce of crude oil, petroleum products, NGLs and other forms of liquid fuel under the Interstate Commerce Act.

Intrastate oil pipeline transportation rates are subject to regulation by state regulatory commissions. The basis for intrastate oil pipeline regulation, and the degree of regulatory oversight and scrutiny given to intrastate oil pipeline rates, varies from state to state. We rely on third-party pipeline systems to transport the majority of crude oil produced by our wells. Insofar as effective interstate and intrastate rates and regulations regarding access are equally applicable to all comparable shippers, we believe that the regulation of oil transportation will not affect our operations in any way that is of material difference from those of our competitors who are similarly situated.

Changes in FERC or state policies and regulations or laws may adversely affect the availability and reliability of firm and/or interruptible transportation service on interstate and intrastate pipelines, and we cannot predict what future action FERC or state regulatory bodies will take. We do not believe, however, that any regulatory changes will affect us in a way that materially differs from the way they will affect other oil producers and marketers with which we compete.

Regulation of Transportation and Sales of Natural Gas

Historically, the transportation and sale of natural gas in interstate commerce have been regulated by agencies of the U.S. federal government, primarily FERC. In the past, the federal government regulated the prices at which natural gas could be sold. While sales by producers of natural gas can currently be made at uncontrolled market prices, Congress could reenact price controls in the future. Deregulation of wellhead natural gas sales began with the enactment of the Natural Gas Policy Act of 1978 (the "NGPA") and culminated in adoption of the Natural Gas Wellhead Decontrol Act, which removed controls affecting wellhead sales of natural gas effective January 1, 1993. The transportation and sale for resale of natural gas in interstate commerce is regulated primarily under the Natural Gas Act of 1938 (the "NGA"), and by regulations and orders promulgated under the NGA by FERC. In certain limited circumstances, intrastate transportation and wholesale sales of natural gas may also be affected directly or indirectly by laws enacted by Congress and by FERC regulations.

The federal Energy Policy Act of 2005 (the "EP Act of 2005") is a comprehensive compilation of tax incentives, authorized appropriations for grants and guaranteed loans, and significant changes to the statutory policy that affects all segments of the energy industry. Among other matters, the EP Act of 2005 amended the NGA to add an anti-market manipulation provision that makes it unlawful for any entity to engage in prohibited behavior to be prescribed by FERC, and furthermore provides FERC with additional civil penalty authority. The EP Act of 2005 provided FERC with the power to assess civil penalties of up to \$1.0 million per day for violations of the NGA and increased FERC's civil penalty authority under the NGPA from \$5,000 per violation per day to \$1.0 million per violation per day. Such maximum civil penalty authority under the NGA and NGPA has been increased to adjust for inflation. FERC may now assess civil penalties under the NGA and NGPA of \$1,388,496 per violation per day. The civil penalty provisions are applicable to entities that engage in the sale of natural gas for resale in interstate commerce. On January 19, 2006, FERC issued Order No. 670, a rule implementing the anti-market manipulation provision of the EP Act of 2005, and subsequently denied rehearing. The rules make it unlawful, in connection with the purchase or sale of natural gas or the purchase or sale of transportation services subject to the jurisdiction of FERC, for any entity, directly or indirectly, to: (i) use or employ any device, scheme or artifice to defraud; (ii) make any untrue statement of material fact or omit to make any such statement necessary to make the statements made not misleading; or (iii) engage in any act or practice that operates as a fraud or deceit upon any person. The anti-market manipulation rule does not apply to activities that relate only to intrastate or other non-jurisdictional sales or gathering, but does apply to activities of gas pipelines and storage companies that provide interstate services, as well as otherwise non-jurisdictional entities to the extent the activities are conducted "in connection with" gas sales, purchases or transportation subject to FERC jurisdiction, which now includes the annual reporting requirements under Order 704, described below. The anti-market manipulation rule and enhanced civil penalty authority reflect an expansion of FERC's NGA enforcement authority.

We are required to observe such anti-market manipulation laws and related regulations enforced by FERC under the EP Act of 2005 and those enforced by the US Commodity Futures Trading Commission (the "CFTC") under the Commodity Exchange Act, as amended (the "CEA") and CFTC regulations promulgated thereunder. The CEA prohibits any person from manipulating or attempting to manipulate the price of any commodity in interstate commerce, as well as the market for financial instruments on such commodity, such as futures, options and swaps. The CEA also prohibits knowingly delivering or causing to be delivered false or misleading or knowingly inaccurate reports concerning market information or conditions that affect or tend to affect the price of a commodity. Should we violate the anti-market manipulation laws and regulations, we could also be subject to related third-party damage claims by, among others, sellers, royalty owners and taxing authorities.

Natural gas gathering service, which occurs upstream of jurisdictional transmission services, is regulated by the states. Section 1(b) of the NGA exempts companies that provide natural gas gathering services from regulation by FERC as a "natural gas company" under the NGA. Although FERC has set forth a general test for determining whether facilities perform a non-jurisdictional gathering function or a jurisdictional transmission function, FERC's determinations as to the classification of facilities are done on a case-by-case basis. To the extent that FERC issues an order that reclassifies certain jurisdictional transmission facilities as non-jurisdictional gathering facilities, or vice versa, and depending on the scope of that decision, our costs of delivering gas to point-of-sale locations may increase. We believe that the natural gas pipelines in our gathering systems meet the traditional tests FERC has used to establish a pipeline's status as a gatherer not subject to regulation as a natural gas company. However, the distinction between FERC-regulated transmission services and federally unregulated gathering services is the subject of ongoing litigation, so the classification and regulation of our gathering facilities are subject to change based on future determinations by FERC, the courts or Congress. State regulation of natural gas gathering facilities generally includes various occupational safety, environmental and, in some circumstances, nondiscriminatory-take requirements. Although such regulation has not generally been affirmatively applied by state agencies, natural gas gathering may receive greater regulatory scrutiny in the future.

Intrastate natural gas transportation is also subject to regulation by state regulatory agencies. The basis for intrastate regulation of natural gas transportation and the degree of regulatory oversight and scrutiny given to intrastate natural gas pipeline rates and services varies from state to state. Insofar as such regulation within a particular state will generally affect all intrastate natural gas shippers within the state on a comparable basis, we believe that the regulation of similarly situated intrastate natural gas transportation in any states in which we operate and ship natural gas on an intrastate basis will not affect our operations in any way that is of material difference from those of our competitors. Like the regulation of interstate transportation rates, the regulation of intrastate transportation rates affects the marketing of natural gas that we produce, as well as the revenues we receive for sales of our natural gas.

Changes in FERC or state policies and regulations or laws may adversely affect the availability and reliability of firm and/or interruptible transportation service on interstate and intrastate pipelines, and we cannot predict what future action that FERC or state regulatory bodies will take. We do not believe, however, that any regulatory changes will affect us in a way that materially differs from the way they will affect other natural gas producers and marketers with which we compete.

Regulation of Environmental and Occupational Safety and Health Matters

Our operations are subject to stringent federal, state and local laws and regulations governing the occupational safety and health aspects of our operations, the discharge of materials into the environment, and protection of the environment and natural resources (including threatened and endangered species and their habitats). Numerous governmental entities, including the U.S. Environmental Protection Agency (the "EPA") and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them, often requiring costly investigation or actions. These laws and regulations may, among other things, (i) require the acquisition of permits to conduct drilling and other regulated activities; (ii) restrict the types, quantities and concentrations of various substances that can be released into the environment or injected into formations in connection with drilling and production activities; (iii) limit or prohibit drilling activities on certain lands lying within wilderness, wetlands, and other protected areas; (iv) require remedial measures to prevent or mitigate pollution from former and ongoing operations, such as requirements to close pits and plug abandoned wells; (v) apply specific health and safety criteria addressing worker protection; and (vi) impose substantial liabilities for pollution resulting from drilling and production operations. Any failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of corrective or remedial obligations, the occurrence of delays or restrictions in permitting or performance of projects, and the issuance of orders enjoining performance of some or all of our operations.

The following is a summary of the more significant existing and proposed environmental and occupational safety and health laws, as amended from time to time, to which our business operations are or may be subject, and for which compliance may have a material adverse impact on our capital expenditures, results of operations or financial position.

Hazardous Substances and Handling Wastes

The Resource Conservation and Recovery Act ("RCRA") and comparable state laws regulate the generation, transportation, treatment, storage, disposal and cleanup of hazardous and nonhazardous solid wastes. Pursuant to rules issued by the EPA, states administer some or all of the provisions of RCRA, sometimes in conjunction with their own, more stringent requirements. Drilling fluids, produced waters and other wastes associated with the exploration, development and production of oil, natural gas and NGLs, if properly handled, are currently exempt from regulation as hazardous waste under RCRA and, instead, are regulated under RCRA's less stringent nonhazardous solid waste provisions, state laws or other federal laws. However, it is possible that certain oil and natural gas drilling and production wastes now classified as nonhazardous solid wastes could be classified as hazardous wastes in the future. For example, in December 2016, the EPA and environmental groups entered into a consent decree to address the EPA's alleged failure to timely assess its RCRA Subtitle D criteria regulations exempting certain exploration and production related oil and natural gas wastes from regulation as hazardous wastes under RCRA. The consent decree required the EPA to propose a rulemaking no later than March 15, 2019 for revision of certain Subtitle D criteria regulations pertaining to oil and natural gas wastes, or to sign a determination that revision of the regulations is not necessary. After undertaking its review, the EPA concluded in 2019 that it does not need to regulate exploration and production waste, and specifically "drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of oil, gas or geothermal energy." The EPA concluded that states are adequately regulating exploration and production waste under the Subtitle D provisions of RCRA. However, any such change in the future could result in an increase in our, as well as the oil, natural gas and NGL exploration and production industry's, costs to manage and dispose of wastes, which could have a material adverse effect on our results of operations and financial position. In addition, in the course of our operations, we may generate some amounts of ordinary industrial wastes, such as paint wastes, waste solvents, laboratory wastes and waste compressor oils that may be regulated as hazardous wastes if such wastes have hazardous characteristics. Although the costs of managing hazardous waste may be significant, we do not believe that our costs in this regard are materially more burdensome than those for similarly situated companies.

The Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), also known as the Superfund law, and comparable state laws impose joint and several liability, without regard to fault or the legality of conduct, on classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. These persons include the current and former owners or operators of the site where the release occurred and anyone who disposed or arranged for the disposal of a hazardous substance released at the site. Under CERCLA, such persons may be subject to joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources, and for the costs of certain health studies. CERCLA also authorizes the EPA and, in some instances, third parties to act in response to threats to the public health or the environment, and to seek to recover from the responsible classes of persons the costs they incur. In addition, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment. We may generate materials in the course of our operations that may be regulated as hazardous substances.

We currently own, lease or operate numerous properties that have been used for oil, natural gas and NGL exploration, production and processing for many years. Although we believe that we have utilized operating and waste disposal practices that were standard in the industry at the time, hazardous substances, wastes, or petroleum hydrocarbons may have been released on, under or from the properties owned or leased by us, or on, under or from other locations, including off-site locations, where such substances have been taken for treatment or disposal. In addition, some of our properties have been operated by third parties or by previous owners or operators whose treatment and disposal of hazardous substances, wastes or petroleum hydrocarbons was not under our control. These properties and the substances disposed or released on, under or from them may be subject to CERCLA, RCRA and analogous state laws. Under such laws, we could be required to undertake response or corrective measures, which could include removal of previously disposed substances and wastes, cleanup of contaminated property or performance of remedial plugging or pit closure operations to prevent future contamination, the costs of which could be substantial.

Water Discharges

The Clean Water Act (the "CWA") and comparable state laws impose restrictions and strict controls with respect to the discharge of pollutants, including spills and leaks of hazardous substances, into state waters and waters of the United States ("WOTUS"). The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or an analogous state agency. Spill prevention, control and countermeasure plan requirements imposed under the CWA require appropriate containment berms and similar structures to help prevent the contamination of navigable waters in the event of a petroleum hydrocarbon tank spill, rupture or leak. In addition, the CWA and analogous state laws require individual permits or coverage under general permits for discharges of storm water runoff from certain types of facilities. Federal and state regulatory agencies can impose administrative, civil and criminal penalties for noncompliance with discharge permits or other CWA requirements and analogous state laws and regulations.

The CWA also prohibits the discharge of dredge and fill material into regulated waters, including wetlands, unless authorized by permit. The EPA and the U.S. Army Corps of Engineers (the "Corps") have issued final rules attempting to clarify the federal jurisdictional reach over Waters of the United States in since 2015 ("WOTUS rule"). However, in 2017, President Trump issued an executive order directing the EPA and the U.S. Army Corps of Engineers to review the WOTUS rule and, if the agencies' reviews find that the rule does not meet the executive order's goal of promoting economic growth while reducing regulatory uncertainty, to initiate a new rulemaking to repeal or revise the rule. The EPA and the U.S. Army Corps of Engineers formally repealed the WOTUS rule in September 2019. In January 2020, the Trump administration published a final replacement rule, called, including the Navigable Waters Protection Rule that purports to expressly define which categories of water may be federally regulated under during the CWA. A coalition of states and cities, environmental groups, and agricultural groups challenged the Navigable Waters Protection Rule, which was vacated by a federal district court in August 2021. In addition, in an April 2020 decision defining the scope of the CWA, the U.S. Supreme Court held that, in certain cases, discharges from a point source to groundwater could fall within the scope of the CWA and require a permit. The U.S. Supreme Court rejected assertions by the EPA and the U.S. Army Corps of Engineers that groundwater should be totally excluded from CWA jurisdiction. In August 2021, a federal judge in the District of Arizona struck down the Navigable Waters Protection Rule. Soon after, the Biden Trump administration, and the U.S. Army Corps of Engineers announced that they have stopped enforcing the Navigable Waters Protection Rule nationwide and that they are rules reverting back to the 1986 WOTUS definition. In November 2021, definition during the EPA Biden administration, and U.S. Army Corps rules reinstating the pre-2015 definition in January 2023. However, in May 2023, the Supreme Court decided *Sackett v. EPA*, which sharply curtailed the EPA's and Corps' jurisdictional reach by limiting the types of Engineers issued prepublication notice of a proposed rule to revise wetlands that fell under WOTUS. *Sackett* codified the definition of "waters WOTUS as only "geographical features" that are described in ordinary parlance as "streams, oceans, rivers, and lakes" and to adjacent wetlands that are "indistinguishable" from those bodies of the United States" water due to put back into place the pre-2015 definition, updated to reflect consideration of Supreme Court decisions. On December 30, 2022, a continuous surface connection. In September 2023, the EPA and the Corps finalized published a direct-to-final rule redefining WOTUS to amend the "Revised Definition January 2023 rule and align with the decision in *Sackett*. The final rule eliminated the "significant nexus" test from consideration

when determining federal jurisdiction and clarified that the CWA only extends to relatively permanent bodies of "Waters water and wetlands that have a continuous surface connection with such bodies of the United States" water. The final rule which will be effective on March 20, 2023, is currently subject to challenges in federal district courts. As such, uncertainty remains with respect to future implementation of the rule and any resulting litigation.

The process for obtaining permits under the CWA also has the potential to impact our operations. In April 2020, the U.S. District Court for the District of Montana vacated Nationwide Permit ("NWP") 12, the general permit issued by the U.S. Army Corps of Engineers for pipelines and utility projects. In May 2020, the court narrowed its ruling, vacating and enjoining the use of NWP 12 only as it relates to construction of new oil and gas pipelines. The U.S. Army Corps of Engineers appealed the decision to the U.S. Court of Appeals for the Ninth Circuit ("Ninth Circuit"). In July 2020, the U.S. Supreme Court stayed the lower court order except as it applies to the Keystone XL pipeline. In January 2021, the U.S. Army Corps of Engineers released the final version of a rule renewing twelve of its NWPs, including NWP 12. The new rule splits NWP 12 into three parts; NWP 12 will continue to be available to oil and gas pipelines, while new NWP 57 will be available for electric utility line and telecommunications activities, and a new NWP 58 will be available for utility line activities for water and other substances. The new rule also eliminates preconstruction notice requirements for NWP 12 for several conditions that used to require such notice, but also now requires new oil and gas pipeline projects that exceed 250 miles in length to give preconstruction notice and obtain approval before proceeding. As a result of the U.S. Army Corps of Engineer's new NWP 12, the Ninth Circuit in August 2021 ruled that the appeal of the superseded NWP 12 was moot, and remanded the case back to the District Court. On March 28, 2022, the Corps published a notice announcing that it is undertaking formal review of NWP 12 and sought public comments through May 27, 2022. We cannot predict at this time whether and, if so, how the new rule will be implemented, because permits are issued by the local U.S. Army Corps of Engineers district offices. Moreover, in January 2021, the Biden administration issued an executive order directing all federal agencies to review and take action to address any federal regulations, orders, guidance documents, policies, and similar agency actions promulgated during the prior administration that may be inconsistent with the current administration's policies. If new oil and gas pipeline projects are unable to utilize NWP 12 or identify an alternate means of CWA compliance, such projects could be significantly delayed, which could have an adverse impact on our operations.

The primary federal law related specifically to oil spill liability is the Oil Pollution Act of 1990 (the "OPA"), which amends and augments the oil spill provisions of the CWA and imposes certain duties and liabilities on certain "responsible parties" related to the prevention of oil spills and damages resulting from such spills in or threatening WOTUS or adjoining shorelines. For example, operators of certain oil and natural gas facilities must develop, implement and maintain facility response plans, conduct annual spill training for certain employees and provide varying degrees of financial assurance. Owners or operators of a facility, vessel or pipeline that is a source of an oil discharge or that poses the substantial threat of discharge is one type of "responsible party" who is liable. The OPA applies joint and several liability, without regard to fault, to each liable party for oil removal costs and a variety of public and private damages. Although defenses exist, they are limited. As such, a violation of the OPA has the potential to adversely affect our operations.

Subsurface Injections

In the course of our operations, we produce water in addition to natural gas, crude oil and NGLs. Water that is not recycled may be disposed of in disposal wells, which inject the produced water into non-producing subsurface formations. Underground injection operations are regulated pursuant to the Underground Injection Control ("UIC") program established under the federal Safe Drinking Water Act ("SDWA") and analogous state laws. The UIC program requires permits from the EPA or an analogous state agency for the construction and operation of disposal wells, establishes minimum standards for disposal well operations, and restricts the types and quantities of fluids that may be disposed. A change in UIC disposal well regulations or the inability to obtain permits for new disposal wells in the future may affect our ability to dispose of produced water and ultimately increase the cost of our operations. For example, in response to recent seismic events near below-ground disposal wells used for the injection of natural gas- and oil-related wastewaters, federal and some state agencies have begun investigating whether such wells have caused increased seismic activity, and some states have shut down or imposed moratoria on the use of such disposal wells. In response to these concerns, regulators in some states have adopted, and other states are considering adopting, additional requirements related to seismic safety. The Railroad Commission of Texas (the "TRRC") issued a notice to operators in the Midland area to reduce daily injection volumes following multiple earthquakes above a 3.5 magnitude over an 18-month period. The notice also required disposal well operators to provide injection data to TRRC staff to further analyze seismicity in the area.

As of May 1, 2023, operators in the Midland area began to implement the Operator Response Plan for the Gardendale Seismic Response Area ("SRA"), revised August 18, 2023, to prevent the occurrence of seismic events at or above magnitude 3.5 within the Gardendale SRA. Similar response plans have been developed for other SRAs in Texas. While we cannot predict the ultimate outcome of this notice, these actions, any action that temporarily or permanently restricts the availability of disposal capacity for produced water or other fluids may increase our costs or have other adverse impacts on our operations. These seismic events have also led to an increase in tort lawsuits filed against exploration and production companies, as well as the owners of underground injection wells. Increased costs associated with the transportation and disposal of produced water, including the cost of complying with regulations concerning produced water disposal, may reduce our profitability; however, these costs are commonly incurred by all oil, natural gas and NGL producers, and we do not believe that the costs associated with the disposal of produced water will affect our operations in any way that is of material difference from those of our competitors who are similarly situated.

Air Emissions

The federal Clean Air Act (the "CAA") and comparable state laws restrict the emission of air pollutants from many sources, such as tank batteries, through air emissions standards, construction and operating permitting programs and the imposition of other compliance standards. These laws and regulations may require us to obtain pre-approval for the construction or modification of certain projects or facilities expected to produce or significantly increase air emissions, obtain and strictly comply with stringent air permit requirements or utilize specific equipment or technologies to control emissions of certain pollutants. The need to obtain permits has the potential to delay the development of our projects. Recently, there has been increased regulation with respect to air emissions from the oil and natural gas sector. For example, the EPA promulgated rules in 2012 under the CAA that subject oil and natural gas production, processing, transmission and storage operations to regulation under the New Source Performance Standards ("NSPS"), and a separate set of requirements to address certain hazardous air pollutants frequently associated with oil and natural gas production and processing activities pursuant to the National Emissions Standards for Hazardous Air Pollutants program. Additionally, in July 2023, the EPA issued a proposed rule to expand the scope of its Greenhouse Gas Reporting Program for certain petroleum and natural gas facilities. The proposed rule would make the reach of the program both broader and more granular, creating reporting obligations for a wider set of methane and other gas emissions events and requiring increased technical detail for certain other preexisting reporting obligations. The proposed rule indicated an intended effective date of January 1, 2025, but the final rule remains pending at this time and any final effective date thus remains uncertain. Should this rule go into effect without major changes, it could raise our costs of regulatory compliance.

In June 2016, the EPA published final rules establishing new air emission controls for methane emissions from certain new, modified or reconstructed equipment and processes in the oil and natural gas source category, including production, processing, transmission and storage activities. The EPA's final rules include NSPS at Subpart OOOOa to limit methane emissions from equipment and processes across the oil and natural gas source category. The rules also extend limitations on volatile organic compound ("VOC") emissions to sources that were unregulated under the previous NSPS at Subpart OOOO. Affected methane and VOC sources include hydraulically fractured (or re-fractured) oil and natural gas well completions, fugitive emissions from well sites and compressors, and pneumatic pumps. In September 2018, the EPA proposed amendments to the 2016 rules that would reduce the 2016 rules' fugitive emissions monitoring requirements and expand exceptions to controlling methane emissions from pneumatic pumps, among other changes. Various industry and environmental groups have separately challenged both the original 2016 methane requirements and EPA's attempt to delay the implementation of the rule. Further, in August 2019, the EPA proposed two options for rescinding the Subpart OOOOa standards. In September 2020, the EPA finalized amendments to the 2016 standards that removed the transmission and storage segment from the oil and natural gas source category and rescinded the methane-specific requirements for production and processing facilities. However, as discussed above, in January 2021, the administration issued an executive order directing all federal agencies to review and take action to address any federal regulations, orders, guidance documents, policies, and similar agency actions promulgated during the prior administration that may be inconsistent with the current administration's policies. The executive order specifically called on the EPA to consider a proposed rule suspending, revising or rescinding the September 2020 deregulatory amendments by September 2021. In response, the U.S. Congress has approved, and President Biden has signed into law, a resolution under the Congressional Review Act to repeal the September 2020 revisions to the methane standards, effectively reinstating the prior standards. In November 2021, as required by President Biden's executive order, the EPA proposed new regulations to establish comprehensive standards of performance and emission guidelines for methane and volatile organic compound emissions from new and existing operations in the oil and gas sector, including the exploration and production, transmission, processing, and storage segments. The EPA issued announced a supplemental proposed final rule in November 2022 to update, strengthen and expand its November 2021 proposed rule. The supplemental proposed rule would impose more stringent requirements on December 2, 2023, which, among other things, requires the phase out of routine flaring of natural gas from new oil wells and oil industry. It is currently expected routine leak monitoring at all well sites and compressor stations. Notably, the EPA updated the applicability date for Subparts OOOOb and OOOOc to December 6, 2022, meaning that sources constructed prior to that date will be finalized in 2023. Once finalized, considered existing sources with later compliance dates under state plans. The final rule gives states, along with federal tribes that wish to regulate existing sources, two years to develop and submit their plans for reducing methane from existing sources. The final emissions guidelines under Subpart

OOOOC provide three years from the plan submission deadline for existing sources to comply. The regulations are likely to be subject to legal challenge and will also need to be incorporated into the states' implementation plans, which will need to be approved by the EPA in individual rulemakings that could also be subject to legal challenge. As a result, future implementation of the standards is uncertain at this time.

The Bureau of Land Management (the "BLM") also finalized rules (the "BLM methane rule") in November 2016 that seek to limit methane emissions from exploration and production activities on federal lands by imposing limitations on venting and flaring of natural gas, as well as requirements for the implementation of leak detection and repair programs for certain processes and equipment. After attempts by the Trump administration to delay implementation of the BLM methane rule, and legal challenges both to the BLM methane rule and the delays, the BLM issued a final rule in September 2018 rescinding many of the provisions of the 2016 BLM methane rule, including the requirement to implement leak detection and repair programs, and imposing certain new requirements in a manner the BLM considered would reduce unnecessary compliance obligations on the industry. In July 2020 a federal district court in California vacated the 2018 rescission rule. BLM filed a notice of appeal to the U.S. Court of Appeals for the Ninth Circuit; however, the federal district court in California entered a final judgment vacating the

September 2018 rescission rule in October 2020. In November 2022, the BLM issued a proposed rule to reduce the waste of natural gas from venting, flaring, and leaks during oil and gas production activities on federal and American Indian leases. The comment period for this rule has closed and the rule is in the process of being finalized. We cannot predict the scope of any resulting legislation or new regulations, which may, in turn, affect our business.

The EPA also finalized separate rules under the CAA in June 2016 regarding criteria for aggregating multiple sites into a single source for air-quality permitting purposes applicable to the oil and natural gas industry. This rule could cause small facilities (such as tank batteries), on an aggregate basis, to be deemed a major source, thereby triggering more stringent air permitting requirements, which in turn could result in operational delays or require us to install costly pollution control equipment. In addition, in October 2015, the EPA issued a final rule under the CAA lowering the National Ambient Air Quality Standards for ground-level ozone from the current standard of 75 parts per billion ("ppb") for the current 8-hour primary and secondary ozone standards to 70 ppb for both standards. The final rule became effective on December 28, 2015. The EPA issued its anticipated area designations in November and December 2017. In December 2020, the EPA announced its intention to leave the ozone NAAQS unchanged at 70 ppb rather than lower them further. In October 2021, the EPA announced it will reconsider its December 2020 decision and is targeting to complete its reconsideration decision; however, in August 2023, the EPA announced a new review of the ozone NAAQS after considering advice provided by the end Clean Air Scientific Advisory Committee ("CASAC"). As part of 2023. While a draft assessment released in April 2022 indicates that EPA staff have reached a preliminary conclusion that its new review, the December 2020 decision will stand, EPA is targeting seeking information from the end scientific community and the public to guide CASAC's development of 2023 the Integrated Science Assessment prior to complete the EPA's expected release of its decision-making on its reconsideration. Integrated Review Plan in the fall of 2024. If the EPA were to adopt more stringent NAAQS for ground-level ozone as part of its reconsideration of the December 2020 decision, States are expected to implement more stringent permitting and pollution control requirements as a result of this new final rule, which could apply to our operations. In addition, in November 2021, the EPA revised the 2015 ozone NAAQS designations, which expanded a New Mexico non-attainment area to include parts of El Paso County, Texas and designated Weld County, Colorado as a non-attainment area. The EPA's designation of El Paso County was vacated as impermissibly retroactive in June 2023 by the D.C. Circuit Court of Appeals, but the designation of Weld County was upheld. In 2017, the EPA designated certain counties in southeastern New Mexico and West Texas located in the Permian Basin attainment/unclassifiable for the 2015 ozone NAAQS. In June 2022, the EPA announced that it is considering a discretionary redesignation for these counties based on current monitoring data and other air quality factors. If in the future, the areas in which we operate were redesignated as nonattainment areas, this could subject us to increased regulatory burdens in the form of more stringent emission controls, emission offset requirements and increased permitting delays and costs.

Compliance with one or more of these and other air pollution control and permitting requirements and rules has the potential to delay the development of natural gas, oil and NGL projects and increase our costs of development and production, which costs could be significant.

Regulation of GHG Emissions

In response to findings that emissions of carbon dioxide, methane and other GHGs endanger public health and the environment, the EPA has adopted regulations under existing provisions of the CAA that, among other things, establish Prevention of Significant Deterioration ("PSD") preconstruction and Title V operating permit reviews for certain large stationary sources that are already potential major sources of certain principal, or criteria, pollutant emissions. Facilities required to obtain PSD permits for their GHG emissions will also be required to meet "best available control technology" standards that will typically be established by state agencies. In addition, the EPA has adopted rules requiring the monitoring and annual reporting of GHG emissions from large GHG emission sources in the United States, including certain onshore and offshore natural gas, oil and NGL production sources, which include certain of our operations. As discussed above, federal regulatory action regarding GHG emissions from the oil and gas sector has focused on methane emissions; however, federal implementation of the finalized 2016 methane rule is uncertain at this time (as also discussed above).

While Congress has, from time to time, considered legislation to reduce emissions of GHGs, no significant legislation has been adopted at the federal level. In the absence of such federal climate legislation, a number of state and regional cap-and-trade programs have emerged that typically require major sources of GHG emissions to acquire and surrender emission allowances in return for emitting those GHGs. The U.S. Securities and Exchange Commission ("SEC") SEC issued a proposed rule in March 2022 that would mandate extensive disclosure of climate-related data, risks, and opportunities, including financial impacts, physical and transition risks, related governance and strategy, and GHG emissions, for certain public companies. The SEC originally planned to issue a final rule by October 2022, but most commentators now expect according to the SEC's updated rulemaking agenda, a final rule is now expected to be issued in 2023, the spring of 2024. In addition, the United Nations-sponsored Paris Agreement calls for countries to set their own GHG emissions targets and be transparent about the measures each country will take to achieve its GHG emissions targets. However, the Paris Agreement does not impose any binding obligations on its participants. President Biden has recommitted the United States to the Paris Agreement and, in April 2021, announced a goal of reducing the United States' emissions by 50-52% below 2005 levels by 2030. In November 2021, the international community gathered again in Glasgow at the 26th Conference to the Parties on the UN Framework Convention on Climate Change ("COP26"), during which multiple announcements were made, including a call for parties to eliminate certain fossil fuel subsidies and pursue further action on non-carbon dioxide GHGs. Relatedly, the United States and European Union jointly announced the launch of the "Global Methane Pledge," which aims to cut global methane pollution at least 30% by 2030 relative to 2020 levels, including "all feasible reductions" in the energy sector. These goals were reaffirmed in November 2022 at

the 27th Conference of the Parties ("COP27") in Sharm-El Sheikh. While there were limited announcements at COP27 with respect to the reduction of fossil fuel use, there were negotiations on emissions reduction targets and reduction of fossil fuel use amongst

the international community, and such discussions continued at the 28th Conference of the Parties ("COP28") in Dubai. In addition, the Inflation Reduction Act of 2022 ("IRA"), signed by President Biden in August 2022, provides significant funding and incentives for research and development of low-carbon energy production methods, carbon capture, and other programs directed at addressing climate change. The IRA also includes a methane emissions reduction program that amends the Clean Air Act to include a Methane Emissions and Waste Reduction Incentive Program for petroleum and natural gas systems. This program requires the EPA to impose a "waste emissions charge" on certain natural gas and oil sources that are already required to report under EPA's Greenhouse Gas Reporting Program. The EPA recently issued a proposed rule to implement the waste emissions charge with a proposed effective date in 2025 for reporting year 2024 emissions.

An executive order also established an Interagency Working Group on the Social Cost of Greenhouse Gases ("Working Group"), which is called on to, among other things, develop methodologies for calculating the "social cost of carbon," "social cost of nitrous oxide," and "social cost of methane." The Working Group published interim values for three specific metrics (the Social cost of Carbon, Social Cost of Nitrous Oxide, and Social Cost of Methane) in February 2021, based on Obama-era estimates, and is now working to revise those values. The EPA published a draft final report in September 2022 December 2023 with the social cost of carbon at \$190 per metric ton of carbon dioxide emitted in 2020 at a 2% discount rate. That figure is intended to be used to guide federal decisions on the costs and benefits of various policies and approvals, although such efforts have been the subject of a series of judicial challenges. A separate executive order targeting climate change, also issued by the current administration in January 2021, directed the Secretary of the Interior to pause new oil and natural gas leasing on public lands and in offshore waters pending completion of a comprehensive review of the federal permitting and leasing practices, consider whether to adjust royalties associated with coal, oil, and gas resources extracted from public lands and offshore waters, or take other appropriate actions to account for corresponding climate costs. The climate change executive order also directed the federal government to identify "fossil fuel subsidies" to take steps to ensure that, to the extent consistent with applicable law, federal funding is not directly subsidizing fossil fuels. Legal challenges to the executive orders have been filed. A federal district court issued a preliminary injunction against the order in June 2021, which the Fifth U.S. Circuit Court of Appeals vacated and remanded back to the district court in August 2022. The federal district court subsequently issued a permanent injunction against the order in August 2022 limited to the thirteen Plaintiff states, which included Louisiana, Alabama, Alaska, Arkansas, Georgia, Mississippi, Missouri, Montana, Nebraska, Oklahoma, Texas, Utah, and West Virginia. We cannot predict the scope of any resulting legislation or new regulations, which may, in turn, affect our business.

Although it is not possible at this time to predict how new laws or regulations that may be adopted or issued to address GHG emissions would impact our business, any such future laws, regulations or legal requirements imposing reporting or permitting obligations on, or limiting emissions of GHGs from, our equipment and operations could require us to incur costs to reduce emissions of GHGs associated with our operations, as well as delay or restrict our ability to permit GHG emissions from new or modified sources. In addition, substantial limitations on GHG emissions could adversely affect demand for the natural gas, oil and NGLs we produce and lower the value of our reserves. Finally, it should be noted that increasing concentrations of GHGs in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, floods, droughts and other extreme climatic events; if any such effects were to occur, they could have an adverse effect on our exploration and production operations.

Hydraulic Fracturing Activities

Hydraulic fracturing is an important and common practice that is used to stimulate production of oil, natural gas and NGLs from dense subsurface rock formations. We regularly use hydraulic fracturing as part of our operations. Hydraulic fracturing is typically regulated by state oil and natural gas commissions. However, several federal agencies have asserted regulatory authority over certain aspects of the process. For example, the EPA published final CAA regulations in 2012 and, more recently, in June 2016, establishing performance standards, including standards for the capture of air emissions released during oil and natural gas hydraulic fracturing, leak detection, and permitting (which are subject to revision, as discussed above); published in June 2016 an effluent limitation guideline final rule prohibiting the discharge of wastewater from onshore unconventional oil and natural gas extraction facilities to publicly owned wastewater treatment plants; and issued in 2014 a prepublication version of its an Advance Notice of Proposed Rulemaking regarding Toxic Substances Control Act ("TSCA") reporting of the chemical substances and mixtures used in hydraulic fracturing. Also, in March 2015, In November 2022, the BLM adopted rules establishing stringent standards relating also issued a proposed rule to hydraulic fracturing reduce the waste of natural gas from venting, flaring, and leaks during oil and gas production activities on federal and American Indian lands. In June 2016, a federal district court judge in Wyoming struck down this final rule, finding that the BLM lacked authority to promulgate the rule. That ruling was appealed, but in September 2017 the U.S. Court of Appeals for the Tenth Circuit dismissed the appeal and remanded with directions to vacate the lower court's opinion, leaving the final rule in place. However, following the issuance of an executive order by President Trump to review rules related to the energy industry, the BLM initiated a rulemaking to rescind the final rule in December 2017. Shortly after the final rulemaking was issued, the state of California and several environmental groups filed lawsuits against the BLM, the Secretary of the Interior, and the Assistant Secretary for Land and Minerals Management, seeking an injunction and a declaration that the repeal violated numerous federal statutes. After the suits were filed, multiple industry groups and the state of Wyoming sought to intervene and transfer the case to federal court in Wyoming, which decided the initial legal challenge to the Obama administration's fracking regulations. A hearing was held in January 2020 to consider a motion for summary judgment in the case, and in March 2020, the court granted BLM's motion for summary judgment, upholding the agency's decision to rescind the hydraulic fracturing regulations finalized in the 2015 rule. leases. Also, in December 2016, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources. The final report concluded that "water cycle" activities associated with hydraulic fracturing may impact drinking water resources "under certain limited circumstances." To date, EPA has taken no further action in response to the December 2016 report.

From time to time, legislation has been introduced, but not enacted, in Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the fracturing process. Meanwhile, the regulation of hydraulic fracturing has continued at the state level. For example, Wyoming has promulgated rules related to the public disclosure of substances used in hydraulic fluid, testing requirements for water wells near drilling sites and leak detection and repair requirements for fugitive emissions from oil and gas production facilities.

In the event that a new, federal level of legal restrictions relating to the hydraulic fracturing process is adopted in areas where we operate, we may incur additional costs to comply with such federal requirements that may be significant in nature, and also could become subject to additional permitting requirements and experience added delays or curtailment in the pursuit of exploration, development, or production activities.

Activities on Federal Lands and State Lands

Oil and natural gas exploration, development and production activities on federal lands, including American Indian lands and lands administered by the BLM, are frequently subject to permitting delays. Operations on these lands are also subject to the National Environmental Policy Act ("NEPA"). NEPA requires federal agencies, including the BLM, to evaluate major actions having the potential to significantly impact the environment. In the course of such evaluations, an agency will prepare an Environmental Assessment that assesses the potential direct, indirect and cumulative impacts of a proposed project and, if necessary, will prepare a more detailed Environmental Impact Statement that may be made available for public review and comment. In January 2020, the White House Council on Environmental Quality ("CEQ") proposed changes to NEPA regulations designed to overhaul the system and speed up federal agencies' approval of projects. Among other things, the rule proposes to narrow the definition of "effects" to exclude the terms "direct," "indirect," and "cumulative" and redefine the term to be "reasonably foreseeable" and having "a reasonably close causal relationship to the proposed action or alternatives." In July 2020, CEQ issued a final rule implementing the January 2020 proposal. However, several states and environmental groups have filed challenges to this rulemaking, and CEQ's amendments are subject to reconsideration and may be subject to reversal or change under the Biden administration. CEQ issued an Interim Final Rule in June 2021, which extended the deadline by two years (to September 14, 2023) for federal agencies to develop or update their NEPA implementing procedures to conform to the CEQ regulations. Additionally, in October 2021, the CEQ issued a notice of proposed rulemaking to reintroduce certain requirements removed or reduced by the July 2020 amendments, and the Infrastructure and Investment Jobs Act, Pub.L. 117-58, signed into law in November 2021, codified some of the July 2020 amendments in statutory text. These amendments must be implemented into each agency's implementing regulations, and each of those individual rulemakings could be subject to legal challenge. In April 2022, CEQ issued the Phase 1 Final Rule. The rule finalizes a narrow set of changes to generally restore regulatory provisions that were in effect for decades before the 2020 rule modified them for the first time. **In June 2023, the Fiscal Responsibility Act was signed into law by President Biden, which also included reforms to the National Environmental Policy Act. In July 2023, the CEQ issued the proposed Phase 2 Rule.** The impact of changes to the NEPA regulations and statutory text therefore remains uncertain and could have an effect on our operations and our ability to obtain governmental permits. We currently have exploration, development and production activities on federal lands. Our proposed exploration, development and production activities are expected to include leasing of federal mineral interests, which will require the acquisition of governmental permits or authorizations that are subject to the requirements of NEPA. This process has the potential to delay or limit, or increase the cost of, the development of natural gas, oil and NGL projects. Authorizations under NEPA are also subject to protest, appeal or litigation, any or all of which may delay or halt projects. Moreover, depending on the mitigation strategies recommended in the Environmental Assessments or Environmental Impact Statements, we could incur added costs, which may be substantial. However, any such adverse regulatory developments are expected to have no more than a minimal impact on our results, given our limited exposure of leases on federal **lands (less than five percent of our total interests), lands.**

In addition, the New Mexico state legislature in 2019 considered House Bill 206, which, if passed, would have enacted an Environmental Review Act comparable to NEPA. Specifically, the Environmental Review Act would require state governmental agencies at all levels to consider the qualitative, technical and economic factors relating to a project that may impact public health, ecosystems and the environment, the long-term as well as short-term benefits and costs of the proposed project, the cumulative impacts of the proposed project, and reasonable alternatives to proposed actions affecting the environment, communities or public health. If reconsidered and enacted in the future, the process contemplated by the Environmental Review Act has the potential, like NEPA, to delay or limit, or increase the cost of, the development of natural gas, oil and NGL projects in New Mexico, which costs could be substantial.

ESA and Migratory Birds

The federal Endangered Species Act ("ESA") and comparable state laws were established to protect endangered and threatened species. Pursuant to the ESA, if a species is listed as threatened or endangered, restrictions may be imposed on activities adversely affecting that species' habitat. Similar protections are offered to migratory birds under the Migratory Bird Treaty Act. We may conduct operations on oil and natural gas leases in areas where certain species that are listed as threatened or endangered are known to exist and where other species that potentially could be listed as threatened or endangered under the ESA may exist. Moreover, as a result of a 2011 settlement agreement, the U.S. Fish and Wildlife Service (the "FWS") was required to make a determination on listing of numerous species as endangered or threatened under the ESA by no later than completion of the agency's 2017 fiscal year. The FWS did not meet that deadline. In August 2020, the FWS and the National Marine Fisheries Service issued three rules amending the implementation of the ESA regulations, among other things revising the process for listing species and designating critical habitat. A coalition of states and environmental groups has challenged the three rules and the litigation remains pending. However, the Biden administration published two rules in October 2021 that reversed changes made by the Trump administration, namely to the definition of "habitat" and to a policy that made it easier to exclude territory from critical habitat under the ESA. In June and July 2022, the FWS issued final rules rescinding Trump-era regulations concerning the definition of "habitat" and critical habitat exclusions. **In June 2023, the Biden administration announced additional proposed revisions concerning the procedures and criteria used for listing, reclassifying, and delisting protected species and designating critical habitat.** It is possible those developments could, in the future, affect our operations if the areas in which we operate are designated as critical or suitable habitat.

In addition, the federal government recently has issued indictments under the Migratory Bird Treaty Act ("MBTA") to several oil and natural gas companies after migratory birds were found dead near reserve pits associated with drilling activities. The Department of the Interior issued an opinion in December 2017 that would narrow certain protections afforded to migratory birds pursuant to the MBTA. In response to this opinion, two separate lawsuits were filed in May 2018 in the U.S. District Court for the Southern District of New York challenging the Department of the Interior's interpretation of the MBTA. In September 2018, eight states filed a similar suit in the U.S. District Court for the Southern District of New York. In February 2020, the FWS published a rule seeking to codify the December 2017 legal opinion. In August 2020, the District Court struck down the December 2017 opinion, and the Department of the Interior responded by issuing a new rule in January 2021 that reduced the activities that could incur liability under the MBTA. The Biden administration has since revoked the January 2021 rule; published an Advanced Notice of Proposed Rulemaking announcing an intent to solicit comments to help develop proposed regulations establishing a permitting system to authorize, under certain circumstances, the incidental take of migratory birds; and issued a Director's Order "establishing criteria for the types of conduct that will be a priority for enforcement activities with respect to incidental take of migratory birds." The identification or designation of previously unprotected species as threatened or endangered in areas where underlying property operations are conducted could cause us to incur increased costs arising from species protection measures, time delays or limitations on our exploration and production activities, which could have an adverse impact on our ability to develop and produce reserves. If we were to have a portion of our leases designated as critical or suitable habitat, it could adversely impact the value of our leases.

OSHA

We are subject to the requirements of the Occupational Safety and Health Act ("OSHA") and comparable state statutes whose purpose is to protect the health and safety of workers. In addition, OSHA's hazard communication standard, the Emergency Planning and Community Right-to-Know Act, comparable state statutes and any implementing regulations require that we organize and/or disclose information about hazardous materials used or produced in our operations and that this information be provided to employees, state and local governmental authorities and citizens.

Related Permits and Authorizations

Many environmental laws require us to obtain permits or other authorizations from state and/or federal agencies before initiating certain drilling, construction, production, operation or other activities and to maintain these permits and compliance with their requirements for ongoing operations. These permits are generally subject to protest, appeal or litigation, which can in certain cases delay or halt projects and cease production or operation of wells, pipelines and other operations.

Related Insurance

We maintain insurance against some risks associated with above or underground contamination that may occur as a result of our development activities. However, this insurance is limited to activities at the well site and there can be no assurance that this insurance will continue to be commercially available or that this insurance will be available at premium levels that justify its purchase by us. The occurrence of a significant event that is not fully insured or indemnified against could have a materially adverse effect on our financial condition and operations.

Human Capital Resources

We aim to attract and retain top-tier talent in the oil and gas sector and empower our employees to be innovators in our industry. As of February 7, 2023 December 31, 2023, we had 218 full-time 461 total employees. In addition, we hire independent contractors on an as needed basis but have no collective bargaining or employment agreements with our employees.

We believe that our employees give us a sustainable competitive advantage, and we understand the need to attract, retain and train the best team possible. We provide fair and competitive wages to assist in retention of our top talent, and our compensation programs are integrated with our overall business strategies to incentivize performance and maximize shareholder returns. In addition, we conduct an equitable pay analysis at least annually to ensure that we are adequately and fairly compensating all employees based on their experience and performance. We offer a variety of programs that are designed to retain our employees and also provide opportunities to grow their professional careers while continuing to deliver value to the company. Additionally, we maintain a comprehensive suite of benefits that provide our employees with various options including retirement, health and wellness, and life and disability plans.

We are committed to a diverse workforce because we believe employees with different backgrounds, experiences, interests and skillsets drive superior results. In terms of gender and racial distribution, approximately 36% 31% of our employees identify as female and approximately 22% 32% of our employees identify as non-white. We plan to continue to recruit and develop a diverse workforce to ensure that we remain an employer of choice delivering top-tier results.

We strive to promote a safe and healthy working environment with a focus on protecting our employees, contractors, the public and the environment in the communities in which we conduct our business. We provide frequent trainings and monthly safety meetings for all field employees and have excelled in health, safety and environmental performance maintaining zero employee recordable incidents due to illnesses or injuries at the workplace.

Offices

Our principal executive offices are located at 300 N. Marienfeld Street, Suite 1000, Midland, Texas, 79701, and our telephone number is (432) 695-4222. We also have office space in Denver, Colorado; Carlsbad, New Mexico; Denver, Colorado; Eunice, New Mexico; Gardendale, Texas; Greenwood, Texas; Pecos, Texas; San Angelo, Texas; and Pecos, Woodlands, Texas.

Available Information

Our internet website address is www.permianres.com. We routinely post important information for investors on our website. Within our website's investor relations section, we make available free of charge our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed with or furnished to the SEC under applicable securities laws. These materials are made available as soon as reasonably practical after we electronically file such materials with or furnish such materials to the SEC. Information on our website is not incorporated by reference into this Annual Report and should not be considered part of this document.

The SEC maintains a website that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov.

ITEM 1A. RISK FACTORS

You should carefully consider the following risk factors together with all of the other information included in this Annual Report and our other reports filed with the SEC before investing in our securities. The occurrence of one or more of these risks could materially and adversely affect our business, our financial condition, and the results of our operations, which in turn could negatively impact the value of our securities.

Risks Related to Commodity Prices

Commodity prices are volatile, and a sustained period of low commodity prices for oil, natural gas and NGLs could adversely affect our business, financial condition and results of operations.

The prices we receive for our oil, natural gas and NGLs heavily influence our revenue, cash flows, profitability, access to capital, future rate of growth and carrying value of our properties. Oil, natural gas and NGLs are commodities, and their prices may fluctuate widely in response to relatively minor changes in the actual and expected supply of and demand for oil, natural gas and NGLs and market uncertainty. Historically, oil, natural gas and NGL prices have been volatile and subject to fluctuations relating to a variety of additional factors that are beyond our control, including:

- worldwide and regional economic conditions impacting the global supply of and demand for oil, natural gas and NGLs;
- the price and quantity of foreign imports of oil, natural gas and NGLs;
- political and economic conditions in or affecting other producing regions or countries, including the Middle East, Russia, Eastern Europe, Africa and South America;
- actions of OPEC, its members and other state-controlled oil companies relating to oil price and production controls;
- actions of U.S., European Union and other governments and governmental organizations relating to Russia's oil, natural gas and NGLs, including through sanctions, import restrictions and commodity price caps;
- actions of U.S. producers, and independent producers operating in other countries, relating to production levels;

- political, economic and other conditions that affect perceived or actual demand for oil, natural gas and NGLs, including international trade disputes, sanctions and global health pandemics, epidemics and concerns;
- the level of global exploration, development, production, and inventories;
- actions of U.S. and other governments to strategically release oil, natural gas and NGLs from strategic reserves;
- the availability of refining and storage capacity;
- prevailing prices on local price indexes in the area in which we operate;
- the proximity, capacity, cost and availability of gathering and transportation facilities;
- the cost of exploring for, developing, producing and transporting reserves;
- weather conditions and other natural disasters;
- terrorist attacks targeting oil and natural gas related facilities and infrastructure;
- technological advances affecting fuel economy, energy supply and energy consumption;
- the effect of energy conservation measures, alternative fuel requirements and the price and availability of alternative fuels;
- laws, regulations and taxes in the U.S. and in foreign jurisdictions that impact the demand for oil, natural gas and NGLs;
- shareholder activism or activities by non-governmental organizations to restrict the exploration and production of oil and natural gas so as to minimize emissions of carbon dioxide and methane GHGs or otherwise;
- localized and global supply and demand fundamentals; and
- expectations about future commodity prices.

These factors and the volatility of the energy markets make it extremely difficult to predict future oil, natural gas and NGL price movements with any certainty. The commodity prices displayed dramatic volatility in 2020, when the COVID-19 pandemic and various governmental actions taken to mitigate the impact of COVID-19 resulted in an unprecedented decline in demand for oil, natural gas and NGLs. During 2020, the WTI spot price for oil briefly fell to a low of negative \$37.63 per barrel and the Henry Hub spot price reached a low of \$1.33. While worldwide demand for oil, natural gas and NGLs recovered in 2021 and 2022, governmental responses to COVID-19 remain dynamic with certain countries, such as China, continuing to impose periodic lockdowns in response to rising case numbers. To the extent strains or variants of COVID-19 resurge, the negative impact to global demand for oil, natural gas and NGLs could be material.

A sustained or extended decline in commodity prices may result in a shortfall in our expected revenues and cash flows and require us to reduce capital spending or borrow funds to cover any such shortfall. If we are unable to obtain needed capital or financing on satisfactory terms, our ability to develop future reserves could be adversely affected. Also, using lower prices in estimating proved reserves may result in a reduction in proved reserve volumes due to economic limits. In addition, sustained periods of low commodity prices for oil and natural gas and the resultant effect such prices may have on our drilling economics and our ability to raise capital may require us to re-evaluate and postpone, moderate or eliminate our planned drilling and completions operations, or suspend production from current wells, which could result in the reduction of our expected production and some of our proved undeveloped reserves and related standardized measure. If we moderate or curtail our drilling, completion or production operations, we may be unable to continue to hold leases that are scheduled to expire, which may further reduce our reserves. As a result, a sustained or extended decline in commodity prices may materially and adversely affect our future business, financial condition, results of operations, liquidity and ability to finance planned capital expenditures.

If commodity prices decrease to a level such that our future undiscounted cash flows from our properties are less than their carrying value, we may be required to take write-downs of the carrying values of our properties.

Accounting guidance requires that we periodically review the carrying value of our properties for possible impairment. Based on prevailing commodity prices and specific market factors and circumstances at the time of prospective impairment reviews, and the continuing evaluation of development plans, production data, economics and other factors, we may be required to write-down the carrying value of our properties. A write-down constitutes a non-cash charge to earnings. In 2020, we recognized an impairment of \$591.8 million because of the depressed oil and natural gas commodity prices. While commodity prices have since improved resulting in no impairments directly relating to prevailing commodity prices in 2021 and 2022, a sustained or extended decline in commodity prices in the future could result in additional require that we recognize impairments of our properties, which could have a material adverse effect on our results of operations for the periods in which such charges are taken.

Risks Related to Our Reserves, Leases and Drilling Locations

Reserve estimates depend on many assumptions that may turn out to be inaccurate. Any material inaccuracies in reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves.

The process of estimating oil and natural gas reserves is complex. In order to prepare reserve estimates, we must project production rates and timing of development expenditures. We must also analyze available geological, geophysical, seismic, production and engineering data. The extent, quality and reliability of this data can vary. The process also requires economic assumptions about matters such as commodity prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. Any significant inaccuracies in our interpretations of this technical data or in making our assumptions could materially affect the estimated quantities and present value of our reserves.

Actual future production, commodity prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and natural gas reserves may vary from our estimates. For instance, initial production rates reported by us or other operators may not be indicative of future or long-term production rates, our recovery efficiencies may be worse than expected, and production declines may be greater than our estimates and may be more rapid and irregular when compared to initial production rates. In addition, we may adjust reserve estimates to reflect additional production history, results of development activities, current commodity prices and other existing factors. Any significant variance could materially affect the estimated quantities and present value of our reserves.

You should not assume that the present value of future net revenues from our reserves is the current market value of our estimated reserves. We generally base the estimated discounted future net cash flows from reserves on prices and costs on the date of the estimate. Actual future prices and costs may differ materially from those used in the present value estimate. Our estimated proved reserves as of December 31, 2022 December 31, 2023, and related standardized measure were calculated under rules of the SEC using twelve-month trailing average benchmark prices of \$90.15 \$74.70 per barrel of oil (WTI Posted) and \$6.36 \$2.64 per MMBtu (Henry Hub spot), which may be substantially higher or

lower than the available spot prices in 2022, 2023. For example, if the crude oil and natural gas prices used in our year-end reserve estimates were to increase or decrease by 10%, our proved reserve quantities at December 31, 2022 December 31, 2023 would increase by 1.1 14.4 MMBoe (0.2% (1.6%)) or decrease by 2.0 18.2 MMBoe (0.3% (2.0%)), respectively, and the pre-tax PV 10% of our proved reserves would increase by \$1.7 billion (15%) or decrease by \$1.7 billion (15%) \$1.9 billion (17%), respectively.

Unless we replace our reserves with new reserves and develop those reserves, our reserves and production will decline, which would adversely affect our future cash flows and results of operations.

Producing oil and natural gas reservoirs generally are characterized by declining production rates that vary depending upon reservoir characteristics and other factors. Unless we conduct successful ongoing exploration and development activities or continually acquire properties containing proved reserves, our proved reserves will decline as those reserves are produced. Our future reserves and production, and therefore our future cash flows and results of operations, are highly dependent on our success in efficiently developing our current reserves and economically finding or acquiring additional recoverable reserves. We may not be able to develop, find or acquire sufficient additional reserves to replace our current and future production, particularly because competition in the oil and natural gas industry is intense, and many of our competitors possess and employ financial, technical and personnel resources substantially greater than ours. If we are unable to replace our current and future production, the value of our reserves will decrease, and our business, financial condition and results of operations would be materially and adversely affected.

Our use of seismic data is subject to interpretation and may not accurately identify the presence of oil and natural gas, which could adversely affect the results of our drilling operations.

Even when properly used and interpreted, seismic data and visualization techniques are only tools used to assist geoscientists in identifying subsurface structures and hydrocarbon indicators and do not enable the interpreter to know whether hydrocarbons are, in fact, present in those structures. As a result, our drilling activities may not be successful or economical. In addition, the use of advanced technologies, such as 3-D seismic data, requires greater pre-drilling expenditures than traditional drilling strategies, and we could incur losses as a result of such expenditures.

The development of our estimated PUDs may take longer and may require higher levels of capital expenditures than we currently anticipate. Therefore, our estimated PUDs may not be ultimately developed or produced.

As of December 31, 2022 December 31, 2023, 41% 24% of our total estimated proved reserves were classified as proved undeveloped. Development of these proved undeveloped reserves may take longer and require higher levels of capital expenditures than we currently anticipate. Delays in the development of our reserves, increases in costs to drill and develop such reserves or decreases in commodity prices will reduce the value of our estimated PUDs and future net revenues estimated for such reserves and may result in some projects becoming uneconomic. In addition, delays in the development of reserves could cause us to have to reclassify our PUDs as unproved reserves. Further, we may be required to write-down our PUDs if we do not drill those wells within five years after their respective dates of booking.

Certain of our undeveloped leasehold acreage is subject to leases that will expire over the next several years unless production is established on units containing the acreage, the primary term is extended through continuous drilling provisions or the leases are renewed.

As of December 31, 2022 December 31, 2023, over 96% of our total net acreage was held by production. The leases for our net acreage not held by production will expire at the end of their primary term unless production is established in paying quantities under the units containing these leases, the leases are held beyond their primary terms under continuous drilling provisions or the leases are renewed. Some of our leases also expire as to certain depths if continuous drilling obligations are not met. If our leases expire in whole or in part and we are unable to renew the leases, we will lose the right to develop the related properties. Our ability to drill and develop these locations depends on a number of uncertainties, including commodity prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, drilling results, lease expirations, gathering system and pipeline transportation constraints, access to and availability of water sourcing and distribution systems, regulatory approvals and other factors.

In the future, we may shut-in some or all of our production depending on market conditions, storage or transportation constraints and contractual obligations, and any prolonged shut-in of our wells could result in the expiration, in whole or in part, of the related leases, which could adversely affect our reserves, business, financial condition and results of operations.

Our identified drilling locations are scheduled out over many years, making them susceptible to uncertainties that could materially alter the occurrence or timing of their drilling.

We have specifically identified and scheduled certain drilling locations as an estimation of our future multi-year drilling activities on our existing acreage. These drilling locations represent a significant part of our business strategy. Our ability to drill and develop these locations depends on a number of uncertainties, including commodity prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, drilling results, lease expirations, availability of gathering or transportation facilities, access to and availability of water sourcing and distribution systems, regulatory approvals, including permitting, and other factors. Because of these uncertain factors, we do not know if the numerous identified drilling locations will ever be drilled or if we will be able to produce natural gas or oil from these or any other drilling locations. In addition, unless production is established within the spacing units covering the undeveloped acres on which some of the drilling locations are obtained, the leases for such acreage will expire. As such, our actual drilling activities may materially differ from those presently identified.

Properties that we decide to drill may not yield oil or natural gas in commercially viable quantities.

Properties that we decide to drill that do not yield oil or natural gas in commercially viable quantities will adversely affect our results of operations and financial condition. There is no way to predict in advance of drilling and testing whether any particular prospect will yield oil or natural gas in sufficient quantities to recover drilling or completion costs or be economically viable. The use of micro-seismic data and other technologies and the study of producing fields in the same area will not enable us to know conclusively prior to drilling whether oil or natural gas will be present or, if present, whether oil or natural gas will be present in commercial quantities. We cannot assure you that the analogies we draw from available data from other wells, more fully explored prospects or producing fields will be applicable to our drilling prospects.

Risks Related to Our Operations

Our development and acquisition projects require substantial capital expenditures. We may be unable to obtain required capital or financing on satisfactory terms, which could lead to a decline in our ability to access or grow production and reserves.

The oil and natural gas industry is capital-intensive. We make and expect to continue to make substantial capital expenditures related to development and acquisition projects. Historically, we have funded our capital expenditures with cash flows from operations, borrowings under OpCo's revolving credit facility, proceeds from offering debt and equity securities and divestitures of non-core assets, and we intend to finance our future capital expenditures in a similar fashion. When we finance our capital expenditures through indebtedness, a portion of our cash flows from operations must be used to pay interest and principal on the indebtedness, which reduces our ability to use cash flows from operations to fund working capital, capital expenditures and acquisitions. The actual amount and timing of our future capital expenditures may differ materially from our estimates as a result of, among other things, oil, natural gas and NGL prices; actual drilling results; the availability of drilling rigs and other services and equipment; and regulatory, technological and competitive developments.

Our cash flow from operations and access to capital are subject to a number of variables, including:

- the prices at which our production is sold;
- our proved reserves;
- the level of hydrocarbons we are able to produce from existing wells;
- our ability to acquire, locate and produce new reserves;
- the levels of our operating expenses; and
- our ability to borrow under OpCo's revolving credit facility and to access the capital markets.

If our revenues or the borrowing base under OpCo's revolving credit facility decrease as a result of lower oil, natural gas and NGL prices, operating difficulties, declines in reserves or for any other reason, we may have limited ability to obtain the capital necessary to sustain our operations at current levels. If additional capital is needed, we may not be able to obtain debt or equity financing on terms acceptable to us, if at all. If cash flow generated by our operations or available borrowings under OpCo's revolving credit facility are not sufficient to meet our capital requirements, the failure to obtain additional financing could result in a curtailment of our operations relating to development of our properties. This, in turn, could lead to a decline in our reserves and production, and could materially and adversely affect our business, financial condition and results of operations.

Drilling for and producing oil and natural gas are high risk activities with many uncertainties that could adversely affect our business, financial condition or results of operations. Additionally, we may not be insured for, or our insurance may be inadequate to protect us against, these risks.

Our future financial condition and results of operations will depend on the success of our development, acquisition and production activities, which are subject to numerous risks beyond our control, including the risk that drilling will not result in commercially viable oil and natural gas production. In addition to the risks we face in drilling for and producing oil and natural gas, some factors that may directly or indirectly negatively impact our scheduled operations:

- lack of available gathering or transportation facilities or delays in the constructing such facilities;
- abnormal pressure or irregularities in geological formations;
- shortages of or delays in obtaining equipment, qualified personnel, materials or resources;
- equipment failures, accidents or other unexpected operational events;
- delays imposed by or resulting from compliance with laws, regulations or litigation, including limitations resulting from wastewater disposal, emission of GHGs and limitations on hydraulic fracturing;
- environmental hazards, such as oil and natural gas leaks, oil spills, pipeline and tank ruptures and unauthorized discharges of brine, well stimulation and completion fluids, toxic gases or other pollutants into the surface and subsurface environment;
- natural disasters;
- personal injuries and death;
- terrorist attacks targeting oil and natural gas related facilities and infrastructure;
- limited availability of financing at acceptable terms;
- title problems;
- adverse weather conditions; and
- limitations in the market for oil and natural gas.

We are not insured against all risks. Losses and liabilities arising from uninsured and underinsured events, including those operating risks listed above, could materially and adversely affect our business, financial condition or results of operations. We may elect not to obtain insurance for any or all of these risks if we believe that the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on our business, financial condition and results of operations.

Many of our properties are in areas that may have been partially depleted or drained by offset wells and certain of our wells may be adversely affected by actions other operators may take when drilling, completing, or operating wells that they own.

Many of our properties are in areas that may have already been partially depleted or drained by earlier offset drilling. The owners of leasehold interests adjoining any of our properties could take actions, such as drilling and completing additional wells, which could adversely affect our operations. When a new well is completed and produced, the pressure differential in the vicinity of the well causes the migration of reservoir fluids toward the new wellbore (and potentially away from existing wellbores). As a result, the drilling and production of these potential locations could cause a depletion of our proved reserves and may inhibit our ability to further develop our proved reserves. In addition, completion operations and other activities conducted on adjacent or nearby wells could cause production from our wells to be shut in for indefinite periods of time, could result in increased lease operating expenses and could adversely affect the production and reserves from our wells after they re-commence production. We have no control over the operations or activities of offsetting operators.

Part of our strategy involves using some of the latest available horizontal drilling and completion techniques, which involve risks and uncertainties in their application.

Our operations involve utilizing some of the latest drilling and completion techniques as developed by us and our service providers. Risks that we face while drilling horizontal wells include:

- landing a wellbore in the desired drilling zone, zone;
- staying in the desired drilling zone while drilling horizontally through the formation formation; and
- spacing the wells appropriately to maximize production rates and recoverable reserves.

Risks that we face while completing wells include:

- the ability to fracture stimulate the planned number of stages, stages;
- the ability to run tools the entire length of the wellbore during completion operations operations; and
- the ability to prevent unintentional communication with other wells.

If our drilling results are less than anticipated, the return on our investment for a particular project may not be as attractive as anticipated, and we could incur material write-downs of unevaluated properties and the value of our undeveloped acreage could decline in the future.

Our operations are substantially dependent on the availability of water. Restrictions on our ability to obtain water may have an adverse effect on our financial condition, results of operations and cash flows.

Water is an essential component of deep shale oil and natural gas production during both the drilling and hydraulic fracturing processes. Drought conditions have persisted in Texas and New Mexico in past years. These drought conditions have led some local water districts to restrict the use of water subject to their jurisdiction for hydraulic fracturing to protect local water supplies. Where practicable, we strive to use recycled water for our hydraulic fracturing operations. If we are unable to obtain water from water suppliers or our recycling operations, it may need to be obtained from non-local sources and transported to drilling sites, resulting in increased costs, or we may be unable to economically drill for or produce oil and natural gas, each of which could have an adverse effect on our financial condition, results of operations and cash flows.

Our ability to produce crude oil, natural gas and NGLs economically and in commercial quantities could be impaired if we are unable to acquire adequate supplies of water for our drilling operations or are unable to recycle or dispose of the produced water we produce in an economical and environmentally safe manner.

Our operations could be impaired if we are unable to recycle or dispose of the water we produce in an economical and environmentally safe manner. Where practicable, we strive to recycle the produced water for our future oil and gas operations. Produced water that is not recycled generally gets disposed of in disposal wells that are operated by us or third-party contractors. Some studies have linked earthquakes or induced seismicity in certain areas to underground injection of produced water resulting from oil and gas activities, which has led to increased public and governmental scrutiny of injection safety. For instance, in response to concerns regarding induced seismicity, regulators in Texas have adopted new rules governing the permitting or re-permitting of wells used to dispose of produced water and other fluids resulting from the production of oil and gas. Among other things, these rules require companies seeking permits for disposal wells to provide seismic activity data in permit applications, provide for more frequent monitoring and reporting for certain wells and allow the state to modify, suspend or terminate permits on grounds that a disposal well is likely to be, or determined to be, causing seismic activity.

Another consequence of water disposal activities and seismic events may be lawsuits alleging that disposal well operations have caused damage to neighboring properties or otherwise violated state and federal rules regulating waste disposal. These developments could result in additional regulation and restrictions on our use of injection wells or commercial disposal wells to dispose of produced water. Increased regulation and attention given to water disposal and induced seismicity could also lead to greater opposition, including litigation, to limit or prohibit oil and gas activities utilizing injection wells for produced water disposal. Any one or more of these developments may result in limitations on disposal well volumes, disposal rates and pressures or locations, require us or our vendors to shut down or curtail the injection into disposal wells, or cause delays, interruptions or termination of our operations, which events could have a material adverse effect on our business, financial condition and results of operations.

Our producing properties are concentrated in the Delaware Basin, a sub-basin of the Permian Basin, making us vulnerable to risks associated with operating in a single geographic area.

Our producing properties are geographically concentrated in the Delaware Basin, a sub-basin of the Permian Basin, primarily in West Texas and New Mexico. Mexico in the Permian Basin. At December 31, 2022 December 31, 2023, all of our total estimated proved reserves were attributable to properties located in this area. As a result of this concentration, we may be disproportionately exposed to the impact of regional supply and demand factors, delays or interruptions of production from wells in this area caused by governmental regulation, processing or transportation capacity constraints, market limitations, availability of equipment and personnel, water shortages, regional power outages or other drought or extreme weather related conditions or interruption of the processing or transportation of oil, natural gas or NGLs. In addition, the effect of fluctuations on supply and demand may become more pronounced within specific geographic oil and natural gas producing areas such as the Permian Basin, which may cause these conditions to occur with greater frequency or magnify the effects of these conditions. Due to the concentrated nature of our portfolio of properties, a number of our properties could experience any of the same conditions at the same time, resulting in a relatively greater impact on our results of operations than they might have on other companies that have a more diversified portfolio of properties. Such delays or interruptions could have a material adverse effect on our financial condition and results of operations.

The marketability of our production is dependent upon transportation and other facilities, most of which we do not control. If these facilities are unavailable, or if we are unable to access these facilities on commercially reasonable terms, our operations could be interrupted and our revenues reduced.

The marketability of our oil, natural gas and NGLs production depends in part upon the availability, proximity and capacity of transportation facilities owned by third parties. Our oil, natural gas and NGLs production is generally transported from the wellhead by gathering systems that are either owned by us or third-party midstream companies. In general, we do not control the transportation of our production and our access to transportation facilities may be limited or denied. In some instances, we have contractual guarantees relating to the transportation of our production through firm transportation arrangements, but third-party systems may be temporarily unavailable due to pressure limitations, market conditions, mechanical failures, accidents or other reasons. Insufficient production from our wells to support the construction of pipeline facilities by our purchasers or third-party midstream companies or a significant disruption in the availability of our or third-party transportation facilities or other production facilities could adversely impact our ability to deliver to market or produce our oil, natural gas and NGLs and thereby cause a significant interruption in our operations. If, in the future, we are unable, for any sustained period, to implement acceptable delivery or transportation arrangements, we may be required to shut in or curtail production or flare our natural gas. If we were required to shut-in wells, we might also be obligated to pay certain demand charges for gathering and processing services and firm transportation charges for pipeline capacity we have reserved. Any such shut-in or curtailment, or an inability to obtain favorable terms for delivery of the oil, natural gas and NGLs produced from our fields, would materially and adversely affect our financial condition and results of operations.

We have entered into multi-year agreements with some of our suppliers, service providers and the purchasers of our oil and natural gas, which contain minimum volume commitments. Any failure by us to satisfy the minimum volume commitments could lead to contractual penalties that could adversely affect our results of operations and financial position.

We have entered into certain multi-year supply and service agreements associated with energy and frac sand purchase agreements. We also have various multi-year agreements that relate to the sale, transportation or gathering of our oil and natural gas and may in the future enter into multi-year agreements for contracts for drilling rigs or other services. Some of these agreements contain minimum volume commitments that we must satisfy or contractual penalties in the form of volume deficiencies or other remedies may apply. As of December 31, 2022, December 31, 2023, our aggregate long-term contractual obligation under these agreements was \$48.7 million, \$120.4 million, which represents the gross minimum obligation but does not include amounts that may be due under certain contracts that contain variable pricing or volumetric components as the future obligations cannot be determined. Further information about these agreements can be found at Note 14—Commitments and Contingencies under Part II, Item 8 of this Annual Report. Any failure by us to satisfy the minimum volume commitments in these agreements could adversely affect our results of operations and financial position.

The unavailability or high cost of additional drilling rigs, equipment, supplies, personnel and oilfield services could adversely affect our ability to execute our development plans within our budget and on a timely basis.

The demand for drilling rigs, pipe and other equipment and supplies, as well as for qualified and experienced field personnel to drill wells and conduct field operations, geologists, geophysicists, engineers and other professionals in the oil and natural gas industry, can fluctuate significantly, often in correlation with commodity prices, causing periodic shortages. In addition, to the extent our suppliers source their products or raw materials from foreign markets, the cost of such equipment could be impacted if the United States imposes tariffs on imported goods from countries where these goods are produced. We cannot predict whether these conditions will exist in the future and, if so, what their timing and duration will be. Such shortages or cost increases could delay or cause us to incur significant expenditures that are not provided for in our capital budget, which could have a material adverse effect on our business, financial condition or results of operations.

We could experience periods of higher costs if commodity prices rise. These increases could reduce our profitability, cash flow and ability to complete development activities as planned.

Historically, our capital and operating costs have risen during periods of increasing oil, natural gas and NGL prices. These cost increases result from a variety of factors beyond our control, such as increases in the cost of electricity, steel and other raw materials that we and our vendors rely upon; increased demand for labor, services and materials as drilling activity increases; and increased taxes. Such costs may rise faster than increases in our revenue as commodity prices rise, thereby negatively impacting our profitability, cash flows and ability to complete development activities as scheduled and on budget. This impact may be magnified to the extent that our ability to participate in the commodity price increases is limited by our derivative activities.

We depend upon a small number of significant purchasers for the sale of most of our oil, natural gas and NGL production.

We normally sell production to a relatively small number of customers, as is customary in our business. See Note 1—Basis of Presentation and Summary of Significant Accounting Policies under Part II, Item 8 of this Annual Report for significant purchasers that accounted for more than 10% of our revenues for the years ended December 31, 2022, December 31, 2023, 2021, 2022 and 2020, 2021. The loss of any of our major purchasers could materially and adversely affect our revenues in the near-term.

We may incur losses as a result of title defects in the properties in which we invest.

The existence of a material title deficiency can render a lease worthless and can adversely affect our results of operations and financial condition. While we typically obtain title opinions prior to commencing drilling operations on a lease or in a unit, the failure of title may not be discovered until after a well is drilled, in which case we may lose the lease and the right to produce all or a portion of the minerals under the property.

Multi-well pad drilling may result in volatility in our operating results.

We utilize multi-well pad drilling where practical. Because wells drilled on a pad are not brought into production until all wells on the pad are drilled and completed and the drilling rig is moved from the location, multi-well pad drilling delays the commencement of production from a given pad, which may cause volatility in our operating results. In addition, problems affecting one pad could adversely affect production from all wells on such pad. As a result, multi-well pad drilling can cause delays in the scheduled commencement of production or interruptions in ongoing production.

We may be unable to make attractive acquisitions or successfully integrate acquired businesses, and any inability to do so may disrupt our business and hinder our ability to grow.

In the future we may make acquisitions of assets or businesses that complement or expand our current business. The successful acquisition of producing properties requires an assessment of several factors, including:

- recoverable reserves;
- future commodity prices and their applicable differentials;
- operating costs; and
- potential environmental and other liabilities.

The accuracy of these assessments is inherently uncertain. In connection with these assessments, we perform a review of the subject properties that we believe to be generally consistent with industry practices. Our review will not reveal all existing or potential problems, nor will it permit us to become sufficiently familiar with the properties to fully assess their deficiencies and capabilities. Inspections may not always be performed on every well, and environmental problems, such as groundwater contamination, are not necessarily observable even when an inspection is undertaken. Even when problems are identified, the seller may be unwilling or unable to provide effective contractual protection against all or part of the problems. We often are not entitled to contractual indemnification for environmental liabilities and acquire properties on an "as is" basis.

The success of any completed acquisition will depend on our ability to integrate effectively the acquired business into our existing operations. The process of integrating acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of our managerial and financial resources. In addition, possible future acquisitions may be larger and purchase prices higher than those paid for earlier acquisitions. No assurance can be given that we will be able to identify additional suitable acquisition opportunities, negotiate acceptable terms, obtain financing for acquisitions on acceptable terms or successfully acquire identified targets. Our failure to achieve consolidation savings, to integrate the acquired businesses and assets into our existing operations successfully or to minimize any unforeseen operational difficulties could have a material adverse effect on our financial condition and results of operations. In addition, debt agreements impose certain limitations on our ability to enter into mergers or combination transactions and our ability to incur certain indebtedness, which could indirectly limit our ability to engage in acquisitions of businesses.

A security interruption or failure with respect to our information technology systems could harm our ability to effectively operate our business.

Our ability to effectively manage and operate our business depends significantly on information technology systems. The failure of these systems to operate effectively and support our operations, challenges in transitioning to upgraded or replacement systems, difficulty in integrating new or updated systems, or a breach in security of these systems could adversely impact the operations of our business.

Any breach of our network may result in the loss of valuable business data, misappropriation of our customers' or employees' personal information, or a disruption of our business, which could harm our customer relationships and reputation, and result in lost revenues, fines or lawsuits.

Moreover, we must comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal data. Any failure to comply with these regulatory standards could subject us to legal and reputational risks. Misuse of or failure to secure personal information could also result in violation of data privacy laws and regulations, proceedings against us by governmental entities or others, damage to our reputation and credibility, and could have a negative impact on revenues and profits.

Risks Related to Our Derivative Transactions, Debt and Access to Capital

Our derivative activities could result in financial losses or could reduce our earnings.

We may enter into derivative instrument contracts for a portion of our oil and natural gas production from time to time. As of **December 31, 2022** **December 31, 2023**, we had entered into derivative contracts covering a portion of our projected oil and gas production through 2023 (refer to *Note 8—Derivative Instruments* under Part II, Item 8 of this Annual Report for a summary of our derivative instruments as of **December 31, 2022** **December 31, 2023**). Accordingly, our earnings may fluctuate significantly as a result of changes in fair value of our derivative instruments.

Derivative instruments also expose us to the risk of financial loss in some circumstances, including when:

- production is less than the volume covered by the derivative instruments;
- there is an increase in the differential between the underlying price in the derivative instrument and actual prices received; or
- there are issues with regard to legal enforceability of such instruments.

The use of derivatives may, in some cases, require the posting of cash collateral with counterparties. If we enter into derivative instruments that require cash collateral and commodity prices or interest rates change in a manner adverse to us, our cash otherwise available for use in our operations would be reduced, which could limit our ability to make future capital expenditures and make payments on our indebtedness, and which could also limit the size of OpCo's borrowing base. Future

collateral requirements will depend on arrangements with our counterparties, highly volatile commodity prices and interest rates. In addition, derivative arrangements could limit the benefit we would receive from increases in the prices for oil and natural gas, which could also have a material adverse effect on our financial condition.

Our commodity derivative contracts expose us to risk of financial loss if a counterparty fails to perform under a contract. Disruptions in the financial markets could lead to sudden decreases in a counterparty's liquidity, which could make the counterparty unable to perform under the terms of the contract, and we may not be able to realize the benefit of the contract. We are unable to predict sudden changes in a counterparty's creditworthiness or ability to perform. Even if we accurately predict sudden changes, our ability to negate the risk may be limited depending upon market conditions.

Since our production is not fully hedged, and we are also exposed to fluctuations in oil, natural gas and NGL prices as it relates to the price we receive from the sale of our unhedged volumes. We intend to continue to hedge a portion of our production, but we may not be able to do so at favorable prices. Accordingly, our revenues and cash flows are subject to increased volatility with regard to these unhedged volumes, and a decline in commodity prices could materially and adversely affect our business, financial condition and results of operations.

Our leverage and debt service obligations may adversely affect our financial condition, results of operations, business prospects and our ability to make payments on our outstanding debt.

As of ~~December 31, 2022~~ December 31, 2023, we had approximately ~~\$2.1 billion~~ \$3.8 billion of total long-term debt and additional borrowing capacity of ~~\$1.1 billion~~ \$2.0 billion under OpCo's revolving credit facility (after giving effect to ~~\$5.8 million~~ \$5.7 million of outstanding letters of ~~credit~~), credit), all of which would be secured if borrowed. Subject to the restrictions in the instruments governing OpCo's outstanding indebtedness (including OpCo's revolving credit facility and senior notes), OpCo and its subsidiaries may incur substantial additional indebtedness (including secured indebtedness) in the future. Although the instruments governing OpCo's outstanding indebtedness do contain restrictions on the incurrence of additional indebtedness, these restrictions will be subject to waiver and a number of significant qualifications and exceptions, and indebtedness incurred in compliance with these restrictions could be substantial.

Our current and future level of indebtedness could affect our operations in several ways, including the following:

- require us to dedicate a substantial portion of our cash flow from operations to service our existing debt, thereby reducing the cash available to finance our operations and other business activities;
- limit management's discretion in operating our business and our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- increase our vulnerability to downturns and adverse developments in our business and the economy generally;
- limit our ability to access the capital markets to raise capital on favorable terms or to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate or other expenses or to refinance existing indebtedness;
- place restrictions on our ability to obtain additional financing, make investments, lease equipment, sell assets and engage in business combinations;
- make it more likely that a reduction in OpCo's borrowing base following a periodic redetermination could require OpCo to repay a portion of its then-outstanding bank borrowings;
- make us vulnerable to increases in interest rates as the indebtedness under OpCo's revolving credit facility may vary with prevailing interest rates;
- place us at a competitive disadvantage relative to our competitors with lower levels of indebtedness in relation to their overall size or less restrictive terms governing their indebtedness; and
- make it more difficult for OpCo to satisfy its obligations under its debt and increase the risk that we may default on its debt obligations.

We may not be able to generate sufficient cash to service all of OpCo's indebtedness and may be forced to take other actions to satisfy OpCo's obligations under applicable debt instruments, which may not be successful.

OpCo's ability to make scheduled payments on or to refinance its indebtedness depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit OpCo to pay the principal, premium, if any, and interest on OpCo's indebtedness.

If our cash flows and capital resources are insufficient to fund debt service obligations, we may be forced to reduce or delay investments and capital expenditures, sell assets, seek additional capital or restructure or refinance indebtedness. Our ability to restructure or refinance OpCo's indebtedness will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of indebtedness could be at higher interest rates and may require OpCo to comply with more onerous covenants, which could further restrict business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm OpCo's ability to incur additional indebtedness. In the absence of sufficient cash flows and capital resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet debt service and other obligations. The agreements governing OpCo's indebtedness restrict OpCo's ability to dispose of assets and OpCo's use of the proceeds from such disposition. OpCo may not be able to consummate those dispositions, and the proceeds of any such disposition may not be adequate to meet any debt service obligations then due. These alternative measures may not be successful and may not permit OpCo to meet scheduled debt service obligations.

Restrictions in OpCo's existing and future debt agreements could limit our growth and ability to engage in certain activities.

OpCo's credit agreement ~~with a syndicate of banks that provides for a five-year secured revolving credit facility, maturing in February 2027 (the "Credit Agreement")~~ and the indentures governing its senior notes contain a number of significant covenants, including restrictive covenants that may limit OpCo's ability to, among other things:

- incur additional indebtedness;
- make loans to others;
- make investments;
- merge or consolidate with another entity;
- make certain payments;
- hedge future production or interest rates;
- incur liens;
- sell assets; and
- engage in certain other transactions without the prior consent of the lenders.

In addition, OpCo's ~~credit agreement~~ Credit Agreement requires us to maintain certain financial ratios or to reduce our indebtedness if we are unable to comply with such ratios. As of ~~December 31, 2022~~ December 31, 2023, we were in full compliance with such financial ratios and covenants.

The restrictions in OpCo's debt agreements may also limit our ability to obtain future financings to withstand a future downturn in our business or the economy in general, or to otherwise conduct necessary corporate activities. We may also be prevented from taking advantage of business opportunities that arise because of the limitations that the restrictive imposed on OpCo.

If OpCo is unable to comply with the restrictions and covenants in the agreements governing its indebtedness, there could be a default under the terms of these agreements, which could result in an acceleration of payment of funds that OpCo has borrowed.

Any default under the agreements governing OpCo's indebtedness that is not cured or waived by the required lenders, and the remedies sought by the holders of any such indebtedness, could make OpCo unable to pay principal, premium, if any, and interest on such indebtedness. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on OpCo's indebtedness, or if OpCo otherwise fails to comply with the various

covenants, including financial and operating covenants, in the agreements governing OpCo's indebtedness, OpCo could be in default under the terms of the agreements governing such indebtedness. In the event of such default:

- the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest;
- the lenders under OpCo's revolving credit facility could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against our assets; and
- we could be forced into bankruptcy or liquidation.

If our operating performance declines, we may in the future need to obtain waivers under OpCo's revolving credit facility to avoid OpCo being in default. If OpCo breaches the covenants under its revolving credit facility and seeks a waiver, OpCo may not be able to obtain a waiver from the required lenders. If this occurs, OpCo would be in default under the revolving credit facility, the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

Any significant reduction in the borrowing base under OpCo's revolving credit facility as a result of the periodic borrowing base redeterminations or otherwise may negatively impact our ability to fund our operations.

OpCo's revolving credit facility limits the amounts OpCo can borrow up to a borrowing base amount, which the lenders, in their sole discretion, determine semiannually in the spring and fall. The borrowing base depends on, among other things, projected revenues from, and asset values of, the oil and natural gas properties securing the loan. The borrowing base will automatically be decreased by an amount equal to 25% of the aggregate notional amount of permitted senior unsecured notes OpCo may issue in the future. The lenders can unilaterally adjust the borrowing base and the borrowings permitted to be outstanding under OpCo's revolving credit facility. Any increase in the borrowing base requires the consent of the lenders holding 100% of the commitments. In connection with amending the **credit agreement** **Credit Agreement** in connection with closing the **Earthstone Merger**, the elected commitments were increased to **\$1.5 \$2.0** billion.

In the future, we may not be able to access adequate funding under OpCo's revolving credit facility (or a replacement facility) as a result of a decrease in the borrowing base due to the issuance of new indebtedness, the outcome of a subsequent borrowing base redetermination or an unwillingness or inability on the part of lending counterparties to meet their funding obligations and the inability of other lenders to provide additional funding to cover the defaulting lender's portion. Declines in commodity prices could result in a determination to lower the borrowing base in the future and, in such case, OpCo could be required to repay any indebtedness in excess of the redetermined borrowing base. As a result, we may be unable to implement our respective drilling and development plan, make acquisitions or otherwise carry out business plans, which would have a material adverse effect on our financial condition and results of operations and impair our ability to service OpCo's indebtedness.

If we experience liquidity concerns, we could face a downgrade in our debt ratings which could restrict our access to, and negatively impact the terms of, current or future financings or trade credit.

Our ability to obtain financing and trade credit and the terms of any financing or trade credit is, in part, dependent on the credit ratings assigned to our debt by independent credit rating agencies. We cannot provide assurance that any of our current ratings will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances so warrant. Factors that may impact our credit ratings include debt levels, planned asset purchases or sales and near-term and long-term production growth opportunities, liquidity, asset quality, cost structure, product mix and commodity pricing levels. A ratings downgrade could adversely impact our ability to access financings or trade credit and increase our borrowing costs.

Increases in interest rates could adversely affect our business.

Our business and operating results can be harmed by factors such as the availability, terms of and cost of capital, increases in interest rates or a reduction in credit rating. These changes could cause our cost of doing business to increase, limit our ability to pursue acquisition opportunities, reduce cash flow used for drilling and place us at a competitive disadvantage. **At December 31, 2022, we had \$385.0 million in borrowings outstanding under OpCo's revolving credit facility. Interest is calculated under the terms of OpCo's credit agreement.** Recent and continuing disruptions and volatility in the global financial markets may lead to an increase in interest rates or a contraction in credit availability impacting our ability to finance operations. We require continued access to capital. A significant reduction in cash flows from operations or the availability of credit could materially and adversely affect our ability to achieve our planned growth and operating results.

Risks Related to Legislative and Regulatory Initiatives

Climate change laws and regulations restricting emissions of GHGs could increase our costs and reduce demand for the oil and natural gas we produce, while potential physical effects of climate change could disrupt our production and cause us to incur significant costs in preparing for or responding to those effects.

The threat of climate change continues to attract considerable attention in the United States and around the world. Numerous proposals have been made and could continue to be made at the international, national, regional and state levels of government to monitor, limit, and report existing emissions of greenhouse gases ("GHGs") as well as to reduce such future emissions. The **U.S. Securities and Exchange Commission ("SEC") SEC** issued a proposed rule in March 2022 that would mandate disclosure of climate-related data, risks, and opportunities, including financial impacts, physical and transition risks, related governance and strategy, and GHG emissions, for certain public companies. The SEC originally planned to issue a final rule by October 2022, but **most commentators now expect according to the SEC's updated rulemaking agenda, a final rule is now expected to be issued in 2023, the spring of 2024.**

In addition, **in in** response to findings that emissions of carbon dioxide, ("**CO₂**"), methane and other GHGs present an endangerment to public health and the environment, the **U.S. Environmental Protection Agency ("EPA") EPA** has adopted regulations pursuant to the CAA that, among other things, require Prevention of Significant Deterioration ("**PSD**") preconstruction and Title V operating permits for certain large stationary sources. While the regulation of methane from oil and gas facilities in the U.S. has been subject to uncertainty in recent years, President Biden signed an executive order in January 20, 2021 calling for the reinstatement or issuance of methane emissions standards for new, modified, and existing oil and gas facilities. The EPA subsequently **proposed issued** new regulations to establish comprehensive standards of performance and emission guidelines for methane and volatile organic compound emissions from new and existing operations in the oil and gas sector, **but we** which were finalized in December 2023. **The EPA has also issued a proposed rule in July 2023 with a proposed effective date of January 1, 2025, to expand the scope of the EPA's Mandatory Greenhouse Gas Reporting program and to update reporting requirements. We** cannot predict the scope of any final methane **or GHG** regulatory requirements or the cost to comply with such requirements. **The EPA has issued a supplemental proposed rule that is expected to be finalized in 2023.** In addition, the **Inflation Reduction Act of 2022 ("IRA"), IRA**, signed by President Biden in August 2022, provides significant funding and incentives for research and development of low-carbon energy production methods, carbon capture, and other programs directed

at addressing climate change. The IRA also includes a methane emissions reduction program that amends the Clean Air

Act to include a Methane Emissions and Waste Reduction Incentive Program for petroleum and natural gas systems. This program requires the EPA to impose a “waste emissions charge” on certain natural gas and oil sources that are already required to report under EPA’s Greenhouse Gas Reporting Program. **The EPA recently issued a proposed rule to implement the waste emissions charge with a proposed effective date in 2025 for reporting year 2024 emissions.** Compliance with these rules and legislation will likely require enhanced record-keeping practices, the purchase of new equipment, such as optical gas imaging instruments to detect leaks, increased frequency of maintenance and repair activities to address emissions leakage and additional personnel time to support these activities or the engagement of third-party contractors to assist with and verify compliance.

A separate executive order targeting climate change was issued by President Biden in January 2021, which directed the Secretary of the Interior to pause new oil and natural gas leasing on public lands and in offshore waters pending completion of a comprehensive review of the federal permitting and leasing practices, consider whether to adjust royalties associated with coal, oil, and gas resources extracted from public lands and offshore waters and identify any “fossil fuel subsidies” to take steps to ensure that federal funding is not directly subsidizing fossil fuels. Legal challenges to the executive orders have been filed. A federal district court issued a preliminary injunction against the order in June 2021, which the Fifth U.S. Circuit Court of Appeals vacated and remanded back to the district court in August 2022. The federal district court subsequently issued a permanent injunction against the order in August 2022, limited to the thirteen Plaintiff states, which included Louisiana, Alabama, Alaska, Arkansas, Georgia, Mississippi, Missouri, Montana, Nebraska, Oklahoma, Texas, Utah, and West Virginia. In November 2022, the **Bureau of Land Management (“BLM”) BLM** also issued a proposed rule to reduce the waste of natural gas from venting, flaring, and leaks during oil and gas production activities on federal and American Indian leases. We cannot predict the scope of any resulting legislation or new regulations, which may, in turn, affect our business.

At the international level, the United Nations-sponsored Paris Agreement, a non-binding agreement of which the U.S. is a signatory, encourages nations to limit their GHG emissions through nationally-determined reduction goals every five years after 2020. President Biden announced in April 2021 a new, more rigorous nationally determined emissions reduction level of 50% to 52% from 2005 levels in economy-wide net GHG emissions by 2030. Moreover, the international community gathered again in Glasgow in November 2021 at the **26th Conference of the Parties (“COP26”), COP26**, during which multiple announcements were made, including a call for parties to eliminate certain fossil fuel subsidies and pursue further action on non-CO₂ GHGs. Relatedly, the United States and European Union jointly announced at COP26 the launch of a Global Methane Pledge, an initiative which over 150 countries have joined since, committing to a collective goal of reducing global methane emissions by at least 30% from 2020 levels by 2030, including “all feasible reductions” in the energy sector. These goals were reaffirmed in November 2022 at the **COP27, COP27 in Sharm-El Sheikh. While there were limited announcements at COP27 with respect to the reduction of fossil fuel use, there were negotiations on emissions reduction targets and reduction of fossil fuel use amongst the international community, and such discussions continued at COP28 in Dubai.** The impacts of these orders, pledges, agreements and any legislation or regulation promulgated to fulfill the United States’ commitments under the Paris Agreement, the Global Methane Pledge, or other international conventions cannot be predicted at this time.

Please refer to *Regulation of the Oil and Natural Gas Industry* in Item 1 for further discussion on the topics referenced above and additional information on existing and proposed laws, regulations, treaties and international pledges intended to address GHGs and other climate change issues. Existing and future laws and regulations relating to climate change and GHG emissions could increase our costs, reduce demand for our products, limit our growth opportunities, impair our ability to develop our reserves and have other adverse effects on our business.

Federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing as well as governmental reviews of such activities could result in increased costs and additional operating restrictions or delays in the completion of oil and natural gas wells and adversely affect our production.

Hydraulic fracturing is an important and common practice that is used to stimulate production of oil and/or natural gas from dense subsurface rock formations. The hydraulic fracturing process involves the injection of water, proppants and chemicals under pressure into targeted subsurface formations to fracture the surrounding rock and stimulate production. We regularly use hydraulic fracturing as part of our operations. Hydraulic fracturing is typically regulated by state oil and natural gas commissions, but the EPA and other federal agencies have asserted regulatory authority over aspects of the process. In addition, Congress has from time to time considered legislation to provide for federal regulation of hydraulic fracturing under the Safe Drinking Water Act (“SDWA”) and to require disclosure of the chemicals used in the hydraulic fracturing process. It is unclear how any additional federal regulation of hydraulic fracturing activities may affect our operations.

Certain governmental reviews are either underway or being proposed that focus on environmental aspects of hydraulic fracturing practices. The White House Council on Environmental Quality is coordinating an administration-wide review of hydraulic fracturing practices. Additionally, in December 2016, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources. The EPA report concluded that hydraulic fracturing activities have not led to widespread, systemic impacts on drinking water resources in the United States, although there are above-and-below ground mechanisms by which hydraulic fracturing activities have the potential to impact drinking water resources. To date, EPA has taken no further action in response to the December 2016 report. Other governmental agencies, including the United States Department of Energy and the United States Department of the Interior, are evaluating various other aspects of hydraulic fracturing. These completed, ongoing, or proposed studies could spur initiatives to further regulate hydraulic fracturing under the federal SDWA or other regulatory mechanisms. **Additionally, from time to time, legislation has been introduced, but not enacted, in Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the fracturing process.**

At the state level, several states have adopted or are considering legal requirements that could impose more stringent permitting, disclosure and well construction requirements on hydraulic fracturing activities. For example, in May 2013, the Railroad Commission of Texas issued a “well integrity rule,” which updates the requirements for drilling, putting pipe down and cementing wells. The rule also includes new testing and reporting requirements, such as (i) the requirement to submit cementing reports after well completion or after cessation of drilling, whichever is later, and (ii) the imposition of additional testing on wells less than 1,000 feet below usable groundwater. The well integrity rule took effect in January 2014. Local governments also may seek to adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular. State and federal regulatory agencies have also recently focused on a possible connection between the operation of injection wells used for natural gas and oil waste disposal and seismic activity. Increased regulation and attention given to induced seismicity could lead to greater opposition to, and litigation concerning, production or development activities utilizing hydraulic fracturing or injection wells for waste disposal, which could indirectly impact our business, financial condition and results of operations. We believe that we follow applicable standard industry practices and legal requirements for groundwater protection in our hydraulic fracturing activities. Nonetheless, if new or more stringent federal, state or local legal restrictions relating to the hydraulic fracturing process are adopted in areas where we operate, we could incur potentially significant added costs to comply with such requirements, experience delays or curtailment in the pursuit of development activities, and perhaps even be precluded from drilling wells.

Conservation measures, technological advances and negative shift in market perception toward the oil and natural gas industry could reduce demand for oil and natural gas.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, technological advances in fuel economy and energy generation devices, including as a result of the renewable energy incentives contained in the IRA, could reduce demand for oil and natural gas. Additionally, the increased competitiveness of alternative energy sources (such as electric vehicles, wind, solar, geothermal, tidal, fuel cells and biofuels) could reduce demand for oil and natural gas and, therefore, our revenues.

Certain segments of the investor community have recently expressed negative sentiment towards investing in the oil and natural gas industry. Recent equity returns in the sector versus other industry sectors have led to lower oil and natural gas representation in certain key equity market indices. Some investors, including certain pension funds, university endowments and family foundations, have stated policies to reduce or eliminate their investments in the oil and natural gas sector based on social and environmental considerations. Furthermore, certain other stakeholders have pressured commercial and investment banks to stop funding oil and gas projects.

The impact of the changing demand for oil and natural gas, together with a change in investor sentiment, may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our operations may be exposed to significant delays, costs and liabilities as a result of environmental and occupational health and safety requirements applicable to our business activities.

Our operations are subject to stringent, complex and evolving federal, state and local laws and regulations governing the discharge of materials into the environment, health and safety aspects of our operations or otherwise relating to **environmental protection, protection of the environment and natural resources (including threatened and endangered species and their habitats)**. These laws and regulations may impose numerous obligations applicable to our operations, including the acquisition of a permit or other approval before conducting regulated activities; the restriction of types, quantities and concentration of materials that can be released into the environment; **the requirement to engage in remedial measures to prevent or mitigate pollution from former and ongoing operations, such as requirements to close pits and plug abandoned wells**; the limitation or prohibition of drilling activities on certain lands lying within wilderness, wetlands and other protected areas; the application of specific health and safety criteria addressing worker protection; and the imposition of substantial liabilities for pollution resulting from our operations. Numerous governmental authorities, such as the EPA and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them. Such enforcement actions often involve taking difficult and costly compliance measures or corrective actions. Failure to comply with these laws and regulations may result in the assessment of sanctions, including administrative, civil or criminal penalties, natural resource damages, the imposition of investigatory or remedial obligations, and the issuance of orders limiting or prohibiting some or all of our operations. In addition, we may experience delays in obtaining, or be unable to obtain, required permits, which may delay or interrupt our operations and limit our growth and revenue.

Certain environmental laws impose strict joint and several liability for costs required to remediate and restore sites where hazardous substances, hydrocarbons or solid wastes have been stored or released. We may be required to remediate contaminated properties currently or formerly operated by us or facilities of third parties that received waste generated by our operations regardless of whether such contamination resulted from the conduct of others or from consequences of our own actions that were in compliance with all applicable laws at the time those actions were taken. In connection with certain acquisitions, we could acquire, or be required to provide indemnification against, environmental liabilities that could expose us to material losses. In

addition, claims for damages to persons or property, including natural resources, may result from the environmental, health and safety impacts of our operations. Our insurance may not cover all environmental, health and safety risks and costs or may not provide sufficient coverage if an environmental, health and safety claim is made against us. Moreover, public interest in the protection of the environment and human health has increased dramatically in recent years. The trend of more expansive and stringent environmental legislation and regulations applied to the crude oil and natural gas industry could continue, resulting in increased costs of doing business and consequently affecting profitability. In the states of New Mexico and Texas, as an example, governmental authorities are investigating the practice of flaring natural gas and it is possible that such states could implement additional volumetric or other restrictions on this practice which may require us to curtail or shut in production which otherwise is or would be flared due to the unavailability of acceptable delivery, transportation or processing arrangements. To the extent laws are enacted or other governmental action is taken that restricts drilling or imposes more stringent and costly operating, waste handling, disposal and cleanup requirements, our business, prospects, financial condition or results of operations could be materially adversely affected.

Restrictions on drilling activities intended to protect certain species of wildlife may adversely affect our ability to conduct drilling activities in areas where we operate.

Oil and natural gas operations in our operating areas may be adversely affected by seasonal or permanent restrictions on drilling activities designed to protect various wildlife. Seasonal restrictions may limit our ability to operate in protected areas and can intensify competition for drilling rigs, oilfield equipment, services, supplies and qualified personnel, which may lead to periodic shortages when drilling is allowed. These constraints and the resulting shortages or high costs could delay our operations or materially increase our operating and capital costs. Permanent restrictions imposed to protect endangered or threatened species and their habitats could prohibit drilling in certain areas or require the implementation of expensive mitigation measures. The designation of previously unprotected species in areas where we operate as threatened or endangered could cause us to incur increased costs arising from species protection measures or could result in limitations on our activities that could have a material and adverse impact on our ability to develop and produce our reserves.

A negative shift in investor sentiment towards the oil and natural gas industry and increased attention to environmental, social and governance ("ESG") and conservation matters may adversely impact our business.

Increasing attention to climate change and natural capital, societal expectations on companies to address climate change, investor and societal expectations regarding voluntary ESG initiatives and disclosures, and consumer demand for alternative sources of energy may result in increased costs (including but not limited to increased costs associated with compliance, stakeholder engagement, contracting, and insurance), reduced demand for our products and our product and services, reduced profits, increased legislative and judicial scrutiny, investigations and litigation, and negative impacts on our stock price and access to capital markets. Increasing attention to climate change and environmental conservation, for example, may result in demand shifts for our products and additional governmental investigations and private litigation against us. To the extent that societal pressures or political or other factors are involved, it is possible that liability could be imposed on us without regard to our causation of or contribution to the asserted damage, or to other mitigating

factors. Voluntary disclosures regarding ESG matters, as well as any ESG disclosures mandated by law, could result in private litigation or government investigation or enforcement action regarding the sufficiency or validity of such disclosures. In addition, failure or a perception (whether or not valid) of failure to implement ESG strategies or achieve ESG goals or commitments, including any GHG reduction or neutralization goals or commitments, could result in governmental investigations or enforcement, private litigation and damage our reputation, cause our investors or consumers to lose confidence in our Company, and negatively impact our operations.

Moreover, while we may create and publish disclosures regarding ESG matters, many of the statements in those disclosures may be on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying and measuring many ESG matters. Such disclosures may also be partially reliant on third-party information that we have not or cannot independently verify. Additionally, we expect there will likely be increasing levels of regulation, disclosure-related and otherwise, with respect to ESG matters, and increased regulation will likely lead to increased compliance costs as well as scrutiny that could heighten all of the risks identified in this risk factor.

In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings and recent activism directed at shifting funding away from companies with energy-related assets could lead to increased negative investor sentiment toward us and to the diversion of investment to other industries, which could have a negative impact on our stock price and our or our access to and costs of capital. Also, institutional lenders may, of their own accord, decide not to provide funding for fossil fuel industry companies based on climate change, natural capital, or other ESG related concerns, which could affect our or our access to capital for potential growth projects. Moreover, to the extent ESG matters negatively impact our or the fossil fuel industry's reputation, we may not be able to compete as effectively to recruit or retain employees, which may adversely affect our operations.

Any restrictions on oil and natural gas development on federal lands has the potential to adversely impact our operations.

We possess leases which are granted by the federal government and administered by the BLM, a federal agency. Operations we conduct on federal leases must comply with numerous additional statutory and regulatory restrictions. These leases contain relatively standardized terms requiring compliance with detailed regulations. Under certain circumstances, the BLM may require operations on federal leases to be suspended or terminated. Any such suspension or termination of our leases could adversely impact the results of our operations.

The Biden administration has proposed certain changes to the leasing and permitting programs for oil and natural gas development on federal lands, including imposing bans on new oil and gas leasing, cancelling issued oil and gas leases, and removing public lands from future oil and gas leasing. For example, on June 2, 2023, the Biden administration issued a 20-year ban on new oil and gas leasing within a 10-mile radius of Chaco Culture National Historical Park in Northern New Mexico. Additionally, on September 6, 2023, the Biden administration announced that it is cancelling issued leases for oil and gas in the Arctic National Wildlife Refuge designated for oil and gas development. While we cannot predict the ultimate impact of these changes or whether federal agencies will implement further reforms, any revisions to the federal leasing or permitting process that make it more difficult for us to pursue operations on federal lands may adversely impact our operations.

In addition to administrative and policy risks, operations on federal lands also face litigation risks. Ongoing litigation related to the federal oil and gas leasing program may impact our federal oil and gas leases, which in turn could impact our results of operations. For example, a June 2022 settlement approved by a federal district court in Washington, D.C., obligates the BLM to redo its environment reports under NEPA for all oil and gas leases sold between 2015 and 2020, including leases in New Mexico. The settlement stems from a 2016 lawsuit alleging that the BLM was not properly accounting for the cumulative climate impacts of its federal leasing program. Separately, there is a risk that authorizations required for existing operations may be delayed to the point that it causes a business disruption, and we cannot guarantee that further action will not be taken to curtail oil and natural gas development on federal land. For example, certain lawmakers have proposed to reduce or ban further leasing on federal lands or to adopt further restrictions for same. To the extent such legislation is passed, it may adversely impact our operations, which could negatively impact our financial performance.

Tax laws and regulations may change over time, and any such changes could adversely affect our business and financial condition.

From time to time, legislation has been proposed that, if enacted into law, would make significant changes to U.S. federal and state income tax laws affecting the oil and natural gas industry, including (i) eliminating the immediate deduction for intangible drilling and development costs, (ii) the repeal of the percentage depletion allowance for oil and natural gas properties and (iii) an extension of the amortization period for certain geological and geophysical expenditures. No accurate prediction can be made as to whether any such legislative changes will be proposed or enacted in the future or, if enacted, what the specific provisions or the effective date of any such legislation would be. These proposed changes in the U.S. tax law, if adopted, or other similar changes that would impose additional tax on our activities or reduce or eliminate deductions currently available with respect to natural gas and oil exploration, development or similar activities, could adversely affect our business, results of operations, financial condition and cash flow.

Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect our business, investments and results of operations.

We are subject to laws, regulations and rules enacted by national, regional and local governments and NYSE. In particular, we are required to comply with certain SEC, NYSE and other legal or regulatory requirements. Compliance with, and monitoring of, applicable laws, regulations and rules may be difficult, time consuming and costly. Those laws, regulations and rules and their interpretation and application may also change from time to time and those changes could have a material adverse effect on our business, investments and results of operations. In addition, a failure to comply with applicable laws, regulations and rules, as interpreted and applied, could have a material adverse effect on our business and results of operations.

Risks Related to Our Common Stock and Capital Structure

A negative shift in investor sentiment towards the oil and gas industry could adversely affect our ability to raise equity and debt capital.

Certain segments of the investor community have recently developed negative sentiment towards investing in the oil and gas industry. Over the past years, equity returns in the sector versus other industry sectors have led to lower oil and gas representation in certain key equity market indices. Some investors, including certain institutional investors, private equity companies, pension funds, university endowments and family foundations have stated policies to reduce or eliminate their investments in the oil and gas sector based on social and environment considerations. Certain other stakeholders have pressured commercial and investment banks to stop funding oil and gas projects. Such developments could result in downward pressure on the stock prices of oil and gas companies, including ours. This may also result in a reduction of available capital funding for potential development projects, further impacting our future financial results.

Our principal stockholders hold substantial voting power of our outstanding voting common stock.

Holders of our Class A Common Stock and Class C Common Stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law or our Fourth Amended and Restated Certificate of Incorporation, as amended (the "Charter"). As of December 31, 2022, NGP Energy Capital ("NGP") December 31, 2023, Pearl Energy Investments ("Pearl") and EnCap Partners GP, LLC ("EnCap"), Riverstone Investment Group LLC ("Riverstone") and NGP Energy Capital ("NGP") beneficially own approximately 21% 12%, 16% 10%, 7% and 13% 6%, respectively, of our voting interests and, along with their affiliates, could limit the ability of our other stockholders to approve transactions they may deem to be in the best interests of our Company or delay or prevent changes in control or changes in our management.

Under the Charter, prior to the first date on which investment funds affiliated with Riverstone, Pearl and NGP and their respective successors and affiliates cease to collectively have beneficial ownership (directly or indirectly) of more than 50% of our outstanding shares of common stock, any action required to be taken at any annual or special meeting of our stockholders, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is approved in advance by our board of directors and is signed by the holders of outstanding shares of common stock having at least the minimum number of votes required to take such action. Thus, written consents of this type can be effected without the participation or input of minority stockholders.

As long as NGP, Pearl, EnCap, Riverstone and Riverstone NGP continue to own or control a significant percentage of outstanding voting power, they may have the ability to strongly influence all corporate actions requiring stockholder approval, including the election and removal of directors and the size of our board of directors, any amendment of our Charter or our second amended and restated bylaws (the "Bylaws"), or the approval of any merger or other significant corporate transaction, including a sale of substantially all of our assets.

In addition, NGP, Pearl, EnCap, Riverstone and Riverstone NGP and their respective affiliates may, from time to time, acquire interests in businesses that directly or indirectly compete with our business, as well as businesses that are significant existing or potential acquisition candidates or industry partners. They may also acquire or seek to acquire assets that we seek to acquire and, as a result, those acquisition opportunities may not be available to us or may be more expensive for us to pursue. Moreover, this concentration of stock ownership by our significant stockholders may also adversely affect the trading price of our common stock to the extent investors perceive a disadvantage in owning stock of a company with stockholders who own such a significant percentage of our voting securities.

There may be future sales or other dilution of our equity, which may adversely affect the market price of our common stock.

We are not restricted from issuing additional shares of common stock, including securities that are convertible into or exchangeable for, or that represent a right to receive, common stock. Any issuance of additional shares of our common stock or convertible securities will dilute the ownership interest of our common stockholders. Sales of a substantial number of shares of our common stock or other equity-related securities in the public market, or the perception that these sales could occur, could depress the market price of our common stock and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of our common stock or other equity-related securities would have on the market price of our common stock.

As a result of the Merger, we issued 269.3 million shares of our Class C common stock and an equal number of common units in OpCo, which are redeemable or exchangeable on a one-for-one basis for shares of our Class A Common Stock at the election of the holder for no additional consideration, to former Colgate stockholders, including NGP and Pearl. In connection with the closing of the Merger, these stockholders agreed to a lock-up period associated with the shares and units they received in the Merger that expires on March 1, 2023. Thereafter, these stockholders may decide not to hold the shares and units and these sales (or the perception that these sales may occur) could have the effect of depressing the market price for our common stock. In addition, pursuant to the Registration Rights Agreement we entered into with NGP and Pearl at the closing of the Merger, at either of their election, we are required to assist them in a secondary offering of the sale of the securities they received in the Merger. Any such sales of shares and units by NGP or Pearl, or expectations thereof, could similarly have the effect of depressing the market price for our common stock.

The declaration of dividends and any repurchases of our common stock are each within the discretion of our board of directors based upon a review of relevant considerations, and there is no guarantee that we will pay any dividends on or repurchase shares of our common stock in the future or at levels anticipated by our stockholders.

Dividends, whether fixed or variable, and stock repurchases are authorized and determined by our board of directors in its sole discretion and depend upon a number of factors, including the Company's financial results, cash requirements and future prospects, restrictions in our debt agreements, as well as such other factors deemed relevant by our board of directors. In September 2022 at the closing of the Colgate Merger, we announced an upsized \$500 million stock repurchase program, but this repurchase program may be suspended from time to time, modified, extended or discontinued by our board of directors at any time. Similarly, any dividends, whether fixed or variable, we may declare in the future will be determined by our board of directors in its sole discretion. Any elimination of, or downward revision in, our stock repurchase program or dividend policy could have an adverse effect on the market price of our common stock.

Provisions contained in our Charter and Bylaws, as well as provisions of Delaware law, could impair a takeover attempt, which may adversely affect the market price of our Common Stock.

Our Charter and Bylaws contain provisions that could have the effect of delaying or preventing changes in control or changes in our management without the consent of our board of directors. These provisions include:

- a classified board of directors, with only approximately one-third of our board of directors elected each year;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death, or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;

- the ability of our board of directors to determine whether to issue shares of our preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- **subject to the limited exception available while investment funds affiliated with Riverstone, Pearl and NGP and their respective successors and affiliates continue to collectively own more than 50% of our outstanding shares of common stock;**

- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that an annual meeting of stockholders may be called only by the chairman of the board of directors, the chief executive officers, or the board of directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- limiting the liability of, and providing indemnification to, our directors and officers;
- controlling the procedures for the conduct and scheduling of stockholder meetings;
- providing that directors may be removed prior to the expiration of their terms by stockholders only for cause; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of the Company.

These provisions, alone or together, could delay hostile takeovers and changes in control of the Company or changes in our board of directors and management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which prevents some stockholders holding more than 15% of our outstanding voting common stock from engaging in certain business combinations without approval of the holders of substantially all of our outstanding voting common stock. Any provision of our Charter or Bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their securities and could also affect the price that some investors are willing to pay for our securities.

The Charter designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for substantially all actions and proceedings that may be initiated by stockholders, which could limit shareholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our Charter provide that, unless we consent in writing to the selection of an alternative forum, the (i) Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (A) any derivative action or proceeding brought on our behalf, (B) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our shareholders, (C) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, the Charter or our Bylaws or (D) any action asserting a claim against us that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein; and (ii) subject to the foregoing, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, including all causes of action asserted against any defendant to such complaint. In the event the Delaware Court of Chancery lacks subject matter jurisdiction, then the sole and exclusive forum for such action or proceeding shall be the federal district court for the District of Delaware.

Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have received notice of and consented to the foregoing forum selection provision. This provision may limit our shareholders' ability to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers, or other employees, which may discourage such lawsuits. Alternatively, if a court were to find this choice of forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect its business, financial condition, prospects, or results of operations.

Risks Related to the Earthstone Merger

We may be unable to integrate the business of the Company and Earthstone successfully or realize the anticipated benefits of the Earthstone Merger.

The failure to integrate our businesses and operations with those of Colgate successfully in the expected time frame may adversely affect our future results.

The Earthstone Merger involved the combination of two companies that previously operated as independent companies. It public companies until November 1, 2023. The combination of two independent businesses is complex, costly and time consuming, and we will be required to continue to devote significant management attention and resources to integrating the business practices and operations of Earthstone into the Company. Potential difficulties that we may encounter as part of the integration process include the following:

- the inability to successfully combine the business of the Company and Earthstone in a manner that permits the combined company to achieve, on a timely basis, or at all, the enhanced revenue opportunities and cost savings and other benefits anticipated to result from the Earthstone Merger;
- complexities associated with managing the combined businesses, including difficulty addressing possible that differences in operational philosophies and the ongoing process challenge of integrating the two businesses could result in the loss complex systems, technology, networks and other assets of key employees, the disruption each of the business, inconsistencies companies in standards, controls, procedures a seamless manner that minimizes any adverse impact on customers, suppliers, employees and policies, other constituencies;
- the assumption of contractual obligations with less favorable or more restrictive terms; and
- potential unknown liabilities and unforeseen increased expenses associated with the Earthstone Merger.

Any of these issues could adversely affect our ability to maintain relationships with customers, suppliers, employees and other constituencies, our ability to achieve the anticipated benefits of the Earthstone Merger, our earnings or delays our business and financial results following the Earthstone Merger.

The financial forecasts disclosed in connection with the announcement of the Earthstone Merger are based on various assumptions that may not be realized.

The financial estimates disclosed in connection with the announcement of the Earthstone Merger were based on assumptions of, and information available to, our management when prepared, and these estimates and assumptions are subject to uncertainties, many of which are beyond our control and may not be realized. Many factors will be important in

determining the Company's future results following the Earthstone Merger. As a result of these contingencies, actual future results may vary materially from our estimates. In view of these uncertainties, these financial estimates should not be viewed as a representation that the forecasted results will necessarily reflect actual future results.

Our financial estimates were not prepared with a view toward public disclosure, and such financial estimates were not prepared with a view toward compliance with published guidelines of any regulatory or higher-than-expected integration costs professional body. Further, any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation, other than as required by applicable law, to update the financial estimates to reflect events or circumstances after the date those financial estimates were prepared or to reflect the occurrence of anticipated or unanticipated events or circumstances.

The synergies attributable to the Earthstone Merger may vary from expectations.

We may fail to realize the anticipated benefits and synergies expected from the Earthstone Merger, which could adversely affect the Company's business, financial condition and results of operations. The success of the Earthstone Merger will depend, in significant part, on the Company's ability to successfully integrate the acquired business, grow the revenue of the Company and realize the anticipated strategic benefits and synergies from the acquisition. We believe that the acquisition will provide operational and financial scale, increasing free cash flow and an overall integration process that takes enhanced corporate rate of return. However, achieving these goals requires, among other things, realization of the targeted cost synergies expected from the Earthstone Merger. This growth and the anticipated benefits of the transaction may not be realized fully or at all, or may take longer to realize than originally expected. Actual operating, technological, strategic and revenue opportunities, if achieved at all, may be less significant than expected or may take longer to achieve than anticipated.

If we are not able to adequately address integration challenges, we may be unable to successfully integrate operations achieve these objectives and realize the anticipated benefits of and synergies expected from the integration plan may not be realized. An inability to realize the full extent of Earthstone Merger within the anticipated benefits timing or at all, our business, financial condition and results of the Merger, as well as any delays encountered in the integration process, could have an adverse effect upon our revenues, level of expenses and operating results, which could have an adverse effect on the market price of our common stock.

Colgate was not a U.S. public reporting company and the obligations associated with integrating it into a public company operations may require significant resources and management attention.

Prior to the consummation of the Merger, Colgate was a private company that was not subject to reporting requirements and did not have accounting personnel specifically employed to review internal controls over financial reporting. In connection with integrating its business and assets into our public company, the Colgate business will become subject to the rules and regulations established from time to time by the United States Securities and Exchange Commission and NYSE. In addition, as a public company, we are required to document and test our internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002, so that our management can certify as to the effectiveness of our internal control over financial reporting in connection with the annual report. Colgate's business will be required to be included in the scope of our internal control over financial reporting in the annual report to be filed with the SEC for the fiscal year following the fiscal year in which the Merger are consummated and thereafter, which requires us to make and document significant changes to our internal controls over financial reporting. Bringing Colgate's business into compliance with these rules and regulations and integrating the Colgate assets into our current compliance and accounting system may increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources adversely affected.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

We rely on information technology and data to operate our business effectively and recognize the importance of implementing and maintaining cybersecurity systems and processes that allow us to protect the confidentiality, integrity and availability of our information systems and the data residing within them.

In order to monitor our information technology systems and data and to identify potential threats to such, we maintain cybersecurity risk assessment and management programs. Such programs include, but are not limited to, annual security penetration tests performed both externally and internally, bi-annual security assessments against cybersecurity frameworks, continuous vulnerability scanning, incident response processes, monthly and annual security awareness and simulated phishing trainings for our employees, and various system alert monitoring and screenings.

As part of our cybersecurity risk management process, we conduct simulated cybersecurity incidents to ensure that we are prepared to respond to such incidents and to highlight any areas for potential improvement in our cyber incident preparedness. We have a cybersecurity incident management policy and response plan in place. Cybersecurity breaches are evaluated by our information technology teams, which includes our VP of Information Technology. If an incident is deemed to be a breach, it is communicated to our legal department and management for evaluation, including whether the breach requires communication to the Board of Directors or investors through a relevant public filing.

Governance

Our cybersecurity risk management is primarily the responsibility of our VP of Information Technology and information technology teams. Our VP of Information Technology has over 25 years of industry experience in the field of information systems and oversees our risk assessment programs, remediation of known risks, processes for the regular monitoring of our information systems and our employee cybersecurity training programs. Our Board of Directors also oversees cybersecurity risk through our Audit Committee who reviews periodic reporting and updates regarding our risk management associated with cybersecurity.

We have not experienced any cybersecurity incidents that have had a material impact on our business strategy, results of operations or financial condition. For more information about the cybersecurity risks we face, refer to *Risk Factors* under Part I, Item 1A of this Annual Report.

ITEM 3. LEGAL PROCEEDINGS

Refer to Note 14—Commitments and Contingencies under Part II, Item 8 of this Annual Report for more information regarding our legal proceedings.

Environmental. Due to the nature of the oil and gas industry, we are exposed to environmental risks. We have various policies and procedures to minimize and mitigate the risks from environmental contamination and we conduct periodic reviews to identify changes in our environmental risk profile. Liabilities are recorded when environmental damages resulting from events are probable and the costs can be reasonably estimated. Except as discussed herein, we We are not aware of any material environmental claims existing as of December 31, 2022 December 31, 2023 which have not been provided for or would otherwise have a material impact on our financial statements; however, there can be no assurance that current regulatory requirements will not change or that unknown potential past non-compliance with environmental laws or other environmental liabilities will not be discovered on our properties.

In September 2022, we were provided with a request to settle an air emissions issue previously detected by the U.S. Environmental Protection Agency (the "EPA"). To resolve the alleged violations, the EPA and Permian Resources jointly agreed to a Consent Agreement along with the corresponding Final Order ("CAFO"), which assessed penalties in the amount of \$610,000. We have implemented programs to meet the requirements of the CAFO and are in the process of correcting any identified deficiencies.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

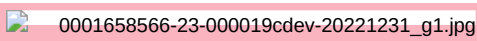
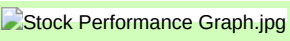
Common Stock

Our Class A Common Stock was is currently listed and traded on the NASDAQ under the symbol "CDEV" until the closing of the Merger on September 1, 2022. Following the closing of the Merger, we changed our name from "Centennial Resource Development, Inc." to "Permian Resources Corporation" and transferred the listing of our Class A Common Stock to the New York Stock Exchange under the ticker symbol "PR". As of February 17, 2023 February 23, 2024, there were 17 240 registered holders of record of our Class A Common Stock and 87 55 registered holders of record of our Class C Common Stock.

Stock Performance Graph

The following performance graph and related information shall deemed to be furnished, but not filed with the SEC.

The performance graph below compares the cumulative total stockholder return on our Class A Common Stock ("PR") to that of the Standard & Poor's 500 Index ("S&P 500") and the Standard & Poor's 500 Oil and Gas Exploration & Production ETF ("XOP"). The "cumulative total return" assumes that \$100 was invested, including reinvestment of dividends, if any, in our Class A Common Stock, the S&P 500, and XOP on December 31, 2017 December 31, 2018 and tracks it through December 31, 2022 December 31, 2023. The results shown in the graph below are not necessarily indicative of future stock price performance.



Stock Repurchase Program

In February 2022, our Our Board of Directors authorized a stock repurchase program to acquire up to \$350 \$500 million of our outstanding common stock Common Stock (the "Repurchase Program"), which is was approved to run through April 1, 2024. In connection with the Merger, the Repurchase Program was increased to \$500 million and was extended through December 31, 2024. The Repurchase Program can be used to reduce our shares of Class A Common Stock and Class C Common Stock outstanding. Repurchases may be made from time to time in the open-market or via privately negotiated transactions at the Company's our discretion and will be subject to market conditions, applicable legal requirements, available liquidity, compliance with our debt and other agreements and other factors. The Repurchase Program does not require any specific number of shares to be acquired and can be modified or discontinued by our Board of Directors at any time.

Issuer Purchases of Equity Securities

Share repurchase activity during the three months ended December 31, 2023 was as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Amount of Shares that May Yet Be Purchased under Plans or Programs (in thousands)
October 1 - 31, 2023	—	\$ —	—	\$ 442,661

November 1 - 30, 2023 ⁽¹⁾	2,774,826	\$	13.64	2,774,826	\$	404,811
December 1 - 31, 2023 ⁽²⁾	2,252,252	\$	12.93	2,252,252	\$	375,689

(1) During the fourth quarter of 2023, we repurchased and subsequently canceled 2,774,826 shares of Class A Common Stock in connection with shares issued for the Earthstone Merger on November 1, 2023. The shares were repurchased at an average price of \$13.64 per common share for a total cost of \$37.9 million.

(2) During the fourth quarter of 2023, we repurchased 2,252,252 shares of Class C Common Stock at a weighted average price of \$12.93 per common share for a total cost of \$29.1 million. The shares that were repurchased were subsequently canceled. The share repurchase was completed from a selling shareholder during a secondary offering of Class C Common Stock.

Dividend Policy

We plan to return capital to shareholders through a combination of a base dividend dividends plus a variable return framework, comprised of variable dividends and/or share repurchases. Our Board of Directors declared and paid a regular cash dividend of \$0.05 per share of Class A Common Stock in November 2022. The variable return program is structured to distribute at least 50% of free cash flow after the base dividend through a variable dividend, share repurchases or a combination of both. The mix between variable dividends and share repurchases will be dependent upon market conditions during a given quarter. Any future variable Variable dividends will be typically declared on or around our quarterly earnings and paid shortly thereafter. We plan to begin the variable return program in the second quarter of 2023, which will be based on first quarter 2023 results. The decision to pay any future dividends is solely within the discretion of, and subject to approval by, our Board of Directors. Our Board of Directors' determination with respect to any such dividends, including the record date, the payment date and the actual amount of the dividend, will depend upon our profitability and financial condition, contractual restrictions, restrictions imposed by applicable law and other factors that the Board deems relevant at the time of such determination.

ITEM 6. [Reserved]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying consolidated financial statements and related notes in "Item 8. Financial Statements and Supplementary Data" in this Annual Report. The following discussion and analysis contains forward-looking statements that reflect our future plans, estimates, beliefs and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside our control. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, future market prices for oil, natural gas and NGLs, future production volumes, estimates of proved reserves, capital expenditures, economic and competitive conditions, inflation, regulatory changes, the implementation and actual result of the Earthstone Merger (defined below) and other uncertainties, as well as those factors discussed in "Cautionary Statement Concerning Forward-Looking Statements" and "Item 1A. Risk Factors" in this Annual Report, all of which are difficult to predict. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may or may not occur. We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law.

Overview

We are an independent oil and natural gas company focused on the responsible acquisition, optimization and development of high-return oil and natural gas properties. Our assets are mainly located in the core of the Delaware Permian Basin. Our principal business objective is to increase shareholder value by efficiently developing our oil and natural gas assets in an environmentally and socially responsible way, with an overall objective of improving our rates of return and generating sustainable free cash flow.

Market Conditions

The demand Our revenue, profitability and ability to return cash to stockholders can depend substantially on factors beyond our control, such as economic, political and regulatory developments. Prices for crude oil, and natural gas was significantly impacted by and NGLs have experienced significant fluctuations in recent years and may continue to fluctuate widely in the worldwide outbreak of future.

Immediately following the COVID-19 during 2020 and 2021, and pandemic, global oil and natural gas supplies have been impacted supply was limited by production curtailment agreements among the Organization of Petroleum Exporting Countries and other oil producing countries ("OPEC+") and, in addition to overall reduced drilling and completion activity from U.S. producers. Both OPEC+ output and U.S. drilling activity has increased since 2020 levels which has led to a gradual increase in oil and gas supply. Meanwhile, As global economies have reopened, demand for oil and gas has risen steadily throughout 2021 and 2022 due to the global reopening post-pandemic and the has been positively impacted by a global-wide transition away from coal to natural gas. However, Russia's invasion of Ukraine in early 2022 and subsequent global sanctions placed on Russia in response have created additional downward pressures on the supply of natural gas and, to a lesser extent, on oil. While governmental actions from several countries to release a portion of their strategic petroleum reserves caused global inventories to increase temporarily, the lack of global capital expenditure growth and limited spare capacity has resulted in a relatively balanced oil supply and demand market. The aforementioned factors, among others, have aided in the recovery of global commodity prices throughout 2021 and have also led to heightened commodity prices during certain time periods of 2022, particularly during the beginning of Russia's invasion of Ukraine. Specifically, NYMEX WTI spot prices for crude oil reached a high of \$123.70 per barrel on March 8, 2022, from a low of negative \$37.63 per barrel on April 20, 2020. Similarly, and the NYMEX Henry Hub index price for natural gas reached a high of \$9.85 per MMBtu on August 23, 2022. Subsequently, governments from several countries coordinated a low simultaneous release of \$1.33 a portion of their strategic petroleum reserves, which increased global oil inventories to near normalized levels. In response, OPEC+ announced an agreement to curtail production by approximately two million barrels per MMBtu day. Despite OPEC+'s largest production cut since the pandemic, crude oil prices continued to fall from their peak in mid-2022 due in part to government-coordinated petroleum releases, in addition to global recession concerns, a high interest rate environment, and lower than expected demand from China. Year-to-date, OPEC+ has undertaken a series of actions in an effort to support commodity prices. In April 2023, OPEC+ announced further production cuts, which were later extended. In addition, both Saudi Arabia and Russia announced unilateral production curtailments at separate times during 2023. These actions, coupled with relatively strong global demand and recent tensions in the Middle East, caused crude oil prices to increase during 2023, with NYMEX WTI spot prices reaching a high of \$93.68 per barrel on September 22, 2020 September 27, 2023. However, further concerns of global economic growth and increases in oil and natural gas supply levels have resulted in additional price deterioration at the end of 2023.

The oil and natural gas industry is cyclical, and it is likely that commodity prices, as well as commodity price differentials, will continue to be volatile due to fluctuations in global supply and demand, inventory levels, the continued effects from COVID-19 and variant strains of the virus, geopolitical events, federal and state government regulations, weather

conditions, the global transition to alternative energy sources, supply chain constraints and other factors. The following table highlights the quarterly average NYMEX price trends for NYMEX WTI spot prices for crude oil and NYMEX Henry Hub index price for natural gas since the first quarter of 2020: 2021:

		2020				2021				2022			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
										2021			
										Q1	Q2	Q3	Q4
Crude	Crude												
Oil (per	Oil (per												
Bbl)	Bbl)	\$46.19	\$28.00	\$40.93	\$42.66	\$57.84	\$66.06	\$70.56	\$77.09	\$94.40	\$108.34	\$91.56	\$82.64
Natural	Natural												
Gas	Gas												
(per	(per												
MMBtu)	MMBtu)	\$ 1.88	\$ 1.65	\$ 1.95	\$ 2.47	\$ 3.44	\$ 2.88	\$ 4.28	\$ 4.74	\$ 4.60	\$ 7.39	\$ 7.96	\$ 5.55

Lower commodity prices and lower futures curves for oil and gas prices can result in impairments of our proved oil and natural gas properties or undeveloped acreage and may materially and adversely affect our operating cash flows, liquidity,

financial condition, results of operations, future business and operations, and/or our ability to finance planned capital expenditures, which could in turn impact our ability to comply with covenants under our credit agreement Credit Agreement and senior notes. Lower realized prices may also reduce the borrowing base under OpCo's credit agreement, our Credit Agreement, which is determined at the discretion of the lenders and is based on the collateral value of our proved reserves that have been mortgaged to the lenders. Upon a redetermination, if any borrowings in excess of the revised borrowing capacity were outstanding, we could be forced to immediately repay a portion of the debt outstanding under the credit agreement.

Credit Agreement.

Due to the cyclical nature of the oil and gas industry, fluctuating demand for oilfield goods and services can put pressure on the pricing structure within our industry. As commodity prices rise, costs of oilfield goods and services generally also increase, while increase; however, during periods of commodity price declines, oilfield costs typically lag and do not adjust downward as fast as oil prices do. In addition, the U.S. inflation rate has been steadily increasing during 2021 2022 and 2022. These inflationary 2023. Inflationary pressures such as these may also result in increases to the costs of our oilfield goods, services and personnel, which can in turn cause our capital expenditures and operating costs to rise.

2022 2023 Highlights and Future Considerations

Colgate Earthstone Merger

On May 19, 2022 August 21, 2023, we entered into a Business Combination an Agreement (the "Merger and Plan of Merger ("the Merger Agreement") with CRP, Colgate, and Colgate Energy Partners III MidCo, LLC (the "Colgate Unitholder"). The Merger Agreement provided for a merger of equals transaction, with CRP (which was renamed Earthstone pursuant to which Permian Resources Operating, LLC or "OpCo" following agreed to acquire Earthstone. On November 1, 2023 the Merger) continuing as the surviving entity in the Merger and a subsidiary of Permian Resources Corporation.

On September 1, 2022, the Earthstone Merger was completed, and all membership interests in CRP we issued and outstanding immediately prior to the closing were converted into units of Permian Resources Operating, LLC ("Common Units") equal to the number of 161.2 million shares of our Class A Common Stock that were outstanding immediately prior to the closing. All and 49.5 million shares of the Colgate Unitholder's membership interests in Colgate were exchanged for 269,300,000 shares of our Class C Common Stock 269,300,000 Common Units to Earthstone stockholders under the terms of the Merger Agreement, and \$525 million in cash consideration. Following the we also assumed Earthstone's debt upon closing of the Merger, which consisted of \$1.05 billion of senior notes and \$830 million in borrowings outstanding under its credit facility at closing. Based on the Colgate Unitholder distributed fair value of our common stock on the closing date of the Earthstone Merger, November 1, 2023, the merger consideration to its equity holders (the "Colgate Owners"), who collectively continue to own in was \$2.9 billion.

Under the aggregate 100% terms of the outstanding Merger Agreement (i) each share of Earthstone Class A Common Stock was converted into 1.446 shares (the "Exchange Ratio") of our Class A Common Stock, (ii) each share of Earthstone Class B Common Stock was converted into 1.446 shares of our Class C Common Stock, (iii) each common unit of Earthstone Energy Holdings, LLC ("Earthstone OpCo"), a subsidiary of Earthstone, representing limited liability company membership interests in Earthstone OpCo were converted into common units of OpCo ("Common Unit"), equal to the Company and approximately 48% of the outstanding Common Units in OpCo, which represents a noncontrolling interest in OpCo. This ownership of all our shares of Class C Common Stock by the Colgate Owners represents approximately 48% of the Company's total outstanding shares of Class A Common Stock and Class C Common Stock taken together (the "Common Stock"). Exchange Ratio.

As a result of the EarthstoneMerger, we acquired approximately 105,000 223,000 net leasehold acres in the Permian Basin and 25,000 net royalty acres located primarily in Reeves and Ward Counties in Texas and Eddy County in New Mexico; increased our aggregate production to approximately 300,000 Boe per day. We believe that the Earthstone Merger provides a significant increase to our operational and financial scale, drives will drive accretion across our key financial and operating metrics over the long term, enhance our shareholder returns, improve capital efficiency, add significant core inventory and enhances provide increased acreage to our position in the combined company's shareholder returns. Certain Permian Basin. The operational and financial information set forth in this Annual Report on Form 10-K does do not include the activity of Colgate Earthstone for periods prior to the completion of the Earthstone Merger on September 1, 2022 November 1, 2023.

2023 Bolt-On Acquisitions & Divestitures

On December 9, 2022, December 15, 2023 we entered into a definitive agreement to acquire completed the acquisition of approximately 4,000 7,000 net leasehold acres 3,300 net royalty acres and 1,100 barrels of oil equivalent per day of net production for an unadjusted purchase price of \$98 million. The acquired assets consist largely of undeveloped acreage and are that is contiguous to one of our existing core acreage blocks in Eddy County, New Mexico.

On February 16, 2023, we completed an acquisition of approximately 4,000 net leasehold acres and 3,300 net royalty acres for an unadjusted purchase price of \$98 million. The acquired assets consist largely of undeveloped acreage that is contiguous to one of our existing core acreage blocks in Lea County, New Mexico. The transaction closed on February 16, 2023.

2023 SWD Divestiture

On December 23, 2022 March 13, 2023, we completed the sale of producing, non-operated properties our operated saltwater disposal wells and the associated produced water infrastructure in Reeves County, Texas consisting Texas. The total cash consideration received at closing was \$125 million, of approximately 3,500 net leasehold acres for an unadjusted sales price which \$65 million was directly related to the sale and transfer of \$60 million. The divested assets represent the majority control of our non-operated position water assets, while the remaining \$60 million consisted of contingent consideration that is tied to our future drilling, completion and water connection activity in Reeves County, Texas. The Company also sold non-operated acreage consisting of approximately 300 net leasehold acres in Eddy County, New Mexico for an unadjusted sales price of \$10 million. The Company used the net proceeds from these sales the divestiture were used to fund acquisitions, the February 2023 bolt-on acquisition discussed above and to pay down incremental borrowings under our credit facility.

Return of Capital Program

During each quarter of the year ended December 31, 2023, we declared and paid a quarterly dividend of \$0.05 per share of Class A Common Stock and a quarterly distribution of \$0.05 per Class C Common Stock (each of which has an underlying Common Unit of OpCo). Additionally, during the year ended December 31, 2023, our Board of Directors declared and paid variable dividends and distributions totaling \$0.17 per share of Class A Common Stock and Class C Common Stock. The cash dividends and distributions paid to common unitholders totaled \$236.0 million for the year ended December 31, 2023.

Also during the year ended 2023, we paid in aggregate \$86.5 million to repurchase 7.2 million Common Units of OpCo resulting in an equal number of associated shares of Class C Common Stock simultaneously being canceled under our stock repurchase program.

Financing Highlights

On February 18, 2022 September 12, 2023, we closed on issued at par \$500 million of 7.00% senior notes due 2032 (the "Existing Notes") in a five-year revolving 144A private placement. On December 13, 2023, we issued additional notes under this indenture dated September 12, 2023, that totaled an additional \$500 million of 7.00% senior notes (together with the Existing Notes, the "2032 Senior Notes") which resulted in aggregate net proceeds to the Company of \$982.5 million from the 2032 Senior Notes, after deducting the issuance discount of \$2.5 million and debt issuance costs of \$15.0 million. The proceeds from the 2032 Senior Notes were used to repay debt outstanding under our credit facility, (the "Credit Agreement"), which replaced our previous credit agreement that was set to mature on May 4, 2023. The elected commitments under including borrowings assumed in connection with the new Credit Agreement increased to \$750 million from \$700 million under our previous facility, and closing of the borrowing base increased to \$1.15 billion from \$700 million previously. The new Credit Agreement will mature in February 2027.

Earthstone Merger.

On July 15, 2022 December 20, 2023, we entered into the first sixth amendment to our the Credit Agreement (the "Amendment" "Sixth Amendment"). The Sixth Amendment, among other things, increased the borrowing base from \$2.5 billion to \$4.0 billion and maintained the elected commitments at \$2.0 billion. On September 1, 2023, we entered into the fourth and fifth amendments to the Credit Agreement (the "Fourth Amendment" and the "Fifth Amendment"). The Fourth Amendment expanded the waiver of the automatic reduction of the borrowing base under the Credit Agreement to, among other things, allow for the assumption (or the issuance, in certain circumstances) of up to \$1.05 billion principal amount of Permitted Senior Unsecured Notes (as defined in the Credit Agreement) in order to refinance debt assumed in the Earthstone Merger and otherwise allow for the issuance of Permitted Senior Unsecured Notes up to an aggregate principal amount of \$1.0 billion. The Fifth Amendment, among other things, waived compliance with certain restrictive covenants and provided the lenders' consent to a planned Pre-Merger Reorganization (as defined within the Amendment) in order to enable the Earthstone Merger, subject to occur, customary conditions. In addition, the Fifth Amendment increased the aggregate elected commitments under our Credit Agreement from \$1.5 billion to \$1.5 billion from \$750 million, increased the borrowing base to \$2.5 billion from \$1.15 billion, and became \$2.0 billion. The Fifth Amendment was effective as of the September 1, 2022 closing date of the Earthstone Merger closing date.

In February 2022, our Board of Directors authorized a stock repurchase program to acquire up to \$350 million of our outstanding Common Stock, which program is approved to run through April 1, 2024 (the "Repurchase Program"). In connection with the Merger, the Repurchase Program was increased to \$500 million and was extended through December 31, 2024. The Repurchase Program can be used to reduce shares of our Common Stock outstanding. There were no shares purchased under the Repurchase Program during the year ended December 31, 2022 on November 1, 2023.

In November 2022, the Company declared its first cash dividend of \$0.05 per share of Class A Common Stock and a cash distribution of \$0.05 per common unit of OpCo. The dividend and distribution, which totaled \$27.9 million, was paid on November 29, 2022.

Results of Operations

For the Year Ended December 31, 2022 December 31, 2023 Compared to the Year Ended December 31, 2021 December 31, 2022

During 2023, we completed the Earthstone Merger, and the results of operations of Earthstone were included in our financial and operational data beginning on November 1, 2023. During 2022, we completed the Colgate Merger, and the results of operations of Colgate were included in our financial and operational data beginning on September 1, 2022.

The following table provides the components of our net revenues and net production (net of all royalties, overriding royalties and production due to others) for the periods indicated, as well as each period's average prices and average daily production volumes:

		Year Ended December 31,		Increase/(Decrease)			
		2022	2021	\$	%		
Year Ended December 31,							
2023						2023	
Net revenues (in thousands):	Net revenues (in thousands):						
Oil sales	Oil sales	\$ 1,622,035	\$ 743,069	\$ 878,966	118	%	
Natural gas sales		276,957	149,478	127,479	85	%	
NGL sales		232,273	137,345	94,928	69	%	
Oil sales							
Oil sales						\$ 2,696,777	\$ 1,622,035
Natural gas sales ⁽¹⁾						142,077	
NGL sales ⁽²⁾						282,039	
Oil and gas sales	Oil and gas sales	\$ 2,131,265	\$ 1,029,892	\$ 1,101,373	107	%	\$ 3,120,893
Average sales price:							
Average sales prices:							
Average sales prices:							
Average sales prices:							
Oil (per Bbl)							
Oil (per Bbl)							
Oil (per Bbl)	Oil (per Bbl)	\$ 88.95	\$ 63.50	\$ 25.45	40	%	\$ 75.84
Effect of derivative settlements on average price (per Bbl)	Effect of derivative settlements on average price (per Bbl)	(4.85)	(10.19)	5.34	52	%	1.81
Oil net of hedging (per Bbl)		\$ 84.10	\$ 53.31	\$ 30.79	58	%	
Oil including the effects of hedging (per Bbl)						\$ 77.65	
Average NYMEX price for oil (per Bbl)		\$ 94.24	\$ 67.89	\$ 26.35	39	%	
Average NYMEX WTI price for oil (per Bbl)							
Average NYMEX WTI price for oil (per Bbl)							
Average NYMEX WTI price for oil (per Bbl)						\$ 77.62	
Oil differential from NYMEX	Oil differential from NYMEX	(5.29)	(4.39)	(0.90)	(21)	%	(1.78)
Natural gas (per Mcf)		\$ 4.64	\$ 3.67	\$ 0.97	26	%	
Natural gas price excluding the effects of GP&T (per Mcf) ⁽¹⁾							
Natural gas price excluding the effects of GP&T (per Mcf) ⁽¹⁾							

Natural gas price excluding the effects of GP&T (per Mcf) ⁽¹⁾									
								\$	1.60
Effect of derivative settlements on average price (per Mcf)	Effect of derivative settlements on average price (per Mcf)	(0.53)	(0.32)	(0.21)	(66)	%	Effect of derivative settlements on average price (per Mcf)	0.29	(0.53)
Natural gas net of hedging (per Mcf)		\$	4.11	\$	3.35	\$	0.76	23	%
Natural gas including the effects of hedging (per Mcf)							Natural gas including the effects of hedging (per Mcf)	\$	1.89
Average NYMEX price for natural gas (per Mcf)		\$	6.38	\$	3.84	\$	2.54	66	%
Average NYMEX Henry Hub price for natural gas (per MMBtu)									
Average NYMEX Henry Hub price for natural gas (per MMBtu)									
Average NYMEX Henry Hub price for natural gas (per MMBtu)									
								\$	2.53
Natural gas differential from NYMEX	Natural gas differential from NYMEX	(1.74)	(0.17)	(1.57)	(924)	%	Natural gas differential from NYMEX	(0.93)	(1.52)
NGL (per Bbl)		\$	34.41	\$	36.61	\$	(2.20)	(6)	%
NGL price excluding the effects of GP&T (per Bbl) ⁽²⁾									
NGL price excluding the effects of GP&T (per Bbl) ⁽²⁾									
NGL price excluding the effects of GP&T (per Bbl) ⁽²⁾								\$	22.83
Net production:	Net production:								
Net production:									
Oil (MBbls)									
Oil (MBbls)									
Oil (MBbls)	Oil (MBbls)	18,235	11,701	6,534	56	%	35,560	18,235	
Natural gas (MMcf)	Natural gas (MMcf)	59,692	40,741	18,951	47	%	Natural gas (MMcf)	119,182	59,692
NGL (MBbls)	NGL (MBbls)	6,750	3,752	2,998	80	%	NGL (MBbls)	15,569	6,750
Total (MBoe) ⁽¹⁾		34,934	22,243	12,691	57	%			
Total (MBoe) ⁽³⁾							Total (MBoe) ⁽³⁾	70,992	

Average daily net production:		Average daily net production:					Average daily net production:		
Average daily net production:		Average daily net production:					Average daily net production:		
Oil (Bbls/d)		Oil (Bbls/d)					Oil (Bbls/d)		
Oil (Bbls/d)		Oil (Bbls/d)					Oil (Bbls/d)		
Oil (Bbls/d)	Oil (Bbls/d)	49,958	32,058	17,900	56	%	97,424	49,958	
Natural gas (Mcf/d)	Natural gas (Mcf/d)	163,539	111,619	51,920	47	%	Natural gas (Mcf/d)	326,525	163,539
NGL (Bbls/d)	NGL (Bbls/d)	18,494	10,278	8,216	80	%	NGL (Bbls/d)	42,654	18,494
Total (Boe/d) ⁽¹⁾		95,708	60,939	34,769	57	%	Total (Boe/d) ⁽³⁾		
Total (Boe/d) ⁽³⁾		Total (Boe/d) ⁽³⁾					194,499		

⁽¹⁾ Natural gas sales for the year ended December 31, 2023 include \$48.9 million of gathering, processing and transportation costs ("GP&T") that are reflected as a reduction to natural gas sales and \$13.1 million for the year ended December 31, 2022. Natural gas average sales price, however, excludes \$0.41 per Mcf of such GP&T charges for the year ended December 31, 2023 and \$0.22 for the year ended December 31, 2022.

⁽²⁾ NGL sales for the year ended December 31, 2023 include \$73.3 million of GP&T that are reflected as a reduction to NGL sales and \$10.6 million for the year ended December 31, 2022. NGL average sales price, however, excludes \$4.71 per Bbl of such GP&T charges for the year ended December 31, 2023 and \$1.56 per Bbl for the year ended December 31, 2022.

⁽³⁾ Calculated by converting natural gas to oil equivalent barrels at a ratio of six Mcf of natural gas to one Boe.

Oil, Natural Gas and NGL Sales Revenues. Total net revenues for the year ended December 31, 2022 December 31, 2023 increased by \$1.1 billion \$1.0 billion, or 107% 46%, compared to the year ended December 31, 2021 December 31, 2022. Revenues are a function of oil, natural gas and NGL volumes sold and average commodity prices realized.

Average realized sale prices for oil and natural gas increased for the year ended December 31, 2022 as compared to 2021 by 40% and 26%, respectively, while the average realized sales price for NGLs decreased 6% period over period. The 40% increase in the average realized oil price was mainly the result of higher NYMEX crude prices between periods, which was minimally offset by wider oil differentials. The average realized sales price of natural gas increased 26% due to higher average NYMEX gas prices between periods, partially offset by wider gas differentials. The 6% decrease in average realized NGL prices between periods was primarily attributable to lower weighted average Mont Belvieu spot prices for plant products in 2022 compared to 2021. The market prices for oil and natural gas have been impacted by global supply constraints for oil and gas throughout 2021 and 2022, as well as increasing demand worldwide as global economies emerge from COVID-19 era lockdowns and restrictions, as discussed in the market conditions section above.

Net production volumes for oil, natural gas, and NGLs increased 56% 95%, 47% 100% and 80% 131%, respectively, between periods. The oil production volume increase resulted from placing 95 183 wells on production since December 31, 2021, December 31, 2022 as compared to 95 wells brought online during the year ended December 31, 2022. Oil production also benefited from wells acquired in the mergers with Colgate and Earthstone, which collectively added 6,212 9,852 MBbls of net oil production to the year ended December 31, 2022 as December 31, 2023 compared to 42 wells brought online during the year ended December 31, 2021 that added 3,490 MBbls of oil to our 2021 annual production volumes. Oil production also benefited from wells acquired in the Merger with Colgate, which added 3,517 MBbls of net oil production added from the Colgate Merger to the year ended December 31, 2022. These oil volume increases were partially offset by normal production decline across our existing wells. Natural gas and NGLs are produced concurrently with our crude oil volumes, typically resulting in a high correlation between fluctuations in oil quantities sold and natural gas and NGL quantities sold. However, sold driving the main processor 100% and 131%, respectively, increase in gas and NGL volumes between periods. The higher increase in gas and NGL volumes between periods as compare to the 95% increase in oil volumes was due to the producing wells acquired in the Earthstone Merger, which have a higher gas-to-oil ratio than our existing production base, and this has resulted in more volumes of gas and NGLs being added to our total production stream since the closing of the Earthstone Merger on November 1, 2023. Additionally, certain processors of our raw gas operated in partial higher ethane-recovery mode during 2022, the year ended December 31, 2023 as compared to operating in full ethane-rejection during 2021, and this the year ended December 31, 2022, which resulted in a lower percentage of natural gas volumes and a higher percentage of NGLs being recovered from our wet gas stream during 2023.

These production increases were partially offset by decreases in the average realized sale prices for oil, natural gas and NGLs which decreased 15%, 67% and 37%, respectively, for the year ended December 31, 2023 compared to the same 2022 period. The 15% decrease in the average realized oil price was mainly the result of 18% lower NYMEX crude prices between periods, which was slightly offset by improved oil differentials. The average realized sales price of natural gas decreased 67% due to 60% lower average NYMEX gas prices between periods as well as a larger proportional gas differential during the year ended December 31, 2023 compared to the same 2022 period. The

Operating Expenses. The following table sets forth selected operating expense data for the periods indicated:

Lease Operating Expenses. Lease operating expenses (“LOE”) for the year ended December 31, 2022 December 31, 2023 increased \$65.4 million \$201.9 million compared to the year ended December 31, 2021 December 31, 2022. Higher This increase in LOE for 2022 was primarily related to (i) additional higher fixed and semi-variable well costs, such as water disposal, equipment rentals, repair work, wellhead chemicals, labor and electricity, associated with the our significantly higher well count from new producing wells drilled or acquired. The higher well count in 2023 was due to (i) 309 gross operated horizontal wells acquired in the Colgate Merger on September 1, 2022; that operated for the entire year of 2023 compared to four months in 2022, (ii) 183 wells placed on production since December 31, 2022, and (iii) 1,190 gross operated horizontal wells acquired in the Earthstone Merger on November 1, 2023.

Severance and Ad Valorem Taxes. Severance and ad valorem taxes for the year ended December 31, 2022 December 31, 2023 increased \$88.6 million \$85.0 million compared to the year ended December 31, 2021 December 31, 2022. Severance taxes are based on the market value of our production at the wellhead, while ad valorem taxes are generally

based on the assessed taxable value of our proved developed oil and gas properties and vary across the different counties in which we operate. Severance taxes for the year ended 2022 2023 increased \$75.4 million \$63.4

million compared to the same 2021 2022 period primarily due to higher oil, natural gas and NGL revenues between periods. Ad valorem taxes between periods also increased by \$13.2 million \$21.6 million due to (i) higher tax assessments on our oil and gas reserve values, as well as an increase (ii) incurring a full year of ad valorem taxes on the proved developed properties acquired in our oil the Colgate Merger compared to four months in 2022, and gas (iii) additional expense incurred on the proved developed properties as a result of acquired in the Merger. Earthstone Merger on November 1, 2023.

Severance and ad valorem taxes as a percentage of total net revenues increased to 7.7% for the year ended December 31, 2023 as compared to 7.3% for the year ended December 31, 2022 as compared to 6.5% for the year ended December 31, 2021. This increase in rate was primarily the result of a larger portion of our oil and gas volumes being produced in New Mexico, which levies higher severance tax rates than Texas as well as higher ad valorem taxes as discussed above, during the year ended December 31, 2022, above.

Gathering, Processing and Transportation Expenses. Gathering, processing and transportation costs ("GP&T") for the year ended December 31, 2022 increased \$12.0 million December 31, 2023 decreased \$8.6 million compared to the year ended December 31, 2021 December 31, 2022. This increase was mainly attributable to additional expenses incurred from the properties added following the Merger closing in the third quarter of 2022.

Additionally, GP&T decreased on a per Boe basis however, decreased 27% from \$3.86 \$2.80 for the year ended December 31, 2021 December 31, 2022 to \$2.80 \$1.26 per Boe for the year ended December 31, 2022 December 31, 2023. This decrease is These decreases are primarily due to a higher portion proportion of our GP&T costs being recognized as a reduction to our gas and NGL revenues for the year ended December 31, 2023 as compared to 2022. This classification of GP&T costs reducing in revenues is required under ASC Topic 606, Revenue from contracts with Customers, whenever our realized gas and NGL prices, as the majority of gas gathering and processing contracts acquired in the Merger, as well as some of our existing gas gathering contracts that were amended in 2022, processors transfer control of our product raw gas at delivery points prior to, or at, the inlet of gas processing plants. Refer to Note 15—Revenues under Part II, Item 8 of this Annual Report for additional information on our natural gas gathering and processing contracts.

Depreciation, Depletion and Amortization. The following table summarizes our depreciation, depletion and amortization ("DD&A") for the periods indicated:

Year Ended December 31,				Year Ended December 31,	
		Year Ended December 31,		Year Ended December 31,	
(in thousands, except per Boe data)	(in thousands, except per Boe data)	2022	2021	(in thousands, except per Boe data)	2023
Depreciation, depletion and amortization	Depreciation, depletion and amortization	\$ 444,678	\$ 289,122		
Depreciation, depletion and amortization per Boe	Depreciation, depletion and amortization per Boe	\$ 12.73	\$ 13.00		

For the year ended December 31, 2022 December 31, 2023, DD&A expense amounted to \$444.7 million \$1.0 billion, an increase of \$155.6 million \$562.9 million from 2021. Higher 2022. The primary factor contributing to higher DD&A expense in 2022 2023 was due to the increase in our overall production volumes between periods, which increased DD&A expense by \$165.0 million \$459.0 million period over period. This increase was slightly offset by a decline in period, while higher DD&A rates between periods which decreased increased DD&A expense by \$9.4 million \$103.9 million.

Our DD&A rate can fluctuate as a result of finding and development costs incurred, acquisitions, impairments, as well as changes in proved developed and proved undeveloped reserves. Our DD&A rate per Boe was \$12.73 \$14.19 for the year ended December 31, 2022 December 31, 2023 compared to \$13.00 \$12.73 in 2021. 2022. This decrease increase in the rate between periods was driven by primarily due to (i) the inclusion finding and development rate of depletion related to the production from the approximately \$10.50 per BOE for 2023, as incorporated in our DD&A computation and (ii) downward proved reserve revisions primarily because of decreasing oil and gas properties acquired in the Merger. prices during 2023.

General and Administrative Expenses. The following table summarizes our general and administrative ("G&A") expenses for the periods indicated:

Year Ended December 31,				Year Ended December 31,	
		Year Ended December 31,		Year Ended December 31,	

(in thousands)	(in thousands)	2022	2021	(in thousands)	2023	2022
Cash general and administrative expenses	Cash general and administrative expenses	\$ 60,584	\$ 48,269			
Stock-based compensation - equity awards	Stock-based compensation - equity awards	113,759	35,658			
Stock-based compensation - liability awards	Stock-based compensation - liability awards	(24,174)	20,662			
Stock-based compensation - cash settled awards	Stock-based compensation - cash settled awards	9,385	5,865			
General and administrative expenses	General and administrative expenses	\$ 159,554	\$ 110,454			

G&A expenses for the year ended **December 31, 2022** December 31, 2023 were **\$159.6 million** \$161.9 million compared to **\$110.5 million** \$159.6 million for the year ended **December 31, 2021** December 31, 2022. Higher G&A in **2022** 2023 was primarily the result of a \$25.4 million increase in cash G&A between periods. This increase was primarily due to (i) \$46.5 million higher payroll and employee-related costs associated with our G&A headcount, which increased from a year to date monthly average of additional stock-based compensation expense recognized for employees that were terminated 126 as of December 31, 2022 to 185 as of December 31, 2023 stemming from the Colgate and received accelerated vesting of their unvested stock awards and performance stock units ("PSU") as a result of the Merger and Earthstone Mergers; (ii) higher stock-based compensation expense professional and legal fees between periods; and (iii) higher rent, software and office expenses between periods associated with new restricted stock and PSU awards granted to employees following the Merger. These increases were higher headcount. This was partially offset by a \$23.1 million decrease of \$15.5 million in total stock-based compensation expense between periods. This decrease was largely due to (i) a \$19.4 million net decrease in stock-based compensation expense related to the portion of liability classified restricted stock units awards that became fully vested following were settled in cash or reclassified as equity in 2022 (we no longer have any liability based equity awards outstanding); and (ii) a maximum return event that was triggered \$6.5 million decrease in equity awards compensation costs associated with less expense recognized for the third quarter acceleration of 2021. certain awards for officer and employee exits stemming from the Colgate Merger, which totaled \$40.0 million for the year ended December 31, 2023 as compared to \$46.5 million for the year

ended **December 31, 2022**. Refer to Note 7—Stock-Based Compensation under Part II, Item 8 of this Annual Report for additional information regarding these awards. Cash G&A additionally increased \$12.3 million period over period due to higher payroll and other personnel costs as a result of increased headcount associated with the Merger that closed on September 1, 2022.

Merger and integration expense. Merger and integration expense for the year ended **December 31, 2022** December 31, 2023 was **\$77.4 million** \$125.3 million. These compared to \$77.4 million for the year ended December 31, 2022. Merger and integration expense incurred during the year ended December 31, 2023 consisted of (i) \$63.4 million in bankers' advisory, legal, consultancy and accounting fees associated with the Earthstone Merger; (ii) \$43.5 million in severance and related benefits associated with employee terminations that occurred in 2023 in connection with the Earthstone Merger; and (iii) \$18.4 million in costs incurred during 2023 related to the Colgate Merger primarily relate related to employee severance charges and integration and consulting expenses. During the year ended December 31, 2022, merger and integration expense primarily consisted of (i) \$40.0 million in bankers' advisory fees related to the Colgate Merger; (ii) \$24.0 million in severance and related benefits associated with employees employee terminations that were terminated occurred in connection with the Merger Colgate Merger; and (iii) legal, accounting and consultancy fees.

Impairment and Abandonment Expense. For the year ended December 31, 2022, impairment and abandonment expense was \$3.9 million compared to \$32.5 million for the year ended December 31, 2021. Both periods consist solely of amortization of leasehold expiration costs associated with individually insignificant unproved properties.

Exploration and Other Expenses. The following table summarizes exploration and other expenses for the periods indicated:

(in thousands)	Year Ended December 31,	
	2022	2021
Geological and geophysical costs	\$ 7,401	\$ 3,508
Stock-based compensation — equity awards	2,721	1,883

Stock-based compensation — liability awards	—	(89)
Stock-based compensation — cash settled awards	—	314
Other expenses	1,256	2,267
Exploration and other expenses	<u>\$ 11,378</u>	<u>\$ 7,883</u>

(in thousands)	Year Ended December 31,	
	2023	2022
Geological and geophysical costs	\$ 11,342	\$ 7,401
Stock-based compensation - equity awards	2,541	2,721
Other expenses	5,454	1,256
Exploration and other expenses	<u>\$ 19,337</u>	<u>\$ 11,378</u>

Exploration and other expenses were \$19.3 million for the year ended December 31, 2023 compared to \$11.4 million for the year ended December 31, 2022 compared to \$7.9 million for the year ended December 31, 2021. Exploration and other expenses mainly consist of topographical studies, geographical and geophysical ("G&G") projects, salaries and expenses of G&G personnel and include other operating costs. The period over period increase was primarily related to (i) higher G&G personnel costs during the year ended December 31, 2022.

Net Gain (Loss) associated with increased headcount; (ii) increased costs incurred on Sale of Long-Lived Assets. During the year ended December 31, 2021, we completed the sale of approximately 6,200 net leasehold acres for an unadjusted sales price of \$101 million. This divestiture represented the sale of an entire field, which resulted G&G projects and seismic studies; and (iii) \$1.5 million in a net gain on sale of \$33.9 million. Refer to Note 3—Property Divestiture under Part II, Item 8 of this Annual Report for additional information. costs incurred in 2023 associated with nonrecurring legal settlements.

Other Income and Expense.

Interest Expense. The following table summarizes interest expense for the periods indicated:

Year Ended December 31,				Year Ended December 31,	
(in thousands)	(in thousands)	2022	2021	(in thousands)	2022
Credit Facility	Credit Facility	\$ 15,974	\$ 10,771		
8.000% Senior Secured Notes due 2025		—	2,908		
5.375% Senior Notes due 2026	5.375% Senior Notes due 2026	15,557	15,556		
7.750% Senior Notes due 2026		7,750	—		
7.75% Senior Notes due 2026					
6.875% Senior Notes due 2027	6.875% Senior Notes due 2027	24,500	24,500		
3.250% Convertible Senior Notes due 2028		5,525	4,315		
8.00% Senior Notes due 2027					
3.25% Convertible Senior Notes due 2028					
5.875% Senior Notes due 2029	5.875% Senior Notes due 2029	13,708	—		

Amortization of debt issuance costs and debt discount	15,652	4,992
9.875% Senior Notes due 2031		
7.00% Senior Notes due 2032		
Amortization of debt issuance costs, debt discount and debt premium		
Interest capitalized	Interest capitalized	
	(3,021)	(1,754)
Other interest expense		
Total	Total	
	\$ 95,645	\$ 61,288

Interest expense was \$34.4 million \$81.6 million higher for the year ended December 31, 2022 December 31, 2023 compared to the year ended December 31, 2021 December 31, 2022 mainly due to (i) \$21.5 \$58.5 million in additional interest expense incurred from the senior notes that were assumed in the Merger; Colgate and Earthstone Mergers; (ii) \$10.7 million in additional debt issuance costs amortized during the 2022 period mainly related to fees incurred for an incremental commitment letter we entered into in connection with the Merger; and (iii) \$5.2 million \$14.1 million in higher interest expense incurred on our credit facility due to a higher weighted average borrowings outstanding and effective interest rate during 2022. These increases were partially offset by \$2.9 million 2023; and (iii) \$12.3 million in decreased interest expense incurred on our Senior Secured Notes due 2025 2032 that were redeemed issued in April of 2021, September 2023.

Our weighted average borrowings outstanding under our credit facility Credit Agreement were \$235.5 million \$357.0 million during 2022 2023 compared to \$265.8 million \$235.5 million in 2021, 2022. Our credit facility's Credit Agreement's weighted average effective interest rate was 4.5% 7.1% and 3.3% 4.5% for the years ended December 31, 2022 December 31, 2023 and 2021, respectively, 2022, respectively, due to higher rates on our variable-rate borrowings between periods.

Gain (loss) on extinguishment of debt. During the year ended December 31, 2021, we redeemed at par all of our \$127.1 million aggregate principal amount of Senior Secured Notes outstanding. In connection with this redemption, we incurred a loss on debt extinguishment of \$22.2 million related to the write-off of all unamortized debt issuance costs and debt discounts associated with these notes.

Net Gain (Loss) on Derivative Instruments. Net gains and losses are a function of (i) changes in derivative fair values associated with fluctuations in the forward price curves for the commodities underlying each of our hedge contracts outstanding and (ii) monthly cash settlements on any closed out hedge positions during the period.

The following table presents gains and losses on our derivative instruments for the periods indicated:

(in thousands)	Year Ended December 31,	
	2022	2021
Realized cash settlement gains (losses)	\$ (120,105)	\$ (132,125)
Non-cash mark-to-market derivative gain (loss)	77,737	(16,700)
Total	\$ (42,368)	\$ (148,825)

(in thousands)	Year Ended December 31,	
	2023	2022
Realized cash settlement gains (losses)	\$ 99,410	\$ (120,105)
Non-cash mark-to-market derivative gain (loss)	14,606	77,737
Total	\$ 114,016	\$ (42,368)

Income Tax (Expense) Benefit: Expense: The following table summarizes our pre-tax income (loss) and income tax (expense) benefit expense for the periods indicated.

(in thousands)	Year Ended December 31,	
	2022	2021
Income (loss) before income taxes	\$ 870,132	\$ 138,744
Income tax (expense) benefit	(120,292)	(569)

Year Ended December 31,	

(in thousands)	2023	2022
Income before income taxes	\$ 1,035,648	\$ 870,132
Income tax expense	(155,945)	(120,292)

Our provision for income taxes for the years ended **December 31, 2022**, **December 31, 2023** and **2021** differs from the amounts that would be provided by applying the statutory U.S. federal income tax rate of 21% to pre-tax book income (loss) primarily due to (i) the portion of pre-tax net income that is attributable to our non-controlling interest and which is therefore not taxable to the Company; (ii) other permanent differences; (iii) state income taxes; and (iv) any changes during the period in our deferred tax asset valuation allowance.

For the year ended **December 31, 2023** we generated pre-tax net income of \$1.0 billion and recorded income tax expense of \$155.9 million. The primary factors decreasing our income tax expense below the U.S. statutory rate was the portion of pre-tax income that was attributable to our non-controlling interest partners and not taxable to the Company.

During the year ended **December 31, 2022** we generated pre-tax net income of \$870.1 million and recorded income tax expense of \$120.3 million. The primary factors decreasing our income tax expense below the U.S. statutory rate was (i) the portion of pre-tax income that was attributable to our non-controlling interest partners, and (ii) the release of our deferred tax valuation allowance due to the generation of net income in the current year.

During the year ended December 31, 2021, generated pre-tax net income of \$138.7 million and recorded income tax expense of \$0.6 million. The primary factors decreasing our income tax expense below the U.S. statutory rate was a \$40.1 million reduction to our deferred tax asset valuation allowance for the year ended December 31, 2021.

For the Year Ended December 31, 2021 December 31, 2022 Compared to the Year Ended December 31, 2020 December 31, 2021

Refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in the **2021 2022** Annual Report on Form 10-K filed with the SEC for a discussion of the results of operations for the year ended **December 31, 2021**, **December 31, 2022** compared to the year ended **December 31, 2020**, **December 31, 2021**.

Liquidity and Capital Resources

Overview

Our drilling and completion activities require us to make significant capital expenditures. Historically, our primary sources of liquidity have been cash flows from operations, borrowings under our revolving credit facility, proceeds from offerings of debt or equity securities, or proceeds from the sale of oil and gas properties. Our future cash flows are subject to a number of variables, including oil and natural gas prices, which have been and will likely continue to be volatile. Lower commodity prices can negatively impact our cash flows and our ability to access debt or equity markets, and sustained low oil and natural gas prices could have a material and adverse effect on our liquidity position. To date, our primary use of capital has been for drilling and development capital expenditures and the acquisition of oil and natural gas properties.

We continually evaluate our capital needs and compare them to our capital resources. We operated a two-rig drilling program during the first eight months of 2022, and an average eight-rig drilling program after the Merger closing on September 1, 2022. We reduced our drilling rigs to seven in December 2022 and began 2023 operating a seven-rig drilling program. Our total capital expenditures incurred for the year ended **December 31, 2022** was \$779.4 million **December 31, 2023** were \$1.5 billion. We expect our total drilling, completion and facilities capex cash capital expenditures budget for **2023 2024** to be between \$1.1 billion \$1.9 billion to \$1.2 billion \$2.1 billion. We funded our capital expenditures for **2022 2023** entirely from cash flows from operations, and we expect to fund our **2023 capex 2024 capital expenditures** budget entirely from cash flows from operations given our anticipated level of oil and gas production, current commodity prices and our commodity hedge positions in place.

In May 2022, we announced the Merger with Colgate that was completed on September 1, 2022. As a result of the Merger, our 2022 operational plans and sources and use of capital, among others things, as a combined entity have changed, and such changes include (i) the Company assumed \$1.0 billion of Colgate's senior notes, (ii) the Company refinanced Colgate's credit facility borrowings outstanding at closing through borrowings under the Company's Credit Agreement, (iii) borrowings under our Credit Agreement to fund a portion of the \$525 million in cash Merger consideration, and (iv) funding of transaction costs incurred related to the Merger.

We plan to return capital to shareholders through a combination of base dividends plus a variable return program, including variable dividends, share repurchases or a combination of both. In November 2022, we declared a quarterly cash dividend of \$0.05 per share of Class A Common Stock and a quarterly cash distribution of \$0.05 per common unit of OpCo. The first dividend and distribution, which totaled \$27.9 million, was paid on November 29, 2022.

In February 2022, our Board of Directors authorized the Repurchase Program to acquire up to \$350 million of our outstanding Common Stock. In connection with the Merger, the Repurchase Program was increased to \$500 million and was extended through December 31, 2024. The Repurchase Program can be used to reduce our shares of Common Stock outstanding. Such repurchases would be made at terms and prices determined by us based upon prevailing market conditions, applicable legal requirements, available liquidity, compliance with our debt and other agreements and other factors. In addition, we may, from time to time, seek to retire or purchase our outstanding senior notes through cash purchases and/or exchanges for debt in open-market purchases, privately negotiated transactions or otherwise.

Because we are the operator of a high percentage of our acreage, we can control the amount and timing of our capital expenditures. We Accordingly, we can choose to defer or accelerate a portion of our planned capex capital expenditures depending on a variety of factors, including but not limited to: prevailing and anticipated prices for oil and natural gas; oil storage or transportation constraints; the success of our drilling activities; the availability of necessary equipment, infrastructure and capital; the receipt and timing of required regulatory permits and approvals; seasonal conditions; property or land acquisition costs; and the level of participation by other working interest owners.

In August 2023, we announced our merger with Earthstone, and it was completed on November 1, 2023. As a result of the Earthstone Merger, our future operational plans, cash flows and leverage profile, among others things, as a combined entity has changed, and such changes include (i) assuming \$1.05 billion of Earthstone's senior notes, (ii) refinancing Earthstone's credit facility borrowings outstanding at closing with borrowings under our facility, and (iii) funding of transaction costs incurred related to the Earthstone Merger. Additionally, during the year ended 2023, we issued \$1.0 billion of 7.00% 2032 Senior Notes, with the net proceeds being used to repay indebtedness outstanding under our credit facility, including a portion of the debt we assumed upon closing of the Earthstone Merger.

We plan to return capital to shareholders through a combination of base dividends plus a variable return program, including variable dividends, share repurchases or a combination of both. During each quarter for the year ended December 31, 2023, we declared and paid a quarterly cash dividend of \$0.05 per share of Class A Common Stock and a quarterly cash distribution of \$0.05 per Common Unit of OpCo. In addition, during the year ended December 31, 2023, our Board of Directors also declared and paid total variable cash dividends of \$0.17 per share of Class A Common Stock and total variable cash distributions of \$0.17 per Common Unit of OpCo. The cash dividends and distributions paid to common unitholders totaled \$236.0 million for the year ended December 31, 2023. Additionally, we repurchased 7.2 million shares of Class C Common Stock for \$86.5 million and 2.8 million shares of Class A Common Stock for \$37.9 million under our stock repurchase program during the year ended December 31, 2023.

The stock repurchase program can be used to reduce our shares of common stock outstanding. Such repurchases would be made at terms and prices determined by us based upon prevailing market conditions, applicable legal requirements, available liquidity, compliance with our debt agreements and other factors. In addition, we may, from time to time, seek to retire or purchase our outstanding senior notes through cash purchases and/or exchanges for debt in open-market purchases, privately negotiated transactions or otherwise.

We cannot ensure that cash flows from operations or other sources of needed capital will be available on at acceptable terms or at all. Further, our ability to access the public or private debt or equity capital markets at economic terms in the future will be affected by general economic conditions, the domestic and global oil and financial markets, our operational and financial performance, the value and performance of our debt or equity securities, prevailing commodity prices and other macroeconomic factors outside of our control.

Analysis of Cash Flow Changes

The following table summarizes our cash flows for the periods indicated:

		Year Ended December 31,					
		Year Ended December 31,			Year Ended December 31,		
(in thousands)	(in thousands)	2022	2021	2020	(in thousands)	2023	2022
Net cash provided by operating activities	Net cash provided by operating activities	\$ 1,371,671	\$ 525,619	\$ 171,376			
Net cash used in investing activities	Net cash used in investing activities	(1,205,049)	(226,476)	(326,323)			
Net cash (used in) provided by financing activities	Net cash (used in) provided by financing activities	(106,625)	(297,547)	147,743			

Cash Flows from 2023 Compared to 2022. For the year ended December 31, 2023, we generated \$2.2 billion of cash from operating activities, an increase of \$841.8 million from 2022. Cash provided by operating activities increased primarily due to higher production volumes, higher cash settlements on derivatives as well as the timing of our receivable collections for the year ended December 31, 2023 as compared to the same 2022 period. These increasing factors were partially offset by lower realized prices for all commodities, higher lease operating expenses, severance and ad valorem taxes, interest expense, merger and integration expense and cash G&A expense for the year ended December 31, 2023. Refer to *Results of Operations* for more information on the impact of volumes and prices on revenues and on fluctuations in our operating expenses between periods.

For the year ended December 31, 2023, cash flows from operating activities, cash on hand, \$1.0 billion in proceeds from the issuance of our 2032 Senior Notes and sales proceeds from divestitures together with contingent consideration of \$175.4 million from the sale of oil and natural gas properties were used to: fund \$1.5 billion of drilling and development cash expenditures; repay \$830.0 million of borrowings outstanding from Earthstone's credit facility that were assumed at closing of the Earthstone Merger; repay net borrowings of \$385.0 million under our Credit Agreement; pay \$236.0 million in dividends and cash distributions to holders of our Common Units; fund acquisitions of oil and gas properties of \$234.3 million; and repurchase \$162.4 million of our common stock.

Cash Flows from 2022 Compared to 2021. For the year ended December 31, 2022, we generated \$1.4 billion of cash from operating activities, an increase of \$846.1 million from 2021. Cash provided by operating activities increased primarily due to higher realized prices for oil and gas, higher production volumes, and the timing of vendor payments during 2022 as compared to 2021. These increasing factors were partially offset by higher merger and integration expense, severance and ad valorem taxes, lease operating expenses, GP&T, cash G&A expense and the timing of our receivable collections for the year ended December 31, 2022 as compared to the same 2021 period. Refer to *Results of Operations* for more information on the impact of volumes and prices on revenues and on fluctuations in our operating expenses between periods.

For the year ended December 31, 2022, cash flows from operating activities and net borrowings under our revolving credit facility were used to fund \$771.6 million of drilling and development cash expenditures, finance \$496.7 million of net cash consideration paid for the Colgate Merger, repay \$400.0 million of borrowings outstanding from Colgate's credit facility that were assumed at closing of the Colgate Merger and pay a total cash dividend and distribution to noncontrolling interest owners of \$27.9 million; \$27.9 million.

Cash Flows from 2021 Compared to 2020. For the year ended December 31, 2021, we generated \$525.6 million of cash from operating activities, a decrease of \$354.2 million from 2020. Cash provided by operating activities increased primarily due to higher realized prices for all commodities, lower exploration and other expense, cash interest payments, lease operating expenses, and the timing of vendor payments during 2021 as compared to 2020. These increasing factors were partially offset by lower production volumes, higher GP&T and severance and ad valorem costs, the timing of our receivable collections, and cash settlement losses from derivatives for the year ended December 31, 2021 as compared to the same 2020 period.

For the year ended December 31, 2021, cash flows from operating activities, proceeds from the sale of oil and natural gas properties and net proceeds from the issuance of the Convertible Senior Notes were used to finance \$319.6 million of drilling and development cash expenditures, repay net borrowings of \$305 million under our credit facility, redeem \$127.1 million of our 2025 senior secured notes outstanding and to fund \$14.7 million in capped call transactions.

Credit Agreement

On February 18, 2022, OpCo, entered into an amended and restated our consolidated subsidiary, has a five-year secured credit facility revolving Credit Agreement with a syndicate of banks which replaced its previous credit facility maturing in February 2027 that, was set to mature in May 2023. The restated Credit Agreement extended its maturity date to February 2027.

On July 15, 2022, OpCo as of December 31, 2023, had a borrowing base of \$4.0 billion and the Company entered into the first amendment to its Credit Agreement (the "Amendment"). The Amendment increased the elected commitments under the Credit Agreement to \$1.5 billion from \$750 million, increased the borrowing base to \$2.5 billion from \$1.15 billion, and became effective as of the September 1, 2022 Merger closing date.

\$2.0 billion. As of December 31, 2022 December 31, 2023, the Company we had \$385.0 million in no borrowings outstanding and \$1.1 billion \$2.0 billion in available borrowing capacity, which was net of \$5.8 million \$5.7 million in letters of credit outstanding, under its credit facility, outstanding.

The Credit Agreement contains restrictive covenants that limit our ability to, among other things: (i) incur additional indebtedness; (ii) make investments and loans; (iii) enter into mergers; (iv) make restricted payments; (v) repurchase or redeem junior debt; (vi) enter into commodity hedges exceeding a specified percentage of our expected production; (vii) enter into interest rate hedges exceeding a specified percentage of its outstanding indebtedness; (viii) incur liens; (ix) sell assets; and (x) engage in transactions with affiliates.

The Credit Agreement also requires OpCo to maintain compliance with the following financial ratios:

(i) a current ratio, which is the ratio of OpCo's consolidated current assets (including an add back of unused commitments under the revolving credit facility and excluding non-cash derivative assets and certain restricted cash) to its consolidated current liabilities (excluding the current portion of long-term debt under the Credit Agreement and non-cash derivative liabilities), of not less than 1.0 to 1.0; and

(ii) a leverage ratio, as defined within the Credit Agreement as the ratio of total funded debt to consolidated EBITDAX (as defined within the Credit Agreement) for the most recent quarter annualized, of not greater than 3.5 to 1.0.

The Credit Agreement includes fall away covenants, lower interest rates and reduced collateral requirements that OpCo may elect if OpCo is assigned an Investment Grade Rating (as defined within the Credit Agreement).

OpCo was in compliance with the covenants and financial ratios under the Amended Credit Agreement described above through the filing of this Annual Report.

For further information on the Credit Agreement, refer to Note 5—Long-Term Debt under Item 8 of this Annual Report.

Convertible Senior Notes

On March 19, 2021, OpCo issued \$150.0 million in aggregate principal amount of Convertible Senior Notes. On March 26, 2021, OpCo issued an additional \$20.0 million of Convertible Senior Notes pursuant to the exercise of the underwriters' over-allotment option to purchase additional notes. These issuances resulted in aggregate net proceeds to OpCo of \$163.6 million, which were used to repay borrowings outstanding under the Credit Agreement and to fund the cost of entering in to capped call spread transactions of \$14.7 million. Subsequently in April 2021, we redeemed at par all of our Senior Secured Notes (defined below), which was the intended use of proceeds from the Convertible Senior Notes offering.

The Convertible Senior Notes are fully and unconditionally guaranteed on a senior unsecured basis by the Company and each of OpCo's current subsidiaries that guarantee OpCo's outstanding Senior Unsecured Notes as defined below.

The Convertible Senior Notes bear interest at an annual rate of 3.25% and are due on April 1, 2028 unless earlier repurchased, redeemed or converted. The Convertible Senior Notes may become convertible prior to April 1, 2028, upon the occurrence of certain events or conditions being met as disclosed in Note 5—Long-Term Debt under Item 8 of this Annual Report. As of December 31, 2022 December 31, 2023, certain conditions have been met, and as a result, noteholders have the right to convert their Convertible Senior Notes during the first quarter of 2023. OpCo can settle the Convertible Senior Notes by paying or delivering cash, shares of the Class A Common Stock, or a combination of cash and Class A Common Stock, at OpCo's election.

In connection with the Convertible Senior Notes issuance, OpCo entered into privately negotiated capped call spread transactions (the "Capped Call Transactions"), that are expected to reduce potential dilution to our Class A Common Stock upon a conversion and/or offset any cash payments OpCo is required to make in excess of the principal amount of the Convertible Senior

Notes, subject to a cap. The Capped Call Transactions have an initial strike price of \$6.28 per share of Class A Common Stock and an initial capped price of \$8.4525 per share of Class A Common Stock (each subject to certain customary adjustments per the agreements).

Senior Notes

On November 1, 2023, in connection with the Earthstone Merger, OpCo entered into supplemental indentures whereby all of Earthstone's outstanding senior notes were assumed and became the senior unsecured debt of OpCo. The senior notes assumed by OpCo included \$550 million of 8.00% senior notes due 2027 (the "2027 8.00% Senior Notes") and \$500 million of 9.875% senior notes due 2031 (the "2031 Senior Notes"). We recorded the acquired senior notes at their fair values as of the Earthstone Merger closing date, which were equal to 102.86% of par (a \$15.7 million premium) for the 2027 8.00% Senior Notes and 107.37% of par (a \$36.8 million premium) for the 2031 Senior Notes.

On September 12, 2023, OpCo issued at par \$500 million of 7.00% senior notes due 2032 (the "Existing Notes") in a 144A private placement. On December 13, 2023, OpCo issued additional notes under the indenture dated September 12, 2023 that totaled an additional \$500 million of 7.00% senior notes (together with the Existing Notes, the "2032 Senior Notes"), which resulted in aggregate net proceeds of \$982.5 million, after deducting the issuance discount of \$2.5 million and debt issuance costs of \$15.0 million. The 2032 Senior Notes are treated as a single series of securities and will vote together as a single class, and have substantially identical terms, other than the issue date and issue price.

On September 1, 2022, in connection with the Colgate Merger, OpCo entered into supplemental indentures whereby all of Colgate's outstanding senior notes were assumed at the Colgate Merger closing date and became the senior unsecured debt of OpCo. The senior notes assumed by OpCo included \$300 million of 7.75% senior notes due 2026 (the "2026 Colgate 7.75% Senior Notes") and \$700 million of 5.875% senior notes due 2029 (the "2029 Colgate Senior Notes," and together with the 2026 Colgate Senior Notes, the "Colgate Senior Notes"). The Company We recorded the Colgate Senior Notes acquired senior notes at their fair values value as of the Colgate Merger closing date, which were equal to 100% of par for the 2026 Colgate 7.75% Senior Notes and 92.96% 93.68% of par (a \$49.3 million debt discount) for the 2029 Colgate Senior Notes.

On November 30, 2017, OpCo issued \$400.0 million of 5.375% senior notes due 2026 (the "2026 5.375% Senior Notes") and on March 15, 2019, OpCo issued \$500.0 million of 6.875% senior notes due 2027 (the "2027 6.875% Senior Notes" and, together with the 2027 8.00% Senior Notes, 2031 Senior Notes, 2032 Senior Notes, 2026 5.375% Senior Notes, 2029 Senior Notes and the 2026 7.75% Senior Notes, the "Senior Unsecured Notes") in 144A private placements. In May 2020, \$110.6 million aggregate principal amount of the 2026 5.375% Senior Notes and \$143.7 million aggregate principal amount of the 2027 6.875% Senior Notes were validly tendered and exchanged by certain eligible bondholders for consideration consisting of \$127.1 million aggregate principal amount of 8.00% second lien senior secured notes, due (the "Senior Secured Notes"). The Senior Secured Notes which were fully redeemed at par in connection with the Convertible Senior Notes issuance during the second quarter of 2021.

The Senior Unsecured Notes are fully and unconditionally guaranteed on a senior unsecured basis by Permian Resources the Company and each of OpCo's current subsidiaries that guarantee OpCo's Credit Agreement.

The indentures governing the Senior Unsecured Notes contain covenants that, among other things and subject to certain exceptions and qualifications, limit OpCo's ability and the ability of OpCo's restricted subsidiaries to: (i) incur or guarantee additional indebtedness or issue certain types of preferred stock; (ii) pay dividends on capital stock or redeem, repurchase or retire capital stock or subordinated indebtedness; (iii) transfer or sell assets; (iv) make investments; (v) create certain liens; (vi) enter into agreements that restrict dividends or other payments from their subsidiaries to them; (vii) consolidate, merge or transfer all or substantially all of their assets; (viii) engage in transactions with affiliates; and (ix) create unrestricted subsidiaries. OpCo was in compliance with these covenants as of December 31, 2022 December 31, 2023 and through the filing of this Annual Report.

For further information on our Convertible Senior Notes and Senior Unsecured Notes, refer to Note 5—Long-Term Debt under Item 8 of this Annual Report.

Obligations and Commitments

We routinely enter into or extend operating and transportation agreements, office and equipment leases, drilling rig contracts, among others, in the ordinary course of business. The following table summarizes our obligations and commitments as of December 31, 2022 December 31, 2023 to make future payments under long-term contracts for the time periods specified below.

(in thousands)	(in thousands)	2023	2024	2025	2026	2027	Thereafter	Total	(in thousands)	2024
Operating leases ⁽¹⁾	Operating leases ⁽¹⁾	\$ 31,372	\$ 19,532	\$ 5,139	\$ 4,074	\$ 3,802	\$ 16,324	\$ 80,243		
Financing leases ⁽²⁾										
Purchase obligations ⁽³⁾ (3)	Purchase obligations ⁽²⁾ (3)	27,488	10,780	5,192	5,192	—	—	48,652		
Asset retirement obligations ⁽³⁾		266	794	9,347	3	52	30,485	40,947		
Long term debt obligations ⁽⁴⁾		—	—	—	589,448	741,351	870,000	2,200,799		
Cash interest expense on long-term debt obligations ⁽⁵⁾		138,783	138,783	138,783	103,530	56,687	63,199	639,765		
Cash based severance payments ⁽⁶⁾		8,858	—	—	—	—	—	8,858		
Development obligation ⁽⁴⁾										
Asset retirement obligations ⁽⁵⁾										
Long term debt obligations ⁽⁶⁾										

Cash interest expense on long-term debt obligations ⁽⁷⁾								
Total	Total	\$ 206,767	\$ 169,889	\$ 158,461	\$ 702,247	\$ 801,892	\$ 980,008	\$ 3,019,264

(1) Operating leases consist of our office rental agreements, drilling rig contracts and other wellhead equipment. Please refer to Note 16—Leases under Part II, Item 8 of this Annual Report for details on our operating lease commitments.

(2) Financing leases consist of our ground lease related to the office building we purchased in Midland, Texas. The lease term is ninety-nine years and as a result, the commitments above have been shown at their current present value. Please refer to Note 16—Leases under Part II, Item 8 of this Annual Report for details on our financing lease commitments.

(3) Consists of an energy purchase agreement to buy a minimum amount of electricity at a fixed price or pay for underutilization as well as a take-or-pay agreement to purchase a minimum volume of frac sand at a fixed price. The obligations reported above represent our remaining minimum financial commitments pursuant to the terms of these contracts as of December 31, 2022 December 31, 2023, however actual expenditures may exceed the minimum commitments presented above.

(4) Consists of obligations that are tied to our future drilling, completion and water connection activity in Reeves County, Texas that will require repayment if certain performance obligations through September 2026 are not met.

(5) Asset retirement obligations reflect the present value of the estimated future costs associated with the plugging and abandonment of oil and gas wells and the related land restoration in accordance with applicable laws and regulations.

(6) Long-term debt consists of the principal amounts of our senior notes due and borrowings outstanding under the Credit Agreement as of December 31, 2022 December 31, 2023.

(7) Cash interest expense on our senior notes is estimated assuming no principal repayment until the maturity of the instruments. Cash interest expense on the Credit Agreement includes unused commitment fees and assumes no additional principal borrowings, repayments or changes to commitments under the agreement through the instrument due date.

(8) Long-term severance and related expenses associated with the Merger.

Recently Issued Accounting Standards

There were no significant new accounting standards adopted or new accounting pronouncements that would have a potential effect on us as of December 31, 2022 December 31, 2023.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these statements requires us to make certain assumptions, judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses, as well as, the disclosure of contingent assets, contingent liabilities and commitments as of the date of our financial statements. We base our assumptions and estimates on historical experience and other sources that we believe to be reasonable at the time. Actual results may vary from our estimates due to changes in circumstances, weather, politics, global economics, commodity prices, production performance, drilling results, mechanical problems, general business conditions and other factors. A summary of our significant accounting policies can be found in Note 1—Basis of Presentation and Summary of Significant Accounting Policies under Item 8 of this Annual Report.

We have outlined certain of our accounting policies below which require the application of significant judgment by our management.

Oil and Natural Gas Reserve Quantities

We use the successful efforts method of accounting for our oil and gas producing activities. The successful efforts method inherently relies on the estimation of proved crude oil, natural gas and NGL reserves. Reserve quantities and the related estimates of future net cash flows are used as inputs to our calculation of depletion, evaluation of proved properties for impairment, assessment of the expected realizability of our deferred income tax assets, and the standardized measure of discounted future net cash flows computations.

The process of estimating quantities of proved reserves is inherently imprecise and relies on the following: i) interpretations and judgment of available geological, geophysical, engineering and production data; ii) certain economic assumptions, some of which are mandated by the SEC, such as commodity prices; and iii) assumptions and estimates of underlying inputs such as operating expenses, capital expenditures, plug and abandonment costs and taxes. All of these assumptions may differ substantially from actual results, which could result in a significant change in our estimated quantities of proved reserves and their future net cash flows. We continually make revisions to reserve estimates throughout the year as additional information becomes available, and we make changes to depletion rates in the same reporting period that changes to reserve estimates are made.

Business Combinations

From time to time, we may acquire assets and assume liabilities in transactions accounted for as business combinations, such as the Earthstone Merger. In connection with the Earthstone Merger, we allocated the \$2.5 billion \$2.9 billion of purchase price consideration to the assets acquired and liabilities assumed based on estimated fair values as of the Earthstone Merger closing date.

For business and asset acquisitions, we generally recognize the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at their estimated fair values on the acquisition date. Determining fair value requires management's judgment and involves the use of significant estimates and assumptions with respect to projections of future production volumes, **forecasted development costs**, pricing and cash flows, discount rates, expectations regarding customer contracts and relationships, **reserve risk adjustment factors** and other management estimates. The judgments made in the determination of the estimated fair value assigned to the assets acquired, liabilities assumed and any noncontrolling interest, as well as the estimated useful life of each asset and the duration of each liability, can materially impact the financial statements in periods after acquisition. See *Note 2—Business Combination Combinations* in Item 8 of this Annual Report on Form 10-K.

Impairment of Oil and Natural Gas Properties

We assess our proved properties for impairment when events or changes in circumstances indicate that the carrying value of such proved property assets may not be recoverable. For purposes of an impairment evaluation, our proved oil and natural gas properties must be grouped at the lowest level for which independent cash flows can be identified. If the sum of the undiscounted estimated cash flows from the use of the asset group and its eventual disposition is less than the carrying value of an asset group, the carrying value is written down to its estimated fair value. Fair value for the purpose of measuring impairment write-downs are calculated using the present value of expected future cash flows that are estimated to be generated from the asset group. Fair value estimates are based on projected financial information which we believe to be reasonably likely to occur, as of the date that the impairment write-down is being measured. However, such future cash flow estimates are based on numerous assumptions that can materially affect our estimates, and such assumptions are subject to change with variations in commodity prices, production performance, drilling results, operating and development costs, underlying oil and gas reserve quantities, and other internal or external factors.

Unproved properties consist of the costs we incurred to acquire undeveloped leasehold acreage as well as the costs we incurred to acquire unproved reserves. Unproved properties with individually significant acquisition costs are periodically assessed for impairment based on remaining lease term, drilling results, reservoir performance, seismic interpretation or changes in future plans to develop acreage. Unproved properties which are not individually significant are amortized by prospect, based on our historical experience, current drilling plan, existing geological data and average remaining lease terms. Changes in our assumptions as to the estimated nonproductive portion of our undeveloped leases could result in additional impairment charges.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The term "market risk" as it applies to our business refers to the risk of loss arising from adverse changes in oil and natural gas prices and interest rates, and we are exposed to market risk as described below. The primary objective of the following information is to provide quantitative and qualitative information about our potential exposure to market risks. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. All of our market risk sensitive instruments were entered into for purposes other than speculative trading.

Commodity Price Risk

Our primary market risk exposure is in the pricing that we receive for our oil, natural gas and NGL production. Pricing for oil, natural gas and NGLs has been volatile and unpredictable for several years, and we expect this volatility to continue for the foreseeable future. Based on our production for the year ended **December 31, 2022** **December 31, 2023**, our oil and gas sales for the year ended **December 31, 2022** **December 31, 2023** would have moved up or down **\$162.2 million** **\$269.7 million** for each 10% change in oil prices per Bbl, **\$27.7 million** **\$14.2 million** for each 10% change in gas prices per Mcf, and **\$28.2 million** for each 10% change in NGL prices per Bbl, and **\$23.2 million** for each 10% change in natural gas prices per Mcf. Bbl.

Due to this volatility, we have historically used, and **will we may elect to** continue to selectively use, commodity derivative instruments (such as collars, swaps, **puts** and basis swaps) to mitigate **the** price risk associated with a portion of our anticipated production. Our derivative instruments allow us to reduce, but not eliminate, the **potential effects of the** variability in cash flows that can emanate from fluctuations in oil and natural gas prices, and **they** thereby provide increased certainty of cash flows for our drilling program and debt service requirements. These instruments provide only partial price protection against declines in oil and natural gas prices, but alternatively they partially limit our potential gains from future increases in **price, prices**. Our **Amended** Credit Agreement limits our ability to enter into commodity hedges covering greater than 85% of our reasonably anticipated, projected production from proved properties.

The table below summarizes the terms of the derivative contracts we had in place as of **December 31, 2022** **December 31, 2023** and additional contracts entered into through **February 17, 2023** **February 23, 2024**. Refer to *Note 8—Derivative Instruments* under Item 8 of this Annual Report for open derivative positions as of **December 31, 2022** **December 31, 2023**.

2021-2023:

				Wtd. Avg. Crude Price		
	Period	Volume (Bbls)	Volume (Bbls/d)	(\$/Bbl) ⁽¹⁾		
Crude oil swaps	January 2023 - March 2023	1,575,000	17,500	\$90.58		
	April 2023 - June 2023	1,592,500	17,500	87.64		
	July 2023 - September 2023	1,472,000	16,000	86.36		
	October 2023 - December 2023	1,472,000	16,000	84.11		
	January 2024 - March 2024	1,092,000	12,000	78.46		
	April 2024 - June 2024	1,092,000	12,000	77.30		
	July 2024 - September 2024	1,104,000	12,000	76.21		
	October 2024 - December 2024	1,104,000	12,000	75.27		
				Wtd. Avg. Collar Price Ranges		
	Period	Volume (Bbls)	Volume (Bbls/d)	(\$/Bbl) ⁽²⁾		
Crude oil collars	January 2023 - March 2023	810,000	9,000	\$75.56	-	\$91.15
	April 2023 - June 2023	819,000	9,000	75.56	-	91.15

July 2023 - September 2023	644,000	7,000	76.43	-	92.70
October 2023 - December 2023	644,000	7,000	76.43	-	92.70

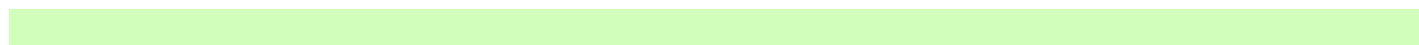
	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Crude Price (\$/Bbl) ⁽¹⁾	
Crude oil swaps	January 2024 - March 2024	2,919,100	32,078	\$77.10	
	April 2024 - June 2024	2,975,500	32,698	76.24	
	July 2024 - September 2024	2,990,000	32,500	75.40	
	October 2024 - December 2024	2,990,000	32,500	74.61	
	January 2025 - March 2025	1,575,000	17,500	73.33	
	April 2025 - June 2025	1,592,500	17,500	72.27	
	July 2025 - September 2025	1,610,000	17,500	71.25	
	October 2025 - December 2025	1,610,000	17,500	70.34	

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Collar Price Ranges (\$/Bbl) ⁽²⁾		
Crude oil collars	January 2024 - March 2024	182,000	2,000	\$60.00	-	\$76.01
	April 2024 - June 2024	182,000	2,000	60.00	-	76.01
	July 2024 - September 2024	184,000	2,000	60.00	-	76.01
	October 2024 - December 2024	184,000	2,000	60.00	-	76.01

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Put Price (\$/Bbl) ⁽³⁾	Deferred Premium (\$/Bbl) ⁽³⁾
Deferred premium puts	January 2024 - March 2024	227,500	2,500	\$65.00	\$4.96
	April 2024 - June 2024	227,500	2,500	65.00	4.96
	July 2024 - September 2024	230,000	2,500	65.00	4.96
	October 2024 - December 2024	230,000	2,500	65.00	4.96

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Differential (\$/Bbl) ⁽³⁾
Crude oil basis differential swaps	January 2023 - March 2023	729,999	8,111	\$0.55
	April 2023 - June 2023	739,499	8,126	0.55
	July 2023 - September 2023	749,000	8,141	0.52
	October 2023 - December 2023	749,002	8,141	0.52
	January 2024 - March 2024	637,000	7,000	0.43
	April 2024 - June 2024	637,000	7,000	0.43
	July 2024 - September 2024	644,000	7,000	0.43
	October 2024 - December 2024	644,000	7,000	0.43

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Differential (\$/Bbl) ⁽⁴⁾
Crude oil roll differential swaps	January 2023 - March 2023	1,350,000	15,000	\$1.34
	April 2023 - June 2023	1,365,000	15,000	1.25
	July 2023 - September 2023	1,380,000	15,000	1.23
	October 2023 - December 2023	1,380,000	15,000	1.22
	January 2024 - March 2024	637,000	7,000	0.75
	April 2024 - June 2024	637,000	7,000	0.74
	July 2024 - September 2024	644,000	7,000	0.73
	October 2024 - December 2024	644,000	7,000	0.72



	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Differential (\$/Bbl) ⁽⁴⁾
Crude oil basis differential swaps	January 2024 - March 2024	3,148,600	34,600	\$0.94
	April 2024 - June 2024	3,385,018	37,198	0.95
	July 2024 - September 2024	3,404,000	37,000	0.95
	October 2024 - December 2024	3,404,000	37,000	0.95
	January 2025 - March 2025	1,575,000	17,500	1.09
	April 2025 - June 2025	1,592,500	17,500	1.09
	July 2025 - September 2025	1,610,000	17,500	1.09
	October 2025 - December 2025	1,610,000	17,500	1.09
	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Differential (\$/Bbl) ⁽⁵⁾
Crude oil roll differential swaps	January 2024 - March 2024	3,148,600	34,600	\$0.45
	April 2024 - June 2024	3,385,018	37,198	0.45
	July 2024 - September 2024	3,404,000	37,000	0.45
	October 2024 - December 2024	3,404,000	37,000	0.45
	January 2025 - March 2025	1,575,000	17,500	0.37
	April 2025 - June 2025	1,592,500	17,500	0.37
	July 2025 - September 2025	1,610,000	17,500	0.37
	October 2025 - December 2025	1,610,000	17,500	0.37

- (1) These crude oil swap transactions are settled based on the NYMEX WTI index price on each trading day within the specified monthly settlement period versus the contractual swap price for the volumes stipulated.
- (2) These crude oil collars are settled based on the NYMEX WTI index price on each trading day within the specified monthly settlement period versus the contractual floor and ceiling prices for the volumes stipulated.
- (3) These crude oil deferred premium puts are settled based on the NYMEX WTI index price on each trading day within the specified monthly settlement period versus the contractual put prices for the volumes stipulated.
- (4) These crude oil basis swap transactions are settled based on the difference between the arithmetic average of ARGUS MIDLAND WTI and ARGUS WTI CUSHING indices, during each applicable monthly settlement period.
- (4) (5) These crude oil roll swap transactions are settled based on the difference between the arithmetic average of NYMEX WTI calendar month prices and the physical crude oil delivery month price.

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Gas Price (\$/MMBtu) ⁽¹⁾
Natural gas swaps	January 2023 - March 2023	1,670,157	18,557	\$7.64
	April 2023 - June 2023	1,572,752	17,283	4.70
	July 2023 - September 2023	1,486,925	16,162	4.70
	October 2023 - December 2023	1,413,628	15,366	4.90
	January 2024 - March 2024	464,919	5,109	5.01
	April 2024 - June 2024	446,321	4,905	3.93
	July 2024 - September 2024	429,388	4,667	4.01
	October 2024 - December 2024	413,899	4,499	4.32

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Gas Price (\$/MMBtu) ⁽¹⁾
Natural gas swaps	January 2024 - March 2024	4,104,919	45,109	\$3.77
	April 2024 - June 2024	5,906,321	64,905	3.29
	July 2024 - September 2024	5,949,388	64,667	3.43
	October 2024 - December 2024	5,933,899	64,499	3.86
	January 2025 - March 2025	3,600,000	40,000	4.32
	April 2025 - June 2025	3,640,000	40,000	3.65
	July 2025 - September 2025	3,680,000	40,000	3.83

October 2025 - December 2025	3,680,000	40,000	4.20

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Collar Price Ranges (\$/MMBtu) ⁽²⁾		
Natural gas collars	January 2023 - March 2023	7,104,843	78,943	\$4.67	-	\$10.33
	April 2023 - June 2023	6,389,748	70,217	3.64	-	7.62
	July 2023 - September 2023	6,563,075	71,338	3.64	-	7.52
	October 2023 - December 2023	6,636,372	72,134	3.66	-	8.22
	January 2024 - March 2024	3,175,081	34,891	3.36	-	9.44
	April 2024 - June 2024	1,373,679	15,095	3.00	-	6.45
	July 2024 - September 2024	1,410,612	15,333	3.00	-	6.52
	October 2024 - December 2024	1,426,101	15,501	3.25	-	7.30

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Differential (\$/MMBtu) ⁽²⁾		
Natural gas basis differential swaps	January 2024 - March 2024	12,740,000	140,000	\$(0.90)		
	April 2024 - June 2024	10,920,000	120,000	(0.99)		
	July 2024 - September 2024	11,040,000	120,000	(0.99)		
	October 2024 - December 2024	11,040,000	120,000	(0.98)		
	January 2025 - March 2025	3,600,000	40,000	(0.74)		
	April 2025 - June 2025	3,640,000	40,000	(0.74)		
	July 2025 - September 2025	3,680,000	40,000	(0.74)		
	October 2025 - December 2025	3,680,000	40,000	(0.74)		

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Differential (\$/MMBtu) ⁽³⁾		
Natural gas basis differential swaps	January 2023 - March 2023	6,075,000	67,500	\$(1.10)		
	April 2023 - June 2023	6,142,500	67,500	(1.30)		
	July 2023 - September 2023	6,210,000	67,500	(1.30)		
	October 2023 - December 2023	6,210,000	67,500	(1.30)		
	January 2024 - March 2024	1,820,000	20,000	(0.59)		
	April 2024 - June 2024	1,820,000	20,000	(0.67)		
	July 2024 - September 2024	1,840,000	20,000	(0.66)		
	October 2024 - December 2024	1,840,000	20,000	(0.64)		

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Differential (\$/MMBtu) ⁽³⁾		
Natural gas basis differential swaps	January 2024 - March 2024	3,640,000	40,000	\$0.00		

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Collar Price Ranges (\$/MMBtu) ⁽⁴⁾		
Natural gas collars	January 2024 - March 2024	6,815,081	74,891	\$2.93	-	\$6.81
	April 2024 - June 2024	5,013,679	55,095	2.68	-	5.04
	July 2024 - September 2024	5,090,612	55,333	2.68	-	5.06
	October 2024 - December 2024	5,106,101	55,501	2.75	-	5.29

- (1) These natural gas swap contracts are settled based on the NYMEX Henry Hub price on each trading day within the specified monthly settlement period versus the contractual swap price for the volumes stipulated.
- (2) These natural gas basis swap contracts are settled based on the difference between the Inside FERC's West Texas WAHA price and the NYMEX price of natural gas during each applicable monthly settlement period.
- (3) These natural gas basis swap contracts are settled based on the difference between the Houston Ship Channel ("HSC") price and the NYMEX price of natural gas during each applicable monthly settlement period.
- (4) These natural gas collars are settled based on the NYMEX Henry Hub price on each trading day within the specified monthly settlement period versus the contractual floor and ceiling prices for the volumes stipulated.
- (3) These natural gas basis swap contracts are settled based on the difference between the inside FERC's West Texas WAHA price and the NYMEX price of natural gas, during each applicable monthly settlement period.

Changes in the fair value of derivative contracts from **December 31, 2021** **December 31, 2022** to **December 31, 2022** **December 31, 2023**, are presented below:

(in thousands)	Commodity derivative asset (liability)
Net fair value of oil and gas derivative contracts outstanding as of December 31, 2021 December 31, 2022	\$ (34,910) 114,466
Commodity hedge contract settlement payments, net of any receipts	120,105 (99,410)
Fair value of commodity hedge contracts acquired in the Earthstone Merger	(35,499) 71,639
Cash and non-cash mark-to-market losses gains (losses) on commodity hedge contracts ⁽¹⁾	(42,368) 114,016
Net fair value of oil and gas derivative contracts outstanding as of December 31, 2022 December 31, 2023	\$ 114,466 93,573

(1) At inception, new derivative contracts entered into by us have no intrinsic value.

A hypothetical upward or downward shift of 10% per Bbl in the NYMEX forward curve for crude oil as of **December 31, 2022** **December 31, 2023** would cause a **\$94.4 million** **\$124.5 million** increase or **\$94.7 million** **\$125.1 million** decrease, respectively, in this fair value position, and a hypothetical upward or downward shift of 10% per Mcf in the NYMEX forward curve for natural gas as of **December 31, 2022** **December 31, 2023** would cause a **\$3.6 million** **\$8.6 million** increase or **\$3.9 million** **\$9.0 million** decrease, respectively, in this same fair value position.

By using derivative instruments to economically hedge exposures to changes in commodity prices, we also expose ourselves to credit risk. When the fair value of a derivative contract is positive, the counterparty owes us, which creates credit risk. To minimize this credit risk in derivative instruments, we: (i) limit our exposure to any single counterparty; and (ii) only entering into hedging arrangements with counterparties that are also participants in OpCo's Credit Agreement, all of which have investment-grade credit ratings.

Interest Rate Risk

Our ability to borrow and the rates offered by lenders can be adversely affected by deteriorations in the credit markets and/or downgrades in our credit rating. OpCo's Credit Agreement interest rate is based on a SOFR spread, which exposes us to interest rate risk to the extent we have borrowings outstanding under this credit facility.

At **December 31, 2022** **As of December 31, 2023**, we had **\$385.0 million** of debt **no borrowings** outstanding under **our the** Credit Agreement, with a weighted average interest rate of 6.4%. Assuming no change in the amount outstanding, the impact on interest expense of a 1.0% increase or decrease in the weighted average interest rate would have been approximately **\$3.9 million per year**. **Agreement**. We do not currently have or intend to enter into any derivative hedge contracts to protect against fluctuations in interest rates **that are** applicable to our outstanding indebtedness.

The **remaining** long-term debt balance of **\$1.8 billion** **\$3.8 billion** consists of our senior notes, which have fixed interest rates; therefore, this balance is not affected by interest rate movements. For additional information regarding our debt instruments, see *Note 5—Long-Term Debt* in Item 8 of this Annual Report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

PERMIAN RESOURCES CORPORATION

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Permian Resources Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Permian Resources Corporation and subsidiaries (the Company) as of **December 31, 2022** **December 31, 2023** and **2021, 2022**, the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended **December 31, 2022** **December 31, 2023**, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of **December 31, 2022** **December 31, 2023** and **2021, 2022**, and the results of its operations and its cash flows for each of the years in the three-year period ended **December 31, 2022** **December 31, 2023**, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 29, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Estimation of oil and natural gas reserves on depletion expense related to proved oil and natural gas properties

As discussed in Note 1 to the consolidated financial statements, capitalized proved property acquisition and development costs are depleted on a units-of-production method, which is based on the estimated oil and natural gas reserves remaining. For the year ended December 31, 2022 December 31, 2023, the Company recorded depletion expense of proved oil and gas properties included in total depreciation, depletion and amortization expense of \$444.7 million, \$1.0 billion. The estimation of economically recoverable proved oil and natural gas reserves requires the expertise of professional petroleum reserve engineers who take into consideration forecasted production, operating and development cost assumptions and forecasted oil and natural gas prices inclusive of market differentials. The Company annually engages independent reserve engineers to estimate the proved oil and natural gas reserves and the Company's internal reserve engineers update the estimates of proved oil and natural gas reserves on a quarterly basis.

We identified the estimation of oil and natural gas reserves on depletion expense related to proved oil and natural gas properties as a critical audit matter. There was a high degree of subjectivity in evaluating the estimate of proved oil and natural gas reserves, which is a significant input into the calculation of depletion. Subjective auditor judgment was required to evaluate the assumptions used by the Company related to forecasted production, operating and development costs, and forecasted oil and natural gas prices pricing inclusive of market differentials.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's process to estimate depletion expense related to proved oil and natural gas properties. This included controls related to the assumptions used in the proved oil and natural gas reserves estimate, and to calculate depletion expense. We evaluated (1) the professional qualifications of the Company's internal reserve engineers as well as the external independent reserve engineers and external independent engineering firm, (2) the knowledge, skills, and ability of the Company's internal and external independent reserve engineers, and (3) the relationship of the external independent reserve engineers and external independent engineering firm to the Company. We assessed the methodology used by the Company to estimate the reserves for consistency with industry and regulatory standards. We assessed the data used in the average of the first-day-of-the-month pricing assumptions used in the internal reserve engineers' and the independent reserve engineers' estimates of the proved reserves by comparing them to publicly available oil and natural gas benchmark pricing data, calculations of historical differentials and existing contractual arrangements. We evaluated assumptions used in the internal reserve engineers' and independent reserve engineers' estimates regarding future operating and development costs by comparing them to historical information including assessing the nature and timing of future development costs compared to development plan, costs. Additionally, we compared the forecasted production volumes to historical production, and we compared the Company's historical production forecasts to actual production volumes to assess the Company's ability to accurately forecast. We read the report of the Company's independent reserve engineers in order to understand the methods and assumptions used by the independent reserve engineers in connection with our evaluation of the Company's reserve estimates. We compared reserve quantity information to the corresponding information used for depletion expense and recalculated the depletion expense for compliance with regulatory standards.

Fair value of oil and natural gas properties on merger with Colgate Energy Partners the acquisition of Earthstone

As discussed in Note 2 to the consolidated financial statements, on September 1, 2022 November 1, 2023, the Company completed a merger with Colgate Earthstone Energy, Partners III, LLC (Colgate) Inc. (Earthstone) for cash and equity consideration of approximately \$2.5 billion \$2.9 billion. The transaction was accounted for as a business combination using the acquisition method, with the Company being identified as the accounting acquirer. Under the acquisition method of accounting, the assets acquired and liabilities assumed are were recorded at their respective fair values as of the acquisition date. As a result of the transaction, the Company acquired both proved and unproved oil and natural gas properties, which were recognized at their acquisition date fair value of \$3.3 billion \$4.5 billion and \$0.6 billion \$1.0 billion, respectively. The estimation of economically recoverable oil and natural gas reserves requires the expertise of professional petroleum reserve engineers who take into consideration forecasted production, forecasted development cost assumptions and forecasted oil and natural gas pricing. The Company engaged independent reserve engineers to estimate the oil and natural gas reserves.

We identified the evaluation of the acquisition-date fair value of the proved and unproved oil and natural gas properties of Colgate Earthstone as a critical audit matter. A high degree of subjective auditor judgment was required in evaluating the key assumptions used to estimate the fair value of the proved and unproved oil and natural gas properties as changes to those assumptions could have had a significant effect on the fair value. The key assumptions used by the Company to determine fair value included future proved and unproved forecasted production volumes, forecasted commodity prices, development costs, forecasted operating oil and capital costs, natural gas pricing, proved and unproved reserve risk adjustment factors, and the discount rate. Additionally, the audit effort associated with evaluating the forecasted commodity price assumptions, oil and natural gas pricing, proved and unproved reserve risk adjustment factors, and discount rate assumptions required specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's acquisition-date valuation process, including controls related to the determination of the key assumptions, as noted above, used to measure the fair value of the acquired proved and unproved oil and natural gas properties. We evaluated (1) the professional qualifications of the Company's internal reservoir reserve engineers as well as the independent reserve engineers and their independent engineering firm, (2) the knowledge, skills, and ability relative of the Company's internal and independent reserve engineers, and (3) the relationship of the independent reserve engineers and independent engineering firm to the valuation process. Company. We

evaluated the processes and methodologies used by internal reservoir the independent reserve engineers to estimate proved and unproved future forecasted production volumes for consistency with industry and professional standards. We compared the estimated future proved and unproved forecasted production volumes to historical Colgate production volumes. We evaluated volumes and the forecasted operating and capital development costs assumptions by comparing them to historical costs. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- evaluating the forecasted commodity price assumption oil and natural gas pricing assumptions by comparing it them to an independently developed range ranges of forward price estimates using data from analysts and other industry sources
- evaluating the risk adjustment factors associated with the proved and unproved reserves by comparing them to the ranges of guideline risk adjustment factors by reserve class in published industry surveys
- evaluating the discount rate by comparing it to a discount rate range that was independently developed using publicly available market data for comparable entities.

/s/ KPMG LLP

We have served as the Company's auditor since 2014.

Denver, Colorado Dallas, Texas

February 24, 2023 29, 2024

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Permian Resources Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited Permian Resources Corporation and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2022 December 31, 2023, and the related notes (collectively, the consolidated financial statements), and our report dated February 24, 2023 February 29, 2024 expressed an unqualified opinion on those consolidated financial statements.

The Company acquired Colgate Earthstone Energy, Partners III, LLC Inc. during 2022, 2023, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2022 December 31, 2023, Colgate Earthstone Energy, Partners III, LLC's Inc.'s internal control over financial reporting associated with 50% 39% of total assets and 26% 11% of total revenues included in the consolidated financial statements of the Company as of and for the year ended December 31, 2022 December 31, 2023. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Colgate Earthstone Energy, Partners III, LLC. Inc..

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Denver, Colorado Dallas, Texas
February 24, 2023 29, 2024

PERMIAN RESOURCES CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

		December 31, 2022	December 31, 2021			December 31, 2023	December 31, 2022
December 31, 2023							
ASSETS	ASSETS						
Current assets	Current assets						
Current assets	Current assets						
Current assets	Current assets						
Cash and cash equivalents	Cash and cash equivalents						
Cash and cash equivalents	Cash and cash equivalents						
Cash and cash equivalents	Cash and cash equivalents						
Cash and cash equivalents	Cash and cash equivalents	\$ 59,545	\$ 9,380				
Accounts receivable, net	Accounts receivable, net	282,846	71,295	Accounts receivable, net	481,060	282,846	282,846
Derivative instruments	Derivative instruments	100,797	—				
Prepaid and other current assets	Prepaid and other current assets	20,602	5,860				
Total current assets	Total current assets	463,790	86,535	Total current assets	650,392	463,790	463,790
Property and equipment	Property and equipment						
Oil and natural gas properties, successful efforts method	Oil and natural gas properties, successful efforts method						
Oil and natural gas properties, successful efforts method	Oil and natural gas properties, successful efforts method						
Oil and natural gas properties, successful efforts method	Oil and natural gas properties, successful efforts method						

Unproved properties					
Unproved properties					
Unproved properties	Unproved properties	1,424,744	1,040,386	2,401,317	1,424,744
Proved properties	Proved properties	8,869,174	4,623,726	Proved properties	8,869,174
Accumulated depreciation, depletion and amortization	Accumulated depreciation, depletion and amortization	(2,419,692)	(1,989,489)		
Total oil and natural gas properties, net	Total oil and natural gas properties, net	7,874,226	3,674,623		
Other property and equipment, net	Other property and equipment, net	15,173	11,197	Other property and equipment, net	15,173
Total property and equipment, net	Total property and equipment, net	7,889,399	3,685,820		
Noncurrent assets					
Operating lease right-of-use assets	Operating lease right-of-use assets	64,792	16,385		
Operating lease right-of-use assets					
Operating lease right-of-use assets					
Other noncurrent assets	Other noncurrent assets	74,611	15,854	Other noncurrent assets	74,611
TOTAL ASSETS	TOTAL ASSETS	\$8,492,592	\$3,804,594		
LIABILITIES AND EQUITY					
LIABILITIES AND EQUITY					
LIABILITIES AND EQUITY					
Current liabilities					
Current liabilities					
Accounts payable and accrued expenses	Accounts payable and accrued expenses	\$ 562,156	\$ 130,256		
Accounts payable and accrued expenses					
Accounts payable and accrued expenses					
Operating lease liabilities	Operating lease liabilities	29,759	1,413		
Derivative instruments		1,998	35,150		
Other current liabilities	Other current liabilities	11,656	1,080		
Total current liabilities	Total current liabilities	605,569	167,899		
Noncurrent liabilities					
Long-term debt, net					
Long-term debt, net					
Long-term debt, net	Long-term debt, net	2,140,798	825,565		

Asset retirement obligations	Asset retirement obligations	40,947	17,240	Asset retirement obligations	121,417	40,947	40,947
Deferred income taxes	Deferred income taxes	4,430	2,589				
Operating lease liabilities	Operating lease liabilities	41,341	16,002				
Other noncurrent liabilities	Other noncurrent liabilities	3,211	24,579				
Total liabilities	Total liabilities	2,836,296	1,053,874	Total liabilities	5,735,830	2,836,296	2,836,296
Commitments and contingencies (Note 14)	Commitments and contingencies (Note 14)			Commitments and contingencies (Note 14)			
Shareholders' equity	Shareholders' equity						
Common stock, \$0.0001 par value, 1,500,000,000 shares authorized:	Common stock, \$0.0001 par value, 1,500,000,000 shares authorized:						
Class A: 298,640,260 shares issued and 288,532,257 shares outstanding at December 31, 2022 and 294,260,623 shares issued and 284,696,972 shares outstanding at December 31, 2021		30	29				
Class C: 269,300,000 shares issued and outstanding at December 31, 2022 and no shares issued or outstanding at December 31, 2021		27	—				
Common stock, \$0.0001 par value, 1,500,000,000 shares authorized:							
Class A: 544,610,984 shares issued and 540,789,758 shares outstanding at December 31, 2023 and 298,640,260 shares issued and 288,532,257 shares outstanding at December 31, 2022							
Class A: 544,610,984 shares issued and 540,789,758 shares outstanding at December 31, 2023 and 298,640,260 shares issued and 288,532,257 shares outstanding at December 31, 2022							
Class A: 544,610,984 shares issued and 540,789,758 shares outstanding at December 31, 2023 and 298,640,260 shares issued and 288,532,257 shares outstanding at December 31, 2022							
Class C: 230,962,833 shares issued and outstanding at December 31, 2023 and 269,300,000 shares issued and outstanding at December 31, 2022							
Additional paid-in capital	Additional paid-in capital	2,698,465	3,013,017				
Retained earnings (accumulated deficit)	Retained earnings (accumulated deficit)	237,226	(262,326)				
Total shareholders' equity	Total shareholders' equity	2,935,748	2,750,720	Total shareholders' equity	6,336,097	2,935,748	2,935,748
Noncontrolling interest	Noncontrolling interest	2,720,548	—				

Total equity	Total equity	5,656,296	2,750,720
TOTAL	TOTAL		
LIABILITIES	LIABILITIES		
AND	AND		
EQUITY	EQUITY	\$8,492,592	\$3,804,594

The accompanying notes are an integral part of these consolidated financial statements.

PERMIAN RESOURCES CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

		Year Ended December 31,			Year Ended December 31,		
		2022	2021	2020	2023	2022	2021
Operating revenues	Operating revenues						
Oil and gas sales	Oil and gas sales	\$2,131,265	\$1,029,892	\$ 580,456			
Oil and gas sales							
Oil and gas sales							
Operating expenses	Operating expenses						
Lease operating expenses							
Lease operating expenses							
Lease operating expenses	Lease operating expenses	171,867	106,419	109,282			
Severance and ad valorem taxes	Severance and ad valorem taxes	155,724	67,140	39,417			
Gathering, processing and transportation expenses	Gathering, processing and transportation expenses	97,915	85,896	71,309			
Depreciation, depletion and amortization	Depreciation, depletion and amortization	444,678	289,122	358,554			
General and administrative expenses	General and administrative expenses	159,554	110,454	72,867			
Merger and integration expense	Merger and integration expense	77,424	—	—			
Impairment and abandonment expense	Impairment and abandonment expense	3,875	32,511	691,190			
Exploration and other expenses	Exploration and other expenses	11,378	7,883	18,355			
Total operating expenses	Total operating expenses	1,122,415	699,425	1,360,974			

Net gain (loss) on sale of long-lived assets	Net gain (loss) on sale of long-lived assets	(1,314)	34,168	398
Proceeds from terminated sale of assets	Proceeds from terminated sale of assets	—	5,983	—
Income (loss) from operations		1,007,536	370,618	(780,120)
Income from operations				
Other income (expense)	Other income (expense)			
Other income (expense)				
Other income (expense)				
Interest expense	Interest expense			
Interest expense		(95,645)	(61,288)	(69,192)
Gain (loss) on extinguishment of debt	Gain (loss) on extinguishment of debt	—	(22,156)	143,443
Net gain (loss) on derivative instruments	Net gain (loss) on derivative instruments	(42,368)	(148,825)	(64,535)
Other income (expense)	Other income (expense)	609	395	81
Total other income (expense)	Total other income (expense)	(137,404)	(231,874)	9,797
Income (loss) before income taxes		870,132	138,744	(770,323)
Income tax (expense) benefit		(120,292)	(569)	85,124
Net income (loss)		749,840	138,175	(685,199)
Less: Net (income) loss attributable to noncontrolling interest		(234,803)	—	2,362
Net income (loss) attributable to Class A Common Stock		\$ 515,037	\$ 138,175	\$ (682,837)
Income before income taxes				
Income before income taxes				
Income before income taxes				
Income tax expense				
Net income				
Less: Net income attributable to noncontrolling interest				
Net income attributable to Class A Common Stock				
Income (loss) per share of Class A Common Stock:				
Income per share of Class A Common Stock:				

Income per share of Class A				
Common Stock:				
Income per share of Class A				
Common Stock:				
Basic				
Basic				
Basic	Basic	\$ 1.80	\$ 0.49	\$ (2.46)
Diluted	Diluted	\$ 1.61	\$ 0.46	\$ (2.46)

The accompanying notes are an integral part of these consolidated financial statements.

PERMIAN RESOURCES CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

		Year Ended December 31,					
		2022	2021	2020			
		Year Ended December 31,			Year Ended December 31,		
		2023	2022	2021	2023	2022	2021
Cash flows from operating activities:	Cash flows from operating activities:						
Net income (loss)		\$ 749,840	\$138,175	\$(685,199)			
Adjustments to reconcile net income (loss) to net cash provided by operating activities:							
Net income							
Net income							
Net income							
Adjustments to reconcile net income to net cash provided by operating activities:							
Depreciation, depletion and amortization							
Depreciation, depletion and amortization							
Depreciation, depletion and amortization		444,678	289,122	358,554			
Stock-based compensation expense - equity awards		116,480	37,541	20,966			
Stock-based compensation expense - liability awards		(24,174)	20,573	3,602			
Impairment and abandonment expense		3,875	32,511	691,190			

Exploratory dry hole costs		—	—	6,615
Deferred tax expense (benefit)	Deferred tax expense (benefit)	119,679	569	(85,124)
Net (gain) loss on sale of long-lived assets	Net (gain) loss on sale of long-lived assets	1,314	(34,168)	(398)
Non-cash portion of derivative (gain) loss	Non-cash portion of derivative (gain) loss	(77,737)	16,700	17,884
Amortization of debt issuance costs and debt discount		15,362	4,992	5,923
Amortization of debt issuance costs, debt discount and debt premium				
(Gain) loss on extinguishment of debt	(Gain) loss on extinguishment of debt	—	22,156	(143,443)
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable				
(Increase) decrease in accounts receivable				
(Increase) decrease in accounts receivable	(Increase) decrease in accounts receivable	(66,824)	(21,475)	44,572
(Increase) decrease in prepaid and other assets	(Increase) decrease in prepaid and other assets	(1,751)	2,907	(3,804)
Increase (decrease) in accounts payable and other liabilities	Increase (decrease) in accounts payable and other liabilities	90,929	16,016	(59,962)
Net cash provided by operating activities	Net cash provided by operating activities	1,371,671	525,619	171,376
Cash flows from investing activities:	Cash flows from investing activities:			
Acquisition of oil and natural gas properties		(8,858)	(6,510)	(8,464)
Acquisition of oil and natural gas properties, net				
Acquisition of oil and natural gas properties, net				
Acquisition of oil and natural gas properties, net				

Drilling and development capital expenditures	Drilling and development capital expenditures	(771,577)	(319,640)	(318,465)
Cash paid for business acquired in the Merger, net of cash acquired		(496,671)	—	—
Cash (paid) received for businesses acquired in mergers, net of cash received				
Purchases of other property and equipment	Purchases of other property and equipment	(3,563)	(901)	(1,083)
Contingent considerations received related to divestiture				
Proceeds from sales of oil and natural gas properties	Proceeds from sales of oil and natural gas properties	75,620	100,575	1,689
Net cash used in investing activities	Net cash used in investing activities	(1,205,049)	(226,476)	(326,323)
Cash flows from financing activities:	Cash flows from financing activities:			
Proceeds from borrowings under revolving credit facility	Proceeds from borrowings under revolving credit facility	1,115,000	570,000	570,000
Proceeds from borrowings under revolving credit facility				
Repayment of borrowings under revolving credit facility	Repayment of borrowings under revolving credit facility	(755,000)	(875,000)	(415,000)
Repayment of credit facility acquired in the Merger		(400,000)	—	—
Repayment of credit facility acquired in mergers				
Proceeds from issuance of senior notes	Proceeds from issuance of senior notes	—	170,000	—
Debt exchange and debt issuance costs		(19,833)	(6,421)	(6,650)
Debt issuance costs				
Premiums paid on capped call transactions	Premiums paid on capped call transactions	—	(14,688)	—

Redemption of senior secured notes	Redemption of senior secured notes	—	(127,073)	—
Proceeds from exercise of stock options	Proceeds from exercise of stock options	109	132	—
Dividends Paid		(14,426)	—	—
Share repurchases				
Dividends paid				
Distributions paid to noncontrolling interest owners	Distributions paid to noncontrolling interest owners	(13,465)	—	—
Class A Common Stock repurchased from employees for taxes due upon share vestings		(19,010)	(14,497)	(607)
Net cash (used in) provided by financing activities	Net cash (used in) provided by financing activities	(106,625)	(297,547)	147,743
Net increase (decrease) in cash, cash equivalents and restricted cash	Net increase (decrease) in cash, cash equivalents and restricted cash	59,997	1,596	(7,204)
Cash, cash equivalents and restricted cash, beginning of period	Cash, cash equivalents and restricted cash, beginning of period	9,935	8,339	15,543
Cash, cash equivalents and restricted cash, end of period	Cash, cash equivalents and restricted cash, end of period	\$ 69,932	\$ 9,935	\$ 8,339

The accompanying notes are an integral part of these consolidated financial statements.

PERMIAN RESOURCES CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(in thousands)

		Year Ended December 31,					
		2022	2021	2020			
		Year Ended December 31,			Year Ended December 31,		
		2023	2022	2021	2023	2022	2021
Supplemental cash flow information	Supplemental cash flow information						
Cash paid for interest							
Cash paid for interest	Cash paid for interest	\$ 60,700	\$ 57,943	\$ 69,675			
Cash paid for income taxes	Cash paid for income taxes	613	—	—			
Supplemental non-cash activity	Supplemental non-cash activity						

Equity issued and long-term debt assumed to acquire oil and gas properties via the Merger				
	\$3,317,797	\$	—	\$ —
Equity issued and long-term debt assumed to acquire oil and gas properties via mergers				
Equity issued and long-term debt assumed to acquire oil and gas properties via mergers				
Equity issued and long-term debt assumed to acquire oil and gas properties via mergers				
Accrued capital expenditures included in accounts payable and accrued expenses	Accrued capital expenditures included in accounts payable and accrued expenses	166,062	29,128	23,409
Deferred tax liability assumed in asset acquisition and merger				
Asset retirement obligations incurred, including revisions to estimates	Asset retirement obligations incurred, including revisions to estimates	22,648	249	(563)
Dividends payable	Dividends payable	1,059	—	—
Change in senior notes from debt exchange:				
Senior Secured Notes issued in the debt exchange, net of debt discount				
	—	—	106,030	
2026 Senior Notes extinguished in the debt exchange, net of unamortized debt issue costs				
	—	—	(108,632)	
2027 Senior Notes extinguished in the debt exchange, net of unamortized discount and debt issue costs				
	—	—	(140,840)	

Reconciliation of cash, cash equivalents and restricted cash presented in the consolidated statements of cash flows:

Year Ended December 31,							
2022					2021		
2020							
Year Ended December 31,					Year Ended December 31,		
2023					2023		
2022					2022		
2021							
Cash and cash equivalents	Cash and cash equivalents	\$	59,545	\$	9,380	\$	5,800
Restricted cash ⁽¹⁾	Restricted cash ⁽¹⁾		10,387		555		2,539

Total cash, cash equivalents and restricted cash	Total cash, cash equivalents and restricted cash						
		\$	69,932	\$	9,935	\$	8,339

(1) Included in *Prepaid and other current assets* and *Other noncurrent assets* as of **December 31, 2022** **December 31, 2023** and **2020 2021** and in *Prepaid and other current assets* and *Other noncurrent asset* as of **December 31, 2021** **December 31, 2022** in the consolidated balance sheets.

The accompanying notes are an integral part of these consolidated financial statements.

PERMIAN RESOURCES CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Stock				Retained Earnings		Total Shareholder's Equity	Non-controlling Interest	Total Equity
	Class A		Class C		Additional Paid-In Capital	(Accumulated Deficit)			
	Shares	Amount	Shares	Amount					
Balance at December 31, 2019	280,650	\$ 28	1,034	\$ —	\$ 2,975,756	\$ 282,336	\$ 3,258,120	\$ 12,581	\$ 3,270,701
Restricted stock issued	10,246	1	—	—	(1)	—	—	—	—
Restricted stock forfeited	(897)	—	—	—	—	—	—	—	—
Restricted stock used for tax withholding	(550)	—	—	—	(607)	—	(607)	—	(607)
Issuance of Class A Common Stock under Employee Stock Purchase Plan	163	—	—	—	308	—	308	—	308
Stock-based compensation - equity awards	—	—	—	—	20,966	—	20,966	—	20,966
Conversion of common shares from Class C to Class A, net of tax	1,034	—	(1,034)	—	8,011	—	8,011	(10,219)	(2,208)
Net income (loss)	—	—	—	—	—	(682,837)	(682,837)	(2,362)	(685,199)
Balance at December 31, 2020	290,646	29	—	—	3,004,433	(400,501)	2,603,961	—	2,603,961
Restricted stock issued	6,075	—	—	—	—	—	—	—	—
Restricted stock forfeited	(42)	—	—	—	—	—	—	—	—
Restricted stock used for tax withholding	(2,896)	—	—	—	(14,497)	—	(14,497)	—	(14,497)
Issuance of Class A Common Stock under Employee Stock Purchase Plan	446	—	—	—	96	—	96	—	96
Capped call premiums	—	—	—	—	(14,688)	—	(14,688)	—	(14,688)
Stock-based compensation - equity awards	—	—	—	—	37,541	—	37,541	—	37,541
Stock option exercises	32	—	—	—	132	—	132	—	132
Net income (loss)	—	—	—	—	—	138,175	138,175	—	138,175
Balance at December 31, 2021	294,261	29	—	—	3,013,017	(262,326)	2,750,720	—	2,750,720
Restricted stock issued	6,692	1	—	—	(1)	—	—	—	—
Issuance of Class C Common Stock, net of tax	—	—	269,300	27	(412,734)	—	(412,707)	2,499,914	2,087,207
Taxes payable attributable to noncontrolling interest owners	—	—	—	—	—	—	—	(704)	(704)
Restricted stock forfeited	(225)	—	—	—	—	—	—	—	—
Restricted stock used for tax withholding	(2,396)	—	—	—	(18,102)	—	(18,102)	—	(18,102)
Issuance of Class A Common Stock under Employee Stock Purchase Plan	120	—	—	—	604	—	604	—	604
Performance stock issued less stock used for tax withholding	159	—	—	—	(908)	—	(908)	—	(908)
Stock-based compensation - equity awards	—	—	—	—	116,480	—	116,480	—	116,480
Stock option exercises	29	—	—	—	109	—	109	—	109
Dividends declared (\$0.05 per share)	—	—	—	—	—	(15,485)	(15,485)	—	(15,485)
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	(13,465)	(13,465)
Net income (loss)	—	—	—	—	—	515,037	515,037	234,803	749,840

Balance at December 31, 2022	298,640	\$ 30	269,300	\$ 27	\$ 2,698,465	\$ 237,226	\$ 2,935,748	\$ 2,720,548	\$ 5,656,296
	Common Stock				Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total Shareholder's Equity	Non- controlling Interest	Total Equity
	Class A		Class C						
	Shares	Amount	Shares	Amount					
Balance at December 31, 2020	290,646	\$ 29	—	—	\$ 3,004,433	\$ (400,501)	\$ 2,603,961	\$ —	\$ 2,603,961
Restricted stock issued	6,075	—	—	—	—	—	—	—	—
Restricted stock forfeited	(42)	—	—	—	—	—	—	—	—
Share repurchases - Class A	(2,896)	—	—	—	(14,497)	—	(14,497)	—	(14,497)
Issuance of Class A Common Stock under Employee Stock Purchase Plan	446	—	—	—	96	—	96	—	96
Capped call premiums	—	—	—	—	(14,688)	—	(14,688)	—	(14,688)
Stock-based compensation - equity awards	—	—	—	—	37,541	—	37,541	—	37,541
Stock option exercises	32	—	—	—	132	—	132	—	132
Net income	—	—	—	—	—	138,175	138,175	—	138,175
Balance at December 31, 2021	294,261	29	—	—	3,013,017	(262,326)	2,750,720	—	2,750,720
Restricted stock issued	6,692	1	—	—	(1)	—	—	—	—
Issuance of Class C Common Stock, net of tax	—	—	269,300	27	(412,734)	—	(412,707)	2,499,914	2,087,207
Taxes payable attributable to noncontrolling interest owners	—	—	—	—	—	—	—	(704)	(704)
Restricted stock forfeited	(225)	—	—	—	—	—	—	—	—
Share repurchases - Class A	(2,396)	—	—	—	(18,102)	—	(18,102)	—	(18,102)
Issuance of Class A Common Stock under Employee Stock Purchase Plan	120	—	—	—	604	—	604	—	604
Performance stock issued less stock used for tax withholding	159	—	—	—	(908)	—	(908)	—	(908)
Stock-based compensation - equity awards	—	—	—	—	116,480	—	116,480	—	116,480
Stock option exercises	29	—	—	—	109	—	109	—	109
Dividends	—	—	—	—	—	(15,485)	(15,485)	—	(15,485)
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	(13,465)	(13,465)
Net income	—	—	—	—	—	515,037	515,037	234,803	749,840
Balance at December 31, 2022	298,640	30	269,300	27	2,698,465	237,226	2,935,748	2,720,548	5,656,296

PERMIAN RESOURCES CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (continued)
(in thousands)

	Common Stock				Additional Paid-In Capital	Retained	Total Shareholder's Equity	Non- controlling Interest	Total Equity
	Class A		Class C			Earnings			
	Shares	Amount	Shares	Amount		(Accumulated Deficit)			
Restricted stock issued	1,204	—	—	—	—	—	—	—	—
Issuance of Class A Common Stock for Earthstone Merger	161,166	16	—	—	2,288,014	—	2,288,030	—	2,288,030
Issuance of Class C Common Stock for Earthstone Merger, net of tax	—	—	49,534	5	(164,494)	—	(164,489)	864,919	700,430
Restricted stock forfeited	(814)	—	—	—	—	—	—	—	—
Share repurchases - Class A	(6,761)	(1)	—	—	(75,959)	—	(75,960)	—	(75,960)
Share repurchases - Class C	—	—	(7,202)	(1)	1	—	—	(86,460)	(86,460)
Issuance of Common Stock under Employee Stock Purchase Plan	56	—	—	—	241	—	241	—	241
Performance stock vested and issued	10,372	1	—	—	(1)	—	—	—	—
Stock-based compensation - equity awards	—	—	—	—	78,418	—	78,418	—	78,418
Stock option exercises	79	—	—	—	534	—	534	—	534
Dividends	—	—	—	—	—	(144,393)	(144,393)	—	(144,393)
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	(94,683)	(94,683)
Conversion of common shares from Class C to Class A, net of tax	80,669	8	(80,669)	(8)	934,713	—	934,713	(905,102)	29,611
Equity impact from transactions effecting Common Units, net of tax of \$2.0 million	—	—	—	—	6,949	—	6,949	(8,968)	(2,019)
Net income	—	—	—	—	—	476,306	476,306	403,397	879,703
Balance at December 31, 2023	544,611	\$ 54	230,963	\$ 23	\$ 5,766,881	\$ 569,139	\$ 6,336,097	\$ 2,893,651	\$ 9,229,748

The accompanying notes are an integral part of these consolidated financial statements.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Basis of Presentation and Summary of Significant Accounting Policies

Description of Business

Permian Resources Corporation is an independent oil and natural gas company focused on the responsible acquisition, optimization and development of crude oil and associated liquids-rich natural gas reserves. The Company's assets and operations are primarily concentrated in the Delaware Basin, a sub-basin core of the Permian Basin, and its properties consist of large, contiguous acreage blocks located in West Texas and New Mexico. Unless otherwise specified or the context otherwise requires, all references in these notes to "Permian Resources" or the "Company" are to Permian Resources Corporation and its consolidated subsidiary, subsidiaries including, Permian Resources Operating, LLC ("OpCo"), which was formerly Centennial Resource Production, LLC or "CRP".

On September 1, 2022, CRP completed its merger (the "Merger") with Colgate Energy Partners III, LLC ("Colgate"). Refer to Note 2—Business Combination for further information regarding the Merger. In connection with the closing of the Merger, the Company changed its name from "Centennial Resource Development, Inc." to "Permian Resources Corporation" and transferred the listing of its Class A Common Stock to the New York Stock Exchange under the ticker symbol "PR".

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of the Company, its subsidiary OpCo and OpCo's wholly-owned subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and the rules and regulations of the United States Securities and Exchange Commission ("SEC"). All intercompany balances and transactions have been eliminated in consolidation.

Noncontrolling interests represent third-party ownership in OpCo and is presented as a component of equity. See Note 10—Shareholders' Equity and Noncontrolling Interest for a discussion of noncontrolling interest.

Certain prior period amounts have been reclassified to conform to the current presentation in the accompanying consolidated financial statements. Such reclassifications had no impact on net income, cash flows or shareholders' equity previously reported.

Use of Estimates

The preparation of the Company's consolidated financial statements requires the Company's management to make various assumptions, judgments and estimates to determine the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of commitments and contingencies. Changes in these assumptions, judgments and estimates will occur as a result of the passage of time and the occurrence of future events, and accordingly, actual results could differ from amounts previously established. Additionally, the prices received for oil, natural gas and NGL production can heavily influence the Company's assumptions, judgments and estimates, and continued volatility of oil and gas prices could have a significant impact on the Company's estimates.

The more significant areas requiring the use of assumptions, judgments and estimates include: (i) oil and natural gas reserves; (ii) cash flow estimates used in impairment tests of long-lived assets; (iii) impairment expense of unproved properties; (iv) depreciation, depletion and amortization; (v) asset retirement obligations; (vi) determining fair value and allocating purchase price in connection with business combinations and asset acquisitions; (vii) accrued revenues and related receivables; (viii) accrued liabilities; (ix) derivative valuations; (x) deferred income taxes; and (xi) determining the fair value values of certain stock-based compensation awards.

Cash and Cash Equivalents and Restricted Cash

The Company considers all highly liquid instruments with an original maturity of three months or less at the time of issuance to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short-term maturity of these investments. From time to time, the Company is required to maintain cash in separate accounts, the use of which is restricted by the terms of contracted arrangements. Such amounts are included in Prepaid and other current assets and Other noncurrent assets as of December 31, 2022, December 31, 2023 and Prepaid and other current assets and Other noncurrent assets as of December 31, 2021, 2022 in the consolidated balance sheets.

Accounts Receivable

Accounts receivable consists mainly of receivables from oil and natural gas purchasers and from joint interest owners on properties the Company operates. For receivables from joint interest owners, the Company typically has the ability to withhold future revenue disbursements to recover non-payment of joint interest billings. Accordingly, the Company's oil and natural gas receivables are generally collected, and the Company has minimal bad debts.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Although diversified among many companies, collectability is dependent upon the financial wherewithal of each individual company and is influenced by the general economic conditions of the industry. Receivables are not collateralized, and the Company therefore establishes an allowance for doubtful accounts equal to the portions of its accounts receivable for which collectability is not reasonably assured. The Company had no allowance for doubtful accounts as of December 31, 2022, December 31, 2023 and \$0.1 million as of December 31, 2021, 2022.

PERMIAN RESOURCES CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Credit Risk and Other Concentrations

Permian Resources is exposed to credit risk in the event of nonpayment by counterparties. The Company normally sells production to a relatively small number of customers, as is customary in its business. The table below summarizes the purchasers that accounted for 10% or more of the Company's total net revenues for the periods presented:

	Year Ended December 31,		
	2022	2021	2020
BP America	34 %	50 %	47 %
Shell Trading (US) Company	21 %	22 %	20 %
Enterprise Crude Oil, LLC	18 %	— %	4 %
Eagleclaw Midstream Ventures, LLC	8 %	11 %	8 %

	Year Ended December 31,		
	2023	2022	2021
BP America	20 %	34 %	50 %
Shell Trading (US) Company	20 %	21 %	22 %
Enterprise Crude Oil, LLC	30 %	18 %	— %
Kinetik Holdings Inc.	5 %	8 %	11 %

During these periods, no other purchaser accounted for 10% or more of the Company's net revenues. The loss of any of the Company's major purchasers could materially and adversely affect its revenues in the short-term. However, based on the demand for oil and natural gas and the availability of other purchasers, the Company believes that the loss of any major purchaser would not have a material adverse effect on its financial condition and results of operations because crude oil and natural gas are fungible products with well-established markets and numerous purchasers.

By using derivative instruments to economically hedge exposures to changes in commodity prices, the Company also exposes itself to credit risk. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk. The Company minimizes the credit risk in derivative instruments by: (i) limiting its exposure to any single counterparty; and (ii) only entering into hedging arrangements with counterparties that are also participants in OpCo's credit agreement, all of which have investment-grade credit ratings.

Oil and Natural Gas Properties

The Company's oil and natural gas producing activities are accounted for using the successful efforts method of accounting. Under the successful efforts method, the costs incurred to acquire, drill, and complete development wells are capitalized to proved properties. Exploration costs, including personnel and other internal costs, geological and geophysical expenses and delay rentals for oil and gas leases, are charged to expense as incurred. Costs of drilling exploratory wells, on the other hand, are initially capitalized but are charged to expense if the well is determined to be unsuccessful. Costs to operate, repair and maintain wells and field equipment are expensed as incurred.

The Company capitalizes interest on expenditures made in connection with exploration and development projects that are not subject to current amortization. Interest is capitalized only for the period that activities are in process to bring the projects to their intended use. Capitalized interest cannot exceed interest expense for the period capitalized. The Company capitalized interest of **\$3.0 million** **\$7.8 million**, **\$1.8 million** **\$3.0 million** and **\$2.1 million** **\$1.8 million** during the years ended **December 31, 2022** **December 31, 2023**, **2021** **2022** and **2020**, **2021**, respectively.

Proved Properties. Costs incurred to obtain access to proved reserves and to provide facilities for extracting, treating, gathering and storing oil, natural gas and NGLs are capitalized. All costs incurred to drill and equip successful exploratory wells, development wells, development-type stratigraphic test wells, extension wells and service wells, are capitalized. Capitalized proved property acquisition and development costs are depleted using a units-of production method based on the remaining life of proved and proved developed reserves, respectively.

Net carrying values of retired, sold or abandoned properties that constitute less than a complete unit of depreciable property are charged or credited, net of proceeds, to accumulated depreciation, depletion and amortization unless doing so significantly affects the unit-of-production amortization rate, in which case a gain or loss is recognized. Gains or losses from the disposal of complete units of depreciable property are recognized to the consolidated statements of operations.

The Company reviews its proved oil and natural gas properties for impairment whenever events and circumstances indicate that there could be a possible decline in the recoverability of the carrying amount of such property. The Company estimates the expected future cash flows of its oil and natural gas properties and compares these undiscounted cash flows to the carrying amount of the oil and natural gas properties to determine if the carrying amount is recoverable. If the carrying amount exceeds the

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

estimated undiscounted future cash flows, the Company will write down the carrying amount of the oil and natural gas properties to fair value. The factors used to determine fair value include, but are not limited to, estimates of reserves, future commodity prices, future production estimates, estimated future capital and operating expenditures and discount rates, which are based on a weighted average cost of capital. There were no impairments of proved oil and natural gas properties for the years ended **December 31**,

2022 December 31, 2023, 2022 and 2021. For the year ended December 31, 2020 a non-cash impairment of \$591.8 million for proved oil and natural gas properties was recorded as a result of depressed oil and natural gas commodity prices. Refer to Note 9—Fair Value Measurements for additional information on the 2020 impairment charge.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Unproved Properties. Unproved properties consist of costs to acquire undeveloped leases as well as costs to acquire unproved reserves, and they are both capitalized as incurred. These consist of costs incurred in obtaining a mineral interest or a right in a property such as a lease, in addition to broker fees, recording fees and other similar costs related to acquiring properties. Leasehold costs are classified as unproved until proved reserves are discovered on or otherwise attributed to the property, at which time the related unproved property costs are transferred to proved oil and natural gas properties.

The Company evaluates significant unproved properties for impairment based on remaining lease term, drilling results, reservoir performance, seismic interpretation or changes in future plans to develop acreage. Unproved properties that are not individually significant are aggregated by prospect or geographically, and the portion of such costs estimated to be nonproductive prior to lease expiration is amortized over the average holding period. The estimate of what could be nonproductive is based on the Company's historical experience or other information, including current drilling plans and existing geological data. Impairment and amortization of unproved properties are included in *Impairment and abandonment expense* in the consolidated statements of operations.

Other Property and Equipment

Other property and equipment includes office furniture and equipment, buildings, vehicles, computer hardware and software and is recorded at cost. These assets are depreciated using the straight-line method over their estimated useful lives which range from three to twenty years. Equipment upgrades and improvements are capitalized while expenditures for maintenance and repairs are expensed as incurred. When other property and equipment is sold or retired, the capitalized costs and related accumulated depreciation are removed from the accounts and a gain or loss is recorded in the consolidated statements of operations as needed.

Debt Issuance Costs, Discounts and Discount Premiums

Debt issuance costs related to the Company's revolving credit facility are included in the line item *Other Noncurrent Assets* in the consolidated balance sheets. These costs are amortized to interest expense on a straight-line basis over the borrowing term. Issuance costs incurred in connection with the Company's senior notes offerings and any related issuance discount or premium are deferred and charged to interest expense over the term of the agreement; however, these amounts are reflected as a reduction of or addition to the related obligation in the line item *Long-term debt* on the consolidated balance sheets.

Derivative Financial Instruments

In order to mitigate its exposure to oil and natural gas price volatility, the Company may periodically use derivative instruments, such as swaps, costless collars, basis swaps, and other similar agreements. To the extent legal right of offset exists with a counterparty, the Company reports derivative assets and liabilities on a net basis.

The Company records derivative instruments in its consolidated balance sheets as either an asset or liability measured at fair value. The commodity derivative instruments are accounted for using mark-to-market accounting where all gains and losses are recognized in earnings during the period in which they are incurred. The Company's derivatives have not been designated as hedges for accounting purposes.

Asset Retirement Obligations

The Company recognizes a liability for the estimated future costs associated with abandonment of its oil and natural gas properties. A liability for the fair value of an asset retirement obligation and corresponding increase to the carrying value of the related long-lived asset are recorded at the time a well is drilled or acquired. The fair value of the liability recognized is based on the present value of the estimated future cash outflows associated with its plug and abandonment obligations. The Company depletes the amount added to proved oil and natural gas property costs and recognizes expense in connection with the accretion of the discounted liability over the remaining estimated economic lives of the respective oil and natural gas properties. Revisions typically occur due to changes in estimated abandonment costs or well economic lives, or if federal or state regulators enact new requirements regarding the abandonment of wells.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Revenue Recognition

The Company derives revenue primarily from the sale of produced oil, natural gas, and NGLs. Revenue is recognized when a performance obligation is satisfied by transferring control of the produced oil, natural gas or NGLs to the customer. For all commodity products, the Company records revenue in the month production is delivered to the purchaser based on estimates of the amount of production delivered to the purchaser and the price the Company will receive. Payments are generally received between 30 and 90 days after the date of production. Variances between estimated sales and actual amounts received are insignificant and are recorded in the month payment is received. Refer to Note 15—Revenues for additional information.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Income Taxes

The Company is subject to U.S. federal, state and local income taxes with respect to its allocable share of any taxable income or loss of OpCo, as well as any stand-alone income or loss generated by the Company. As of the date of the Merger, OpCo is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, OpCo is not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by OpCo is passed through to and included in the taxable income or loss of its members, including the Company, on a pro rata basis. Prior to the Merger, OpCo was fully owned by the Company and all income and loss was taxable.

Income taxes are recognized based on earnings reported for tax return purposes and provisions recorded for deferred income taxes. Deferred income tax assets and liabilities are recognized based on temporary differences resulting from: (i) net operating loss carryforwards for income tax purposes, and (ii) differences between the amounts recorded to the consolidated financial statements and the tax basis of assets and liabilities, as measured using enacted statutory tax rates in effect at the end of a period. The effect of a change in tax rates or tax laws is recognized in income during the period such changes are enacted. A valuation allowance for deferred tax assets is established when it is more likely than not that some portion of the benefit from deferred tax assets will not be realized.

Stock-Based Compensation

The Company's stock-based compensation consists of equity grants of restricted stock, stock options, and performance stock units to employees and directors, an employee stock purchase plan which is available to eligible employees, and grants of restricted stock units and performance stock units that are settled in cash. The Company determines compensation expense related to all equity-based awards based on their estimated fair value, and such expense is recognized on a straight-line basis over the applicable service period of the award. For cash settled awards classified as liabilities, compensation expense is estimated based on the fair value of the awards as of the balance sheet date, and such expense is recognized ratably over the period in which the award is expected to be paid. See Note 7—Stock-Based Compensation for additional information regarding the Company's stock-based compensation.

Earnings (Loss) Per Share

Basic earnings per share ("EPS") is calculated by dividing net income attributable to the Company's Class A Common Stock by the weighted average shares of Class A Common Stock outstanding during each period. Dilutive EPS is calculated by dividing adjusted net income attributable to Class A Common Stock by the weighted average shares of diluted Class A Common Stock outstanding, which includes the effect of potentially dilutive securities. See Note 11—Earnings Per Share for additional information regarding the Company's computation of EPS.

Segment Reporting

The Company operates in only one industry segment which is the exploration and production of oil and natural gas. All of its operations are conducted in one geographic area of the United States. All revenues are derived from customers located in the United States.

Note 2—Business Combination Combinations

2022 2023 Business Combination

Colgate Earthstone Merger

On May 19, 2022 August 21, 2023, the Company entered into a Business Combination Agreement (the "Merger and Plan of Merger" ("the Earthstone Merger Agreement") with CRP, Colgate, and Colgate Earthstone Energy, Partners III MidCo, LLC (the "Colgate Unit holder" Inc. ("Earthstone"). The Merger Agreement provided for the combination of CRP and Colgate in a merger of equals transaction, with CRP (which was renamed pursuant to which Permian Resources Operating, LLC or "OpCo" following the Merger) continuing as the surviving legal entity in the Merger and a subsidiary of the Company. Colgate acquired Earthstone (the "Earthstone Merger"). Earthstone was an independent oil and gas exploration company engaged in the operation and development company with of oil and natural gas properties located in the Delaware Basin. Colgate's Permian Basin in both Texas and New Mexico. Earthstone's assets consisted of approximately 105,000 167,000 net leasehold acres in the Midland Basin and 25,000 56,000 net royalty leasehold acres located primarily in Reeves the Delaware Basin, and Ward Counties Earthstone's Delaware Basin acreage is offset to Permian Resources' existing acreage in Texas Lea and Eddy County in New Mexico. Counties. The Earthstone Merger was completed to provide increases drive long-term accretion across the Company's key financial and operating metrics, enhance shareholder returns, improve capital efficiency, and add significant core inventory locations to our operational the Company's existing position in the Permian Basin.

In connection with the Earthstone Merger, the Board of Directors of both companies unanimously determined (i) each share of Earthstone Class A common stock would be converted into the right to receive 1.446 shares (the "Exchange Ratio") of Permian Resources Class A Common Stock, (ii) each share of Earthstone Class B common stock would be converted into the right to receive 1.446 shares of Permian Resources Class C Common Stock, (iii) each common unit of Earthstone Energy Holdings, LLC ("Earthstone OpCo"), a subsidiary of Earthstone, representing limited liability company membership interests in Earthstone OpCo (the "Earthstone OpCo Unit holders") would be converted into the right to receive a number of common units representing limited liability company interests in OpCo ("Common Units") equal to the Exchange Ratio.

On November 1, 2023 the Earthstone Merger was completed, and the Company issued 161.2 million shares of its Class A Common Stock and 49.5 million shares of its Class C Common Stock to Earthstone stockholders under the terms of the

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Earthstone Merger Agreement, and financial scale, drive accretion across our key financial and operating metrics, and enhance the combined company's shareholder returns.

On September 1, 2022, the Merger was completed, and all membership interests in CRP issued and outstanding immediately prior to the closing were converted into units of Permian Resources Operating, LLC ("Common Units") equal to the number of shares of the Company's Class A Common Stock that were outstanding immediately prior to the closing. All of the Colgate Unit holder's membership interests in Colgate were exchanged for 269,300,000 shares of Class C Common Stock, 269,300,000 Common Units and \$525 million in cash consideration. Following the Company also assumed Earthstone's debt upon closing of the Merger, the Colgate Unit holder distributed the merger consideration to which consisted of \$1.05 billion of senior notes and \$830 million in borrowings outstanding under its equity holders (the "Colgate Owners"), who collectively continue to own in the aggregate 100% of the outstanding shares of Class C Common Stock of the Company and approximately 48% of the outstanding Common Units in OpCo, which represents a

noncontrolling interest in OpCo. This ownership of all the Company's shares of Class C Common Stock by the Colgate Owners represents approximately 48% of the Company's total outstanding shares of Class A Common Stock and Class C Common Stock taken together (the "Common Stock"). Refer to Note 10—Shareholders' Equity and Noncontrolling Interest for additional information on the equity structure of the Company following the Merger.credit facility.

Purchase Price Allocation

The Earthstone Merger has been accounted for as a business combination using the acquisition method of accounting in accordance with Accounting Standards Codification ("ASC") Topic 805, *Business Combinations* ("ASC 805"), with the Company being identified as the accounting acquirer. Under the acquisition method of accounting, the assets acquired and liabilities assumed are recorded at their respective fair values as of the Earthstone Merger closing date, which requires judgment and certain estimates and assumptions to be made. Oil and natural gas properties were valued using an income based approach, which incorporates a discounted cash flow method. The Company retained Netherland, Sewell & Associates, Inc., an independent petroleum engineering firm, to prepare the estimates of all reserves obtained in connection with the Earthstone Merger and the associated pre-tax future net cash flows. The individuals performing reserves estimates possess professional qualifications and demonstrate competency in reserves estimation and evaluation. The fair value of Colgate's Earthstone's outstanding senior notes was based on unadjusted quoted prices for these same notes in an active market. The value of derivative instruments was based on Level 2 inputs similar to the Company's other commodity price derivatives. Refer to Note 9—Fair Value Measurements for additional information on fair value measurements.

As of the date of this filing, the fair value of assets acquired and liabilities assumed are not complete and adjustments may be made. The Company expects to complete the purchase price allocation during the 12-month period subsequent to the Earthstone Merger closing date.

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table represents the merger consideration and purchase price allocation of the identifiable assets acquired and the liabilities assumed based on their respective fair values as of the closing date of the Earthstone Merger.

(in thousands, except share and per share data)

(in thousands, except share and per share data)	Earthstone Merger Consideration	
Share consideration		
Shares of Earthstone Class A common Stock		111,456,669
Shares of Earthstone Class B common Stock		34,255,640
Total Earthstone common stock exchanged		145,712,309
Exchange Ratio		1.446
Shares of Permian Resources Class A Common Stock issued as merger consideration		161,166,344
Shares of Permian Resources Class C Common Stock issued as merger consideration		49,533,655
Total Permian Resources common stock issued as merger consideration		210,699,999
Permian Resources Class A Common Stock price on November 1, 2023 ⁽¹⁾		\$14.20
Class A Share Consideration	\$	2,288,030
Class C Common Stock per share fair value on November 1, 2023 ⁽²⁾		\$13.19
Class C Share Consideration	\$	653,349
Total Merger Consideration	\$	2,941,379
Fair value of assets acquired:		
	Preliminary Purchase Price Allocation	
Cash and cash equivalents	\$	39,832
Accounts receivable, net		229,898
Prepaid and other assets		54,377
Derivative instruments		862
Operating lease right-of-use assets		8,707
Unproved oil and natural gas properties		969,989
Proved oil and natural gas properties		4,498,192
Other property & equipment, net		1,967
Total assets acquired	\$	5,803,824
Fair value of liabilities assumed:		
Accounts payable and accrued expenses	\$	474,857
Derivative instruments		36,361
Long-term debt, net		1,932,570
Asset retirement obligations		71,854
Deferred Taxes		321,376
Operating lease liabilities		8,708
Other liabilities, net		16,719
Total liabilities assumed	\$	2,862,445
Net assets acquired	\$	2,941,379

⁽¹⁾ The fair value of the common stock issued was based on the adjusted closing price of the Company's Class A Common Stock on November 1, 2023 of \$14.20.

⁽²⁾ The fair value ascribed to the Company's Class C Common Stock, that was issued as part of the Earthstone Merger consideration, was determined by applying a valuation discount to the share price of the Company's Class A Common Stock as of the Earthstone Merger closing date. This discount was determined using a Finnerty model, which considers the lack of marketability of the Class C Common Stock associated with its 180-day minimum holding period required per the terms of the transaction agreement governing the Earthstone Merger.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The valuation model considers expected volatility based on the historical volatility of the Company's Class A Common Stock, a risk-free interest rate based on U.S. Treasury yield curves, and the Company's current dividend yield.

Post-Acquisition Operating Results

Since the November 1, 2023, the closing date of the Earthstone Merger, the results of operations for Earthstone have been included in the Company's consolidated financial statements. For the year ended December 31, 2023, approximately \$337.3 million of operating revenues and \$211.8 million of direct operating expenses attributable to Earthstone's business have been included in the consolidated statements of operations.

In connection with the Earthstone Merger, the Company incurred certain merger-related integration and transaction costs that are expensed as incurred. For the year ended December 31, 2023 the Company recognized transaction costs of \$106.9 million related to the Earthstone Merger which are included in *Merger and integration expense* in the consolidated statements of operations. These costs primarily relate to bankers' advisory, legal, consultancy and accounting fees, as well as severance and related benefits for employees that were terminated in connection with the Earthstone Merger.

Supplemental Unaudited Pro Forma Financial Information

The following supplemental unaudited pro forma financial information ("pro forma information") for the years ended December 31, 2023 and 2022 has been prepared from the respective historical consolidated financial statements of the Company and has been adjusted to reflect the Earthstone Merger as if it had been completed on January 1, 2022.

The pro forma information is not necessarily indicative of the results that might have occurred had the merger occurred in the past and is not intended to be a projection of future results. Future results may vary significantly from the results reflected in the following pro forma information.

	Year Ended December 31,	
	2023	2022
Total Revenue	\$ 4,769,673	\$ 5,309,689
Net Income	896,900	1,110,270
Earnings per share:		
Basic	\$ 1.86	\$ 2.50
Diluted	1.55	1.75

2022 Business Combination

Colgate Merger

On September 1, 2022, the Company completed its merger (the "Colgate Merger") with Colgate Energy Partners III, LLC ("Colgate") and Colgate Energy Partners III MidCo, LLC (the "Colgate Unit holder"), and all membership interests issued and outstanding immediately prior to the closing were converted into "Common Units equal to the number of shares of the Company's Class A Common Stock that were outstanding immediately prior to the closing. All of the Colgate Unit holder's membership interests in Colgate were exchanged for 269,300,000 shares of Class C Common Stock, 269,300,000 Common Units and \$525 million in cash consideration. The Merger Agreement provided for the combination of a merger of equals transaction, with OpCo continuing as the surviving legal entity in the Merger and a subsidiary of the Company. Colgate was an independent oil and gas exploration and development company with properties located in the Delaware Basin. Colgate's assets consisted of approximately 105,000 net leasehold acres and 25,000 net royalty acres located primarily in Reeves and Ward Counties in Texas and Eddy County in New Mexico. The Merger was completed to provide increases to our operational and financial scale, drive accretion across our key financial and operating metrics, and enhance the combined company's shareholder returns.

Purchase Price Allocation

The Colgate Merger was accounted for as a business combination using the acquisition method of accounting in accordance with ASC 805, with the Company being identified as the accounting acquirer. Under the acquisition method of accounting, the assets acquired and liabilities assumed are recorded at their respective fair values as of the Colgate Merger closing date, which requires judgment and certain assumptions to be made. Oil and natural gas properties were valued using an income based approach which incorporates a discounted cash flow method. The fair value of Colgate's outstanding senior notes was based on unadjusted quoted prices for these same notes in an active market. The value of derivative instruments was based on Level 2 inputs similar to the Company's other commodity price derivatives. Refer to *Note 9—Fair Value Measurements* for additional information on fair value measurements.

PERMIAN RESOURCES CORPORATION **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The purchase price allocation was finalized during the third quarter of 2023. The following table represents the final merger consideration and purchase price allocation of the identifiable assets acquired and the liabilities assumed based on their respective fair values as of the closing date of the Colgate Merger.

(in thousands, except share and per share data)		Colgate Merger Consideration	
Share consideration			
Shares of Class C Common Stock issued to Colgate Unitholder Unit holders			269,300,000
Class C Common Stock per share fair value on September 1, 2022 ⁽¹⁾	\$		7.30
Fair value of noncontrolling interest that resulted from Class C Common Stock issuance	\$		1,967,053
Cash consideration	\$		525,000
Total Merger Consideration	\$		2,492,053
Fair value of assets acquired:		Purchase Price Allocation	
Cash and cash equivalents	\$	28,329	28,212
Account receivable, net		153,288	153,286
Derivative instruments			71,961
Prepaid and other assets		10,671	10,288
Unproved oil and natural gas properties		633,025	636,619
Proved oil and natural gas properties		3,297,400	3,298,909
Other property and equipment, net		4,175	2,589
Operating lease right-of-use assets			21,894
Total assets acquired	\$	4,220,743	4,223,758
Fair value of liabilities assumed:			
Accounts payable and accrued expenses	\$	330,236	333,250
Operating lease liabilities		26,232	26,233
Derivative instruments			322
Long-term debt, net			1,350,744
Asset retirement obligations			21,156
Total liabilities assumed	\$	1,728,690	1,731,705
Net assets acquired	\$		2,492,053

⁽¹⁾ The fair value ascribed to the Company's Class C Common Stock, that was issued as part of merger consideration, was determined by applying a valuation discount to the share price of the Company's Class A Common Stock as of the Colgate Merger closing date. This discount was determined using a Finnerty model, which considers the lack of marketability of the Class C Common Stock associated with its 180-day minimum holding period required per the terms of the Merger Agreement, transaction agreement governing the Colgate Merger. The valuation model considers expected volatility based on the historical volatility of the Company's Class A Common Stock, a risk-free interest rate based on U.S. Treasury yield curves, and the Company's current dividend yield.

Post-Acquisition Operating Results

Since the September 1, 2022 closing date of the Merger, the The results of Colgate's operations for Colgate have been included in the Company's consolidated financial statements, statements since September 1, 2022, the effective date of the Colgate Merger. For the year ended December 31, 2022, approximately \$564.0 million of operating revenues and \$132.4 million of direct operating expenses attributable to Colgate's business have been included in the consolidated statements of operations.

In connection with the Colgate Merger, the Company incurred certain merger-related integration and transaction costs that are expensed as incurred. For the year years ended December 31, 2022, December 31, 2023 and 2022, the Company recognized total transaction costs of \$18.4 million and \$77.4 million, respectively, which are included in Merger and integration expense in the consolidated statements of operations. These costs primarily relate to bankers' advisory fees, legal costs, accounting and consultancy fees, as well as severance and related benefits for employees that were terminated in connection with the Colgate Merger.

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Supplemental Unaudited Pro Forma Financial Information

The following supplemental unaudited pro forma financial information ("pro forma information") for the year years ended December 31, 2022 and 2021 has been prepared from the respective historical consolidated financial statements of the Company

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

and Colgate and has been adjusted to reflect the Colgate Merger as if it had occurred been completed on January 1, 2021. The pro forma information reflects transaction accounting adjustments that the Company believes are factually supportable and that are expected to have a continuing impact on the results of operations, with the exception of certain nonrecurring items incurred in connection with the Merger. The pro forma information does not include any cost savings or other synergies that may result from the Merger or any estimated costs that will be incurred by the Company to integrate the Colgate assets.

The pro forma information is not necessarily indicative of the results that might have occurred had the Colgate Merger occurred in the past and is not intended to be a projection of future results. Future results may vary significantly from the results reflected in the following pro forma information.

Year Ended December 31,		Year Ended December 31,	
2022		2022	2021
Total			
Revenue			
Net			
Income			
Year Ended December 31,			
2022		2021	
Total Revenue	\$ 3,233,675	\$ 1,897,578	
Net Income (loss)	489,596	(41,370)	
Earnings (loss) per share:			
Earnings per share:			
Earnings per share:			
Earnings per share:			
Basic			
Basic			
Basic	\$ 1.70	\$ (0.15)	
Diluted	1.52	(0.15)	

Note 3—Property Acquisitions and Divestitures

2023 Bolt-On Acquisitions

On December 15, 2023, the Company completed the acquisition of approximately 7,000 net leasehold acres for an unadjusted purchase price of \$98 million. The acquired assets consist largely of undeveloped acreage that is contiguous to one of the Company's existing core acreage blocks in Eddy County, New Mexico.

The acquisition was recorded as an asset acquisition in accordance with ASC 805. Total consideration paid was \$97.4 million after settlement statement adjustments, of which \$77.4 million was allocated to unproved properties and \$24.8 million to proved properties on a relative fair value basis and \$4.8 million in assumed liabilities. As of December 31, 2023, the Company incurred \$2.4 million in direct transaction costs related to this purchase that have been capitalized as acquisition costs.

On February 16, 2023, the Company completed the acquisition of approximately 4,000 net leasehold acres and 3,300 net royalty acres for an unadjusted purchase price of \$98 million. The acquired assets consist largely of undeveloped acreage that is contiguous to one of the Company's existing core acreage blocks in Lea County, New Mexico.

The acquisition was recorded as an asset acquisition in accordance with ASC 805. Total consideration paid was \$107.3 million after settlement statement adjustments, of which \$60.8 million was allocated to proved properties and \$59.5 million to unproved properties on a relative fair value basis, \$9.8 million to net working capital (including \$11.3 million in cash acquired), less a deferred tax liability assumed of \$22.8 million. As of December 31, 2023, the Company incurred \$1.7 million in direct transaction costs related to this purchase that have been capitalized as acquisition costs.

2023 SWD Divestiture

On December 1, 2021 March 13, 2023, the Company completed the sale of approximately 6,200 net leasehold acres for an unadjusted sales price of \$101 million. The divested assets represent non-core acreage that was mostly undeveloped but also contained 20 producing its operated saltwater disposal wells located on and the southernmost portion of the Company's position associated produced water infrastructure in Reeves County, Texas. This divestiture represented The total cash consideration received at closing was \$125 million of which \$65 million was directly related to the sale and transfer of an entire field, which resulted in a net gain on sale of \$33.9 million. The Company used the net proceeds from the sale to repay a portion control of its borrowings outstanding under its Credit Agreement. water assets, while the remaining \$60 million consisted of contingent consideration that is tied to the Company's future drilling, completion and water connection activity in Reeves County, Texas. The \$60 million of contingent consideration will require repayment if certain performance obligations through September 2026 are not met, and it has been recorded as a liability within the Company's consolidated balance sheet accordingly. There was no gain or loss recognized as a result of this divestiture.

PERMIAN RESOURCES CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 4—Accounts Receivable, Accounts Payable and Accrued Expenses

Accounts receivable are comprised of the following:

(in thousands)	(in thousands)	December 31, 2022	December 31, 2021	(in thousands)	December 31, 2023	December 31, 2022
Accrued oil and gas sales receivable, net	Accrued oil and gas sales receivable, net	\$ 206,266	\$ 57,287			
Joint interest billings, net	Joint interest billings, net	58,375	12,449	Joint interest billings, net	123,160	58,375
Accrued derivative settlements receivable	Accrued derivative settlements receivable	16,999	—			
Other	Other	1,206	1,559	Other	3,690	1,206
Accounts receivable, net	Accounts receivable, net	\$ 282,846	\$ 71,295			

Accounts payable and accrued expenses are comprised of the following:

(in thousands)	December 31, 2022	December 31, 2021
Accounts payable	\$ 51,443	\$ 9,736
Accrued capital expenditures	133,854	24,377
Revenues payable	250,120	40,438
Accrued employee compensation and benefits	33,897	17,218
Accrued interest	45,627	15,259
Accrued derivative settlements payable	2,342	8,591
Accrued expenses and other	44,873	14,637
Accounts payable and accrued expenses	\$ 562,156	\$ 130,256

(in thousands)	December 31, 2023	December 31, 2022
Accounts payable	\$ 94,533	\$ 51,443
Accrued capital expenditures	271,569	133,854
Revenues payable	527,470	250,120
Accrued employee compensation and benefits	29,836	33,897
Accrued interest	100,882	45,627
Accrued expenses and other	143,235	47,215
Accounts payable and accrued expenses	\$ 1,167,525	\$ 562,156

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 5—Long-Term Debt

The following table provides information about the Company's long-term debt as of the dates indicated:

(in thousands)	(in thousands)	December 31, 2022	December 31, 2021	(in thousands)	December 31, 2023	December 31, 2022
Credit Facility due 2027	Credit Facility due 2027	\$ 385,000	\$ 25,000			
Senior Notes	Senior Notes					
Senior Notes						
Senior Notes						

5.375% Senior Notes due 2026	5.375% Senior Notes due 2026	289,448	289,448
7.750% Senior Notes due 2026		300,000	—
5.375% Senior Notes due 2026			
5.375% Senior Notes due 2026			
7.75% Senior Notes due 2026			
6.875% Senior Notes due 2027	6.875% Senior Notes due 2027	356,351	356,351
8.00% Senior Notes due 2027			
3.25% Convertible Senior Notes due 2028	3.25% Convertible Senior Notes due 2028	170,000	170,000
5.875% Senior Notes due 2029	5.875% Senior Notes due 2029	700,000	—
9.875% Senior Notes due 2031			
7.00% Senior Notes due 2032			
Unamortized debt issuance costs on Senior Notes	Unamortized debt issuance costs on Senior Notes	(10,994)	(13,279)
Unamortized debt discount		(49,007)	(1,955)
Unamortized debt (discount)/premium			
Senior Notes, net	Senior Notes, net	1,755,798	800,565
Total long-term debt, net	Total long-term debt, net	\$ 2,140,798	\$ 825,565
Total long-term debt, net			
Total long-term debt, net			

Credit Agreement

On February 18, 2022, OpCo, the Company's consolidated subsidiary, entered into an amended and restated five-year secured has a credit facility (the "Credit Agreement") agreement with a syndicate of banks which replaced its previous that provides for a five-year secured revolving credit facility, maturing in February 2027 (the "Credit Agreement") that, was set to mature as of December 31, 2023, had a borrowing base of \$4.0 billion and elected commitments of \$2.0 billion. As of December 31, 2023, the Company had no borrowings outstanding and \$2.0 billion in May 2023. The restated Credit Agreement extended its maturity date to February 2027. available borrowing capacity, net of \$5.7 million in letters of credit outstanding.

On July 15, 2022 December 20, 2023, OpCo and the Company entered into the first sixth amendment to its the Credit Agreement (the "Amendment" "Sixth Amendment"). The Sixth Amendment, among other things, increased the borrowing base from \$2.5 billion to \$4.0 billion and maintained the elected commitments at \$2.0 billion. On September 1, 2023, the Company entered into the fourth and fifth amendments to the Credit Agreement (the "Fourth Amendment" and the "Fifth Amendment"). The Fourth Amendment expanded the waiver of the automatic reduction of the borrowing base under the Credit Agreement to, among other things, allow for the assumption (or the

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

issuance, in certain circumstances) of up to \$1.05 billion principal amount of Permitted Senior Unsecured Notes (as defined in the Credit Agreement) in order to refinance debt assumed in the Earthstone Merger and otherwise allow for the issuance of Permitted Senior Unsecured Notes up to an aggregate principal amount of \$1.0 billion. The Fifth Amendment, among other things, waived compliance with certain restrictive covenants to enable the Earthstone Merger, subject to customary conditions. In addition, the Fifth Amendment increased the aggregate elected commitments from \$1.5 billion from \$750 million, increased the borrowing base to \$2.5 billion from \$1.15 billion, and became \$2.0 billion. The Fifth Amendment was effective as of the September 1, 2022 closing date of the Earthstone Merger closing date. on November 1, 2023.

As of December 31, 2022 On April 24, 2023, the Company had \$385 million entered into the third amendment to the Credit Agreement (the "Third Amendment"). The Third Amendment, among other things, (i) reaffirmed the borrowing base at \$2.5 billion and maintained the elected commitments at \$1.5 billion; (ii) expanded the exceptions to the negative covenants to permit the incurrence of additional indebtedness on a *pari passu* basis with the facilities in borrowings outstanding the Credit Agreement, subject to certain conditions; and \$1.1 billion (iii) made technical changes to permit OpCo to potentially incur term loans in available borrowing capacity, which was net addition to the revolving loans provided under the Credit Agreement, subject to terms to be agreed with the lenders making such term loans and to the terms of \$5.8 million in letters of credit outstanding, under its credit facility, the Credit Agreement.

The amount available to be borrowed under the Credit Agreement is equal to the lesser of (i) the borrowing base, which is set at \$4.0 billion; (ii) aggregate elected commitments, which was is set at \$1.5 \$2.0 billion currently; or (iii) \$3.0 \$6.0 billion. The borrowing base is redetermined semi-annually in the spring and fall by the lenders in their sole discretion. It also allows for the Company to request two optional borrowing base redeterminations in between the scheduled redeterminations. The borrowing base depends on, among other things, the quantities of OpCo's proved oil and natural gas reserves, estimated cash flows from those reserves, and the Company's commodity hedge positions. Upon a redetermination of the borrowing base, if actual borrowings outstanding exceed the revised borrowing capacity, OpCo could be required to immediately repay a portion of its debt outstanding. Borrowings under the Credit Agreement are guaranteed by certain of OpCo's subsidiaries, including entities that became subsidiaries of OpCo through the Merger, subsidiaries.

Borrowings under the Credit Agreement may be base rate loans or Secured Overnight Financing Rate ("SOFR") loans. Interest is payable quarterly for base rate loans and at the end of the applicable interest period for SOFR loans. SOFR loans bear interest at SOFR plus an applicable margin ranging from 175 to 275 basis points, depending on the percentage of elected commitments utilized, plus an additional 10 basis point credit spread adjustment. Base rate loans bear interest at a rate per annum equal to the greatest of: (i) the agent bank's prime rate; (ii) the federal funds effective rate plus 50 basis points; or (iii) the adjusted Term SOFR rate for a one-month interest period plus 100 basis points, plus an applicable margin, ranging from 75 to 175 basis points, depending on the percentage of the borrowing base utilized. OpCo also pays a commitment fee of 38 37.5 to 50 basis points on unused elected commitment amounts under its facility.

The Credit Agreement contains restrictive covenants that limit our ability to, among other things: (i) incur additional indebtedness; (ii) make investments and loans; (iii) enter into mergers; (iv) make restricted payments; (v) repurchase or redeem junior debt; (vi) enter into commodity hedges exceeding a specified percentage of our expected production; (vii) enter into interest rate hedges exceeding a specified percentage of its outstanding indebtedness; (viii) incur liens; (ix) sell assets; and (x) engage in transactions with affiliates.

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Credit Agreement also requires OpCo to maintain compliance with the following financial ratios:

- (i) a current ratio, which is the ratio of OpCo's consolidated current assets (including an add back of unused commitments under the revolving credit facility and excluding non-cash derivative assets and certain restricted cash) to its consolidated current liabilities (excluding the current portion of long-term debt under the Credit Agreement and non-cash derivative liabilities), of not less than 1.0 to 1.0; and
- (ii) a leverage ratio, as defined within the Credit Agreement as the ratio of total funded debt to consolidated EBITDAX (as defined within the Credit Agreement) for the most recent quarter annualized, of not greater than 3.5 to 1.0.

The Credit Agreement includes fall away covenants, lower interest rates and reduced collateral requirements that OpCo may elect if OpCo is assigned an Investment Grade Rating (as defined within the Credit Agreement).

OpCo was in compliance with the covenants and the applicable financial ratios described above as of December 31, 2022 December 31, 2023.

Convertible Senior Notes

On March 19, 2021, OpCo issued \$150 million in aggregate principal amount of 3.25% senior unsecured convertible notes due 2028 (the "Convertible Senior Notes"). On March 26, 2021, OpCo issued an additional \$20.0 million of Convertible Senior Notes pursuant to the exercise of the underwriters' over-allotment option to purchase additional Convertible Senior Notes. These issuances resulted in aggregate net proceeds to OpCo of \$163.6 million, after deducting debt issuance costs of \$6.4 million. Interest is payable on the Convertible Senior Notes semi-annually in arrears on each April 1 and October 1, which commenced on October 1, 2021. 1.

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Convertible Senior Notes are fully and unconditionally guaranteed on a senior unsecured basis by the Company and each of OpCo's current subsidiaries.

The Convertible Senior Notes will mature on April 1, 2028 unless earlier repurchased, redeemed or converted. Before January 3, 2028, noteholders have the right to convert their Convertible Senior Notes (i) upon the occurrence of certain events, (ii) if the Company's share price exceeds 130% of the conversion price for any 20 trading days during the last 30 consecutive trading days of a calendar quarter, after June 30, 2021, or (iii) if the trading price per \$1,000 principal amount of the notes is less than 98% of the Company's share price multiplied by the conversion rate, for a 10 consecutive trading day period. In addition, after January 2, 2028, noteholders may convert their Convertible Senior Notes at any time at their election through the second scheduled trading day immediately before the April 1, 2028 maturity date. As of December 31, 2022 December 31, 2023, certain conditions have been met, and as a result, noteholders have the right to convert their Convertible Senior Notes during the first quarter of 2023 2024.

OpCo can settle conversions by paying or delivering, as applicable, cash, shares of Class A Common Stock, or a combination of cash and shares of Class A Common Stock, at OpCo's election. The initial conversion rate is was 159.2610 shares of Class A Common Stock per \$1,000 principal amount of Convertible Senior Notes, which represents an initial conversion price of approximately \$6.28 per share of Class A Common Stock. The conversion rate and conversion price are subject to customary adjustments upon the occurrence of certain events (as defined in the indenture indenture governing the Convertible Senior Notes) which, in certain circumstances, will increase the conversion rate for a specified period of time. As of December 31, 2023, the conversion rate was adjusted to 165.2357 shares of Class A Common Stock per \$1,000 principal amount of Convertible Senior Notes

as a result of cash dividends and distributions paid. In the context of this issuance, we refer to the notes as convertible in accordance with ASC 470 - Debt. However, per the terms of the Convertible Senior Notes' indenture, the Convertible Senior Notes were issued by OpCo and are exchangeable into shares of the Company's Class A Common Stock.

OpCo has the option to redeem, in whole or in part, all of the Convertible Senior Notes at any time on or after April 7, 2025, at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest to the date of redemption, but only if the last reported sale price per share of Class A Common Stock exceeds 130% of the conversion price (i) for any 20 trading days during the 30 consecutive trading days ending on the day immediately before the date OpCo sends the related redemption notice; and (ii) also on the trading day immediately before the date OpCo sends such notice.

If certain corporate events occur, including certain business combination transactions involving the Company or OpCo or a stock de-listing with respect to the Class A Common Stock, noteholders may require OpCo to repurchase their Convertible Senior Notes at a cash repurchase price equal to the principal amount of the Convertible Senior Notes to be repurchased, plus accrued and unpaid interest to as of the repurchase date.

Upon an Event of Default (as defined in the indenture governing the Convertible Senior Notes), the trustee or the holders of at least 25% of the aggregate principal amount of then outstanding Convertible Senior Notes may declare the Convertible Senior Notes immediately due and payable. In addition, a default resulting from certain events of bankruptcy or insolvency with respect to the Company, OpCo or any of the subsidiary guarantors will automatically cause all outstanding Convertible Senior Notes to become due and payable.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At issuance, the Company recorded a liability equal to the face value the Convertible Senior Notes, net of unamortized debt issuance costs, in the line item *Long-term debt, net* in the consolidated balance sheets. As of December 31, 2022 December 31, 2023, the net liability recorded related to the Convertible Senior Notes was \$165.0 \$165.9 million.

Capped Called Transactions

In connection with the issuance of the Convertible Senior Notes in March 2021, OpCo entered into privately negotiated capped call spread transactions with option counterparties (the "Capped Call Transactions"). The Capped Call Transactions cover the aggregate number of shares of Class A Common Stock that initially underlie the Convertible Senior Notes and are expected to (i) generally reduce potential dilution to the Class A Common Stock upon a conversion of the Convertible Senior Notes, and/or (ii) offset any cash payments OpCo is required to make in excess of the principal amount of the Convertible Senior Notes, subject to a cap. The Capped Call Transactions have an initial strike price of \$6.28 per share of Class A Common Stock and an initial capped price of \$8.4525 per share of Class A Common Stock, each of which are subject to certain customary adjustments upon the occurrence of certain corporate events, as defined in the capped call agreements.

The cost of the Capped Call Transactions was \$14.7 million, which was funded from proceeds from the Convertible Senior Note issuance. The cost to purchase the Capped Call Transactions was recorded to *Additional Paid-In Capital* in the consolidated balances sheets and will not be subject to remeasurement each reporting period.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Senior Unsecured Notes

On November 1, 2023, in connection with the Earthstone Merger, the Company entered into supplemental indentures whereby all of Earthstone's outstanding senior notes were assumed and became the senior unsecured debt of OpCo. The senior notes assumed by OpCo included \$550 million of 8.00% senior notes due 2027 (the "2027 8.00% Senior Notes") and \$500 million of 9.875% senior notes due 2031 (the "2031 Senior Notes"). The Company recorded the acquired senior notes at their fair values as of the Earthstone Merger closing date, which were equal to 102.86% of par (a \$15.7 million premium) for the 2027 8.00% Senior Notes and 107.37% of par (a \$36.8 million premium) for the 2031 Senior Notes. Interest on the 2027 8.00% Senior Notes is paid semi-annually in arrears on April 15 and October 15 of each year and interest on the 2031 Senior Notes is paid semi-annually in arrears on January 15 and July 15 of each year. At any time prior to April 15, 2024 (for the 2027 8.00% Senior Notes) and July 15, 2026 (for the 2031 Senior Notes), OpCo may, on any one or more occasions, redeem all or a portion of the acquired senior notes at a redemption price decreasing annually from 106% to 100% (for the 2027 8.00% Senior Notes) and 104.94% to 100% (for the 2031 Senior Notes) of the principal amount redeemed plus accrued and unpaid interest.

On September 12, 2023, OpCo issued at par \$500 million of 7.00% senior notes due 2032 (the "Original 2032 Notes") in a 144A private placement. On December 13, 2023, OpCo issued additional notes under the indenture dated September 12, 2023 that totaled an additional \$500 million of 7.00% senior notes (together with the Original 2032 Notes, the "2032 Senior Notes"), which resulted in aggregate net proceeds to the Company of \$982.5 million, after deducting the issuance discount of \$2.5 million and debt issuance costs of \$15.0 million. The 2032 Senior Notes are treated as a single series of securities and will vote together as a single class, and have substantially identical terms, other than the issue date and issue price. Interest is payable on the 2032 Senior Notes semi-annually in arrears each January 15 and July 15. On or after January 15, 2027, OpCo may, on any one or more occasions, redeem all or a portion of the 2032 Senior Notes at a redemption price decreasing annually from 103.5% to 100% of the principal amount redeemed plus accrued and unpaid interest.

On September 1, 2022, in connection with the Colgate Merger, the Company entered into supplemental indentures whereby all of Colgate's outstanding senior notes were assumed and became the senior unsecured debt of OpCo. The senior notes assumed by OpCo included \$300 million of 7.75% senior notes due 2026 (the "2026 Colgate 7.75% Senior Notes") and \$700 million of 5.875% senior notes due 2029 (the "2029 Colgate Senior Notes," and together with the 2026 Colgate Senior Notes, the "Colgate Senior Notes"). The Company recorded the Colgate Senior Notes acquired senior notes at their fair values as of the Colgate Merger closing date, which were equal to 100% of par for the 2026 Colgate 7.75% Senior Notes and 92.96% of par (a \$49.3 million debt discount) for the 2029 Colgate Senior Notes. Interest on the 2026 Colgate 7.75% Senior Notes is paid semi-annually each February 15 and August 15 and interest on the 2029 Colgate Senior Notes is paid semi-annually each January 1 and July 1. Since February 15, 2024 (for the 2026 7.75% Senior Notes) and on or after July 1, 2024 (for the 2029 Senior Notes), OpCo may, on any one or more occasions, redeem all or a portion of the acquired senior notes at a redemption price decreasing annually from 103.88% to 100% (for the 2026 7.75% Senior Notes) and 102.94% to 100% (for the 2029 Senior Notes) of the principal amount redeemed plus accrued and unpaid interest.

On March 15, 2019, OpCo issued \$500.0 million of 6.875% senior unsecured notes due 2027 (the "2027 6.875% Senior Notes") in a 144A private placement at a price equal to 99.235% of par that resulted in net proceeds to OpCo of \$489.0 million, after deducting the original issuance discount of \$3.8 million and debt issuance costs of \$7.2 million. Interest is payable on the 2027 6.875% Senior Notes semi-annually in arrears on each April 1 and October 1, which commenced 1. Since April 1, 2022, OpCo may, on October 1, 2019, any one or more occasions, redeem all or a portion of the 2027 6.875% Senior Notes at a redemption price decreasing annually from 103.44% to 100% of the principal amount redeemed plus accrued and unpaid interest.

On November 30, 2017, OpCo issued at par \$400.0 million of 5.375% senior unsecured notes due 2026 (the "2026 5.375% Senior Notes" and collectively with the 2032 Senior Notes, 2031 Senior Notes, 2027 8.00% Senior Notes, 2027 6.875% Senior Notes, 2029 Senior Notes and the Colgate 2026 7.75% Senior Notes, the "Senior Unsecured Notes") in a 144A private placement that resulted in net proceeds to OpCo of \$391.0 million, after deducting \$9.0 million in debt issuance costs. Interest is payable on the 2026 5.375% Senior Notes semi-annually in arrears on each January 15 and July 15, which commenced 15. Since January 15, 2023, OpCo may, on July 15, 2018, any one or more occasions, redeem all or a portion of the 2026 5.375% Senior Notes at a redemption price of 100% of the principal amount redeemed plus accrued and unpaid interest.

In May 2020, \$110.6 million aggregate principal amount of the 2026 5.375% Senior Notes and \$143.7 million aggregate principal amount of the 2027 6.875% Senior Notes were validly tendered and exchanged by certain eligible bondholders for consideration consisting of \$127.1 million aggregate principal amount of 8.00% second lien senior secured notes, which were fully redeemed at par in connection with the Convertible Senior Notes issuance during the second quarter of 2021. As of December 31, 2022 December 31, 2023, the remaining aggregate principal amount of 2027 6.875% Senior Notes and 2026 5.375% Senior Notes outstanding was \$356.4 million and \$289.4 million, respectively.

The Senior Unsecured Notes are fully and unconditionally guaranteed on a senior unsecured basis by the Company and each of OpCo's current subsidiaries that guarantee OpCo's Credit Agreement.

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At any time prior to January 15, 2021 (for the 2026 Senior Notes), April 1, 2022 April 15, 2024 (for the 2027 8.00% Senior Notes), February 15, 2024 (for the 2026 Colgate Senior Notes), and July 1, 2024 (for the 2029 Colgate Senior Notes), July 15, 2026 (for the 2031 Senior Notes) and January 15, 2027 (for the "Optional 2032 Senior Notes), the "Optional Redemption Dates," OpCo may, on any one or more occasions, redeem up to 35% (40% for the 2032 Senior Notes) of the aggregate principal amount of each series of Senior Unsecured Notes with an amount of cash not greater than the net cash proceeds of certain equity offerings at a redemption price equal to 105.375% (for the 2026 Senior Notes), 106.875% 108.000% (for the 2027 8.00% Senior Notes), 107.750% (for the 2026 Colgate Senior Notes), and 105.875% (for the 2029 Colgate Senior Notes), 109.875% (for the 2031 Senior Notes) and 107.000% (for the 2032 Senior Notes) of the principal amount of the Senior Unsecured Notes of the applicable series redeemed, plus accrued and unpaid interest to the date of redemption; provided that at least 65% (60% for the 2032 Senior Notes) of the aggregate principal amount of each such series of Senior Unsecured Notes remains outstanding immediately after such redemption, and the redemption occurs within 180 days of the closing date of such equity offering.

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At any time prior to Optional Redemption Dates, OpCo may, on any one or more occasions, redeem all or a part of the Senior Unsecured Notes at a redemption price equal to 100% of the principal amount of the Senior Unsecured Notes redeemed, plus a "make-whole" "make-whole" premium, and any accrued and unpaid interest as of the date of redemption. On and after the Optional Redemption Dates, OpCo may redeem the Senior Unsecured Notes, in whole or in part, at redemption prices expressed as percentages of principal amount plus accrued and unpaid interest to the redemption date.

If OpCo experiences certain defined changes of control (and, in some cases, followed accompanied by a ratings decline), decline, each holder of the Senior Unsecured Notes may require OpCo to repurchase all or a portion of its Senior Unsecured Notes for cash at a price equal to 101% of the aggregate principal amount of such Senior Unsecured Notes, plus any accrued but unpaid interest to the date of repurchase.

The indentures governing the Senior Unsecured Notes contain covenants that, among other things and subject to certain exceptions and qualifications, limit OpCo's ability and the ability of OpCo's restricted subsidiaries to: (i) incur or guarantee additional indebtedness or issue certain types of preferred stock; (ii) pay dividends on capital stock or redeem, repurchase or retire capital stock or subordinated indebtedness; (iii) transfer or sell assets; (iv) make investments; (v) create certain liens; (vi) enter into agreements that restrict dividends or other payments from their subsidiaries to them; (vii) consolidate, merge or transfer all or substantially all of their assets; (viii) engage in transactions with affiliates; and (ix) create unrestricted subsidiaries. OpCo was in compliance with these covenants as of December 31, 2022 December 31, 2023 and through the filing of this Annual Report.

Upon an Event of Default (as defined in the indentures governing the Senior Unsecured Notes), the trustee or the holders of at least 25% (or in the case of the Colgate 2026 7.75% Senior Notes and the 2029 Senior Notes, 30%) of the aggregate principal amount of then outstanding Senior Unsecured Notes may declare the Senior Unsecured Notes immediately due and payable. In addition, a default resulting from certain events of bankruptcy or insolvency with respect to OpCo, any restricted subsidiary of OpCo that is a significant subsidiary, or any group of restricted subsidiaries that, taken together, would constitute a significant subsidiary, will automatically cause all outstanding Senior Unsecured Notes to become due and payable.

Note 6—Asset Retirement Obligations

The following table summarizes changes in the Company's asset retirement obligations ("ARO") that are associated with its oil and gas properties for the periods presented:

(in thousands)	(in thousands)	December 31, 2022	December 31, 2021	(in thousands)	December 31, 2023	December 31, 2022

Asset retirement obligations, beginning of period	Asset retirement obligations, beginning of period	\$ 17,240	\$ 17,009
Liabilities assumed in the Merger		21,156	—
Liabilities assumed in mergers and acquisitions			
Liabilities incurred	Liabilities incurred	1,584	194
Liabilities divested and settled	Liabilities divested and settled	(546)	(1,226)
Accretion expense	Accretion expense	1,605	1,208
Revision to estimated cash flows	Revision to estimated cash flows	(92)	55
Asset retirement obligations, end of period	Asset retirement obligations, end of period	\$ 40,947	\$ 17,240

ARO reflect the present value of the estimated future costs associated with the plugging and abandonment of oil and gas wells, removal of equipment and facilities from leased acreage and land restoration in accordance with applicable local, state and federal laws. Inherent in the fair value calculation of ARO are numerous estimates and assumptions, including plug and abandonment settlement amounts, inflation factors, credit adjusted discount rates and the timing of settlement. To the extent future revisions to these assumptions impact the value of the existing ARO liabilities, a corresponding offsetting adjustment is made to the oil and gas property balance. Changes in the liability due to the passage of time are recognized as an increase in the carrying amount of the liability with an offsetting charge to accretion expense, which is included within depreciation, depletion and amortization.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7—Stock-Based Compensation

On April 27, 2022 May 23, 2023, the stockholders of the Company approved the second amended and restated 2016 2023 Long Term Incentive Plan (the “LTIP”), which, . The LTIP is an equity incentive plan that replaced the Company's prior plan and, among other things, increased the number of shares of Class A Common Stock authorized for issuance to employees and directors from 24,750,000 by 25,000,000 shares to 44,250,000 a total of 69,250,000 shares. On February 20, 2024, in connection with the Earthstone Merger, the Company amended and restated the LTIP to further increase the number of shares of Class A Common Stock authorized for issuance by 2,468,560 shares to a total of 71,718,560 shares, reflecting the shares that the Company had assumed from the Earthstone Energy, Inc. Amended and Restated 2014 Long Term Incentive Plan in connection with the Earthstone Merger. The LTIP provides for grants of restricted stock, stock options (including incentive stock options and nonqualified stock options), restricted stock units (including performance stock units), stock appreciation rights and other stock or cash-based awards.

Stock-based compensation expense is recognized within both *General and administrative expenses* and *Exploration and other expenses* in the consolidated statements of operations. The Company accounts for forfeitures of awards granted under the LTIP as they occur.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes stock-based compensation expense recognized for the periods presented:

Year Ended December 31,						
Year Ended December 31,				Year Ended December 31,		
(in thousands)	(in thousands)	2022	2021	2020	(in thousands)	2023
Equity Awards	Equity Awards				2022	2021

Restricted stock				
Restricted stock				
Restricted stock	Restricted stock	\$	36,825	\$ 33,162 \$ 15,355
Stock option awards	Stock option awards		80	737 1,980
Performance stock units	Performance stock units		79,282	3,350 3,312
Other stock-based compensation expense ⁽¹⁾	Other stock-based compensation expense ⁽¹⁾		293	292 319
Total stock-based compensation - equity awards	Total stock-based compensation - equity awards		116,480	37,541 20,966
Liability Awards				
Restricted stock units	Restricted stock units		—	4,392 1,788
Restricted stock units				
Restricted stock units				
Performance stock units	Performance stock units		(14,789)	22,360 1,814
Total stock-based compensation - liability awards	Total stock-based compensation - liability awards		(14,789)	26,752 3,602
Total stock-based compensation expense	Total stock-based compensation expense	\$	101,691	\$ 64,293 \$ 24,568

⁽¹⁾ Includes expenses related to the Company's **Employees** **Employee** Stock Purchase Plan (the "ESPP"). In May 2019, an aggregate of 2,000,000 shares were authorized by stockholders for issuance under the ESPP, which became effective on July 1, 2019. **As of January 1, 2023, the Company no longer offers the ESPP.**

Equity Awards

The Company has restricted stock, stock options and performance stock units ("PSUs") outstanding that were granted under the LTIP as discussed below. Each award has service-based and, in the case of the PSUs, market-based vesting requirements, and are expected to be settled in shares of Class A Common Stock upon vesting. As a result, these awards are classified as equity-based awards in accordance with ASC Topic 718, *Compensation-Stock Compensation* ("ASC 718").

In connection with the **Colgate** Merger, the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") approved a resolution to extend severance benefits under the Company's Second Amended and Restated Severance Plan (the "Severance Plan") to employees that experience a Qualifying Termination (as defined in the Severance Plan) following the **Colgate** Merger. As a result, affected employees of the Company **will receive received** an accelerated vesting of their unvested restricted stock awards and PSUs upon termination, which **will change changed** the terms of the vesting conditions and **will be were** treated as modifications in accordance with ASC **Topic** 718. During the **year years** ended **December 31, 2022, twenty-three December 31, 2023 and 2022, forty-three** employees and two non-employee directors **were terminated had Qualifying Terminations** and received accelerated vesting of their unvested stock **awards and PSUs, awards**. These modifications resulted in an increase to total stock-based compensation expense of \$40.0 million for the year ended December 31, 2023 and \$46.5 million for the year ended **December 31, 2022** as a result of the change in the fair value of the modified **awards, which was fully recognized during awards**. The **restricted stock shares and performance stock units that were accelerated are included within the year ended December 31, 2022. vested line items in the below tables.**

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Restricted Stock

The following table provides **a summary of the information about** restricted stock activity during the year ended **December 31, 2022 December 31, 2023:**

	Restricted Stock	Weighted Average Fair Value

Unvested balance as of December 31, 2021	10,143,687	\$	2.85
Granted	6,082,740		7.92
Vested	(7,728,525)		4.61
Forfeited	(315,197)		6.88
Unvested balance as of December 31, 2022	8,182,705		6.03

	Restricted Stock	Weighted Average Fair Value
Unvested balance as of December 31, 2022	8,182,705	\$ 6.03
Granted	1,203,557	10.99
Vested	(4,870,283)	7.35
Forfeited	(694,748)	7.72
Unvested balance as of December 31, 2023	3,821,231	8.58

The Company grants service-based restricted stock to certain officers and employees, which either vests ratably over a three-year service period or cliff vests upon a three or five-year service period, and to directors, which vest over a one-year service period. Compensation cost for these service-based restricted stock grants is based on the closing market price of the Company's Class A Common Stock on the grant date, and such costs are recognized ratably over the applicable vesting period. The weighted average fair value for restricted stock granted was \$10.99, \$7.92 \$5.25 and \$1.12 \$5.25 per share for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively. The total fair value of restricted stock that vested for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 was \$35.7 35.8 million, \$15.1 million \$35.7 million and \$17.4 million \$15.1 million, respectively. Unrecognized compensation cost related to restricted shares that were unvested as of December 31, 2022 December 31, 2023 was \$41.1 million \$25.4 million, which the Company expects to recognize over a weighted average period of 2.6 2.3 years.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Stock Options

Stock options that have been granted under the LTIP expire ten years from the grant date and vest ratably over their three-year service period. The exercise price for an option granted under the LTIP is the closing market price of the Company's Class A Common Stock on the grant date. Compensation cost for stock options is based on the grant-date fair value of the award, which is then recognized ratably over the vesting period of three years.

The Company estimates the fair value using the Black-Scholes option-pricing model. Expected volatilities are based on the weighted average historical volatilities of the Company and an identified set of comparable companies. Expected term is based on the simplified method and is estimated as the mid-point between the weighted average vesting term and the time to expiration as of the grant date. The Company uses U.S. Treasury bond rates in effect at the grant date for its risk-free interest rates.

The following table summarizes the assumptions and related information used to determine the grant-date fair value of stock options awarded for the periods presented. No stock options were granted during the years ended December 31, 2022 December 31, 2023, 2022 and 2021.

	Year Ended December 31,
	2020
Weighted average grant-date fair value per share	\$ 1.16
Expected term (in years)	6
Expected stock volatility	86 %
Dividend yield	—
Risk-free interest rate	1.0 %

The following table provides information about stock option awards outstanding during the year ended December 31, 2022 December 31, 2023:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2021	2,212,798	\$ 15.31		

Options	Options	Weighted Average Exercise Price	Weighted Average Remaining Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2022				

Granted	Granted	—	—		
Granted					
Granted					
Exercised					
Exercised					
Exercised	Exercised	(29,833)	3.95	\$	153
Forfeited	Forfeited	(2,500)	7.58		
Expired	Expired	(123,998)	16.02		
Outstanding as of December					
31, 2022		2,056,467	15.44	4.1	\$ 543
Exercisable as of December					
31, 2022		2,027,463	15.62	4.1	\$ 344
Expired					
Expired					
Outstanding as of December					
31, 2023					
Outstanding as of December					
31, 2023					
Outstanding as of December					
31, 2023					
Exercisable					
as of December					
31, 2023					

The total fair value of stock options that vested during the year ended December 31, 2023 was minimal compared to \$0.3 million and \$1.2 million for the years ended December 31, 2022, 2022 and 2021, and 2020 was \$0.3 million, \$1.2 million and \$5.7 million, respectively. The intrinsic value of the stock options exercised during the year ended December 31, 2022, 2021 December 31, 2023 was \$0.4 million and 2020 was minimal. minimal for the years ended 2022 and 2021. As of December 31, 2022 December 31, 2023, there was less than \$0.1 million of no unrecognized compensation cost related to unvested stock options, which the Company expects to recognize on a pro-rata basis over a weighted-average period of 0.3 years. options.

Performance Stock Units

The Company grants performance stock units ("PSU") to certain officers that are subject to market-based vesting criteria as well as a service period ranging from three to five years. Vesting at the end of the service period depends on the Company's absolute annualized total shareholder return ("TSR") over the service period, as well as the Company's TSR relative to the TSR of a peer group of companies. These market-based conditions must be met in order for the stock awards to vest, and it is therefore possible that no shares could ultimately vest. However, the Company recognizes compensation expense for the PSUs subject to market conditions regardless of whether it becomes probable that these conditions will be met or not, and compensation expense is not reversed if vesting does not actually occur.

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company's performance stock units PSUs currently outstanding can be settled in either Class A Common Stock or cash upon vesting at the Company's discretion. The Company intends to settle all performance stock units PSUs in Class A Common Stock and has sufficient shares available under the LTIP to settle the units in Class A Common Stock at the potential future vesting dates. Accordingly, the PSUs have been treated as equity-based awards with their fair values determined as of the grant or modification date, as applicable. The fair values of the awards are estimated using a Monte Carlo valuation model. The Monte Carlo valuation model is based on random projections of stock price paths and must be repeated numerous times to achieve a probabilistic assessment. Expected volatility was calculated based on the historical volatility of the Company's Class A Common Stock, and the risk-free interest rate is based on U.S. Treasury yield curve rates with maturities consistent with the vesting periods.

The following table summarizes the key assumptions and related information used to determine the fair value of performance stock units awarded PSUs measured during the periods presented:

	2020 Awards ⁽¹⁾	2021 Awards ⁽²⁾	2022 Awards (Pre-Merger)	2022 Awards (Post-Merger)
Weighted average fair value per share	\$10.81	\$12.79	\$13.81	\$14.11
Number of simulations	10,000,000	10,000,000	10,000,000	10,000,000
Expected implied stock volatility	68.5%	99.5%	96.3%	66.1%
Dividend yield	—%	—%	—%	—%
Risk-free interest rate	3.2%	2.3%	2.7%	3.4%

(1) During the year ended December 31, 2022, the Company amended the 2020 PSU agreement to allow the units to be settleable in either cash or Class A Common Stock upon vesting at the Company's discretion. The awards had previously been treated as liability based awards and following the amendment were modified and reclassified to equity as discussed below. As a result, the awards' fair value was redetermined on the date of modification, August 18, 2022.

(2) The 2021 PSU awards' fair value was measured on April 27, 2022, which represents the established grant date as sufficient shares become available under the LTIP to settle 2021 awards in Class A Common Stock.

	Year Ended December 31,		
	2023	2022	2021
Weighted average fair value per share	\$18.19	\$12.59	\$9.36
Number of simulations	10,000,000	10,000,000	10,000,000
Weighted Average Expected implied stock volatility	55.4%	72.3%	99.8%
Dividend yield	—%	—%	—%
Weighted Average risk-free interest rate	4.2%	3.2%	0.8%

The following table provides information about performance stock units PSUs outstanding during the year ended December 31, 2022 December 31, 2023:

	Awards	Weighted Average Fair Value
Unvested balance as of December 31, 2021	1,580,980	\$ 8.54
Granted	5,486,710	14.08
Modified awards ⁽¹⁾	4,688,707	10.81
Vested ⁽²⁾	(3,716,762)	8.83
Cancelled	(401,537)	7.80
Forfeited	—	—
Unvested balance as of December 31, 2022	7,638,098	13.11

	Awards	Weighted Average Fair Value
Unvested balance as of December 31, 2022	7,638,098	\$ 13.11
Granted	288,355	18.19
Vested ⁽¹⁾	(2,462,725)	10.10
Forfeited	(444,303)	13.59
Unvested balance as of December 31, 2023	5,019,425	15.18

(1) During the year ended December 31, 2022, the Company amended the 2020 PSU agreement to allow the units to be settleable in either cash or Class A Common Stock upon vesting at the Company's discretion. The awards had previously been treated as liability based awards and following the amendment were modified and reclassified to equity as discussed below.

(2) This balance includes vested PSU awards as of December 31, 2022 December 31, 2023 based on the original number of PSUs granted. Actual PSUs vested is based upon the Company's absolute annualized TSR calculation at the time of vesting, which may be greater than or less than the original number granted.

The total fair value of performance stock units PSUs that vested during the year ended December 31, 2022 December 31, 2023 was \$41.1 million compared to \$53.6 million, million during the year ended December 31, 2022. As of December 31, 2022 December 31, 2023, there was \$71.6 million \$45.1 million of unrecognized compensation cost related to unvested performance stock units, which the Company expects to recognize on a pro rata basis over a weighted average period of 2.7 years years.

Liability Awards

The Company had restricted stock units and performance stock units that were granted under the LTIP, which were settleable in cash and were classified as liability awards in accordance with ASC 718. The Company also had restricted stock units granted under the LTIP that were settleable in cash and that were classified as liability awards, 718, but all such units were settled or modified to be settled in their entirety during the third quarter of shares in 2022 and 2021. Compensation cost for these liability awards is was based on the fair value of the units as of the balance sheet date as further discussed below, and such costs are were recognized ratably over the service periods of the awards. As the fair value of liability awards is required to be re-measured each period end, stock compensation expense amounts recognized for these awards

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

will vary. The estimated future cash payments associated with these awards are presented as liabilities within Other long-term liabilities in the consolidated balances sheets.

Restricted Stock Units

The Company granted 5.5 million restricted stock units during the third quarter of 2020 to certain officers (non-NEOs) and employees that are were settleable in cash upon vesting. The restricted stock units vest vested annually in one-third increments over a three-year service period, with the first portion vesting on September 1, 2021. After one year from the grant date, however, the remaining two-thirds of unvested restricted stock units could vest immediately on an accelerated basis if they meet certain market-based vesting criteria (equal to the maximum return percentage discussed below for at least 20 out of any 30 consecutive trading days). Additionally, the restricted stock units include included maximum and minimum return amounts equal to 400% and 25%, respectively, of the closing market price of the Company's Class A common stock Common Stock on the grant date.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

During the second quarter of 2021, the Company amended these restricted stock unit agreements to (i) allow the units to be settleable in either cash or Class A Common Stock upon vesting at the Company's discretion and (ii) remove the maximum and minimum return amounts if the units are settled in Class A Common Stock. The amended terms were effective July 1, 2021, and at the time, the Company intended to settle a portion of these restricted stock units in cash. As a result, the awards continued to be classified as liabilities in accordance with ASC 718.

During the third quarter of 2021, the maximum return event (described above) occurred resulting in an immediate vesting of all the outstanding restricted stock units on September 1, 2021. The Company settled 1.8 million of the restricted stock units in cash resulting in a \$6.2 million cash payment, and the remaining units were settled in Class A Common Stock. The portion of the units that were settled in Class A Common Stock were recognized as equity instruments on the vesting date, which resulted in \$13.6 million of incremental stock compensation expense being recognized during the year ended December 31, 2021. There are no remaining restricted stock units outstanding as of December 31, 2022 December 31, 2023.

Performance Stock Units

The Company granted 5.5 million 5.5 million PSUs during the third quarter quarter of 2020 to certain executive officers that will be settled were settleable in cash that are and subject to market-based vesting criteria as well as a three-year service condition. Vesting at service condition unless otherwise accelerated in accordance with the end terms in the 2020 PSU agreement. As the PSUs were settleable in cash they were classified as liability awards in accordance with ASC 718 with the compensation cost for these liability awards being recorded based on their fair value as of the service period depends on the Company's TSR relative to the TSR of a peer group of companies each balance sheet date.

On August 18, 2022, the Compensation Committee amended the 2020 PSU agreement to allow a portion of the units to be settled in either cash or Class A Common Stock upon vesting at the Company's discretion. The At that time, the Company has had the ability and currently intends intended to settle the 4.7 million 2020 PSUs that were modified in shares. As a result, these units were reclassified to equity based awards in accordance with ASC 718 and \$10.0 million of incremental stock compensation expense was recognized during the year ended December 31, 2022 third quarter of 2022 associated with the change in the fair value of the units. As of December 31, 2023, the 2020 PSUs were fully vested and settled in shares.

The remaining 0.8 million 2020 PSUs were accelerated vested during the third quarter of 2022 through Compensation Committee approval and following a qualifying termination as a result of the Merger (discussed above). Both accelerations were paid out in cash and such payouts were based on the actual performance payout level on the vesting dates. As a result, 0.8 million PSUs were settled in a \$9.4 million cash payment during the year ended December 31, 2022, third quarter of 2022. There are no liability classified performance stock units outstanding as of December 31, 2022 December 31, 2023.

Note 8—Derivative Instruments

The Company is exposed to certain risks relating to its ongoing business operations and may use derivative instruments to manage its exposure to commodity price risk from time to time.

Commodity Derivative Contracts

Historically, prices received for crude oil and natural gas production have been volatile because of supply and demand factors, worldwide political factors, general economic conditions and seasonal weather patterns. The Company may periodically use derivative instruments, such as swaps, costless collars and basis swaps, to mitigate its exposure to declines in commodity prices and to the corresponding negative impacts such declines can have on its cash flow flows from operations, returns on capital and other financial results. While the use of these instruments limits the downside risk of adverse price changes, their use may also limit future revenues from favorable price changes. The Company does not enter into derivative contracts for speculative or trading purposes.

Commodity Swap, Collar Contracts and Collar Contracts, Deferred Premium Puts. The Company may use commodity derivative instruments known as fixed price swaps to realize a known price for a specific volume of production, basis swaps to hedge the difference between the index price and a local or future index price, or costless collars to establish fixed price floors and ceilings, ceilings, or deferred premium puts to establish fixed price floors while delaying the premium payment until the option's expiration. All transactions are settled in cash with one party paying the other for the resulting difference in price multiplied by the contract volume.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes the approximate volumes and average contract prices of derivative contracts the Company had in place as of December 31, 2022 December 31, 2023:

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Crude Price (\$/Bbl) ⁽¹⁾
Crude oil swaps	January 2023 - March 2023	1,575,000	17,500	\$90.58
	April 2023 - June 2023	1,592,500	17,500	87.64

July 2023 - September 2023	1,472,000	16,000	86.36
October 2023 - December 2023	1,472,000	16,000	84.11
January 2024 - March 2024	1,092,000	12,000	78.46
April 2024 - June 2024	1,092,000	12,000	77.30
July 2024 - September 2024	1,104,000	12,000	76.21
October 2024 - December 2024	1,104,000	12,000	75.27

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Collar Price Ranges		
				(\$/Bbl) ⁽²⁾		
Crude oil collars	January 2023 - March 2023	810,000	9,000	\$75.56	-	\$91.15
	April 2023 - June 2023	819,000	9,000	75.56	-	91.15
	July 2023 - September 2023	644,000	7,000	76.43	-	92.70
	October 2023 - December 2023	644,000	7,000	76.43	-	92.70

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Differential		
				(\$/Bbl) ⁽³⁾		
Crude oil basis differential swaps	January 2023 - March 2023	729,999	8,111	\$0.55		
	April 2023 - June 2023	739,499	8,126	0.55		
	July 2023 - September 2023	749,000	8,141	0.52		
	October 2023 - December 2023	749,002	8,141	0.52		
	January 2024 - March 2024	637,000	7,000	0.43		
	April 2024 - June 2024	637,000	7,000	0.43		
	July 2024 - September 2024	644,000	7,000	0.43		
	October 2024 - December 2024	644,000	7,000	0.43		

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Differential		
				(\$/Bbl) ⁽⁴⁾		
Crude oil roll differential swaps	January 2023 - March 2023	1,350,000	15,000	\$1.34		
	April 2023 - June 2023	1,365,000	15,000	1.25		
	July 2023 - September 2023	1,380,000	15,000	1.23		
	October 2023 - December 2023	1,380,000	15,000	1.22		
	January 2024 - March 2024	637,000	7,000	0.75		
	April 2024 - June 2024	637,000	7,000	0.74		
	July 2024 - September 2024	644,000	7,000	0.73		
	October 2024 - December 2024	644,000	7,000	0.72		

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Crude Price		
				(\$/Bbl) ⁽¹⁾		
Crude oil swaps	January 2024 - March 2024	2,739,100	30,100	\$77.27		
	April 2024 - June 2024	2,702,500	29,698	76.41		
	July 2024 - September 2024	2,714,000	29,500	75.49		
	October 2024 - December 2024	2,714,000	29,500	74.62		
	January 2025 - March 2025	1,440,000	16,000	73.53		
	April 2025 - June 2025	1,456,000	16,000	72.37		
	July 2025 - September 2025	1,472,000	16,000	71.26		
	October 2025 - December 2025	1,472,000	16,000	70.26		

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Collar Price Ranges		
				(\$/Bbl) ⁽²⁾		
Crude oil collars	January 2024 - March 2024	182,000	2,000	\$60.00	-	\$76.01
	April 2024 - June 2024	182,000	2,000	60.00	-	76.01

	July 2024 - September 2024	184,000	2,000	60.00	-	76.01
	October 2024 - December 2024	184,000	2,000	60.00	-	76.01
				Wtd. Avg. Put Price		Deferred Premium
	Period	Volume (Bbls)	Volume (Bbls/d)	(\$/Bbl)⁽³⁾		(\$/Bbl)⁽³⁾
Deferred premium puts	January 2024 - March 2024	227,500	2,500	\$65.00		\$4.96
	April 2024 - June 2024	227,500	2,500	65.00		4.96
	July 2024 - September 2024	230,000	2,500	65.00		4.96
	October 2024 - December 2024	230,000	2,500	65.00		4.96
				Wtd. Avg. Differential		
	Period	Volume (Bbls)	Volume (Bbls/d)	(\$/Bbl)⁽⁴⁾		
Crude oil basis differential swaps	January 2024 - March 2024	3,148,600	34,600	\$0.94		
	April 2024 - June 2024	3,112,018	34,198	0.94		
	July 2024 - September 2024	3,128,000	34,000	0.94		
	October 2024 - December 2024	3,128,000	34,000	0.94		
	January 2025 - March 2025	1,440,000	16,000	1.09		
	April 2025 - June 2025	1,456,000	16,000	1.09		
	July 2025 - September 2025	1,472,000	16,000	1.09		
	October 2025 - December 2025	1,472,000	16,000	1.09		
				Wtd. Avg. Differential		
	Period	Volume (Bbls)	Volume (Bbls/d)	(\$/Bbl)⁽⁵⁾		
Crude oil roll differential swaps	January 2024 - March 2024	3,148,600	34,600	\$0.45		
	April 2024 - June 2024	3,112,018	34,198	0.45		
	July 2024 - September 2024	3,128,000	34,000	0.45		
	October 2024 - December 2024	3,128,000	34,000	0.45		
	January 2025 - March 2025	1,440,000	16,000	0.37		
	April 2025 - June 2025	1,456,000	16,000	0.37		
	July 2025 - September 2025	1,472,000	16,000	0.37		
	October 2025 - December 2025	1,472,000	16,000	0.37		

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- (1) These crude oil swap transactions are settled based on the NYMEX WTI index price on each trading day within the specified monthly settlement period versus the contractual swap price for the volumes stipulated.
- (2) These crude oil collars are settled based on the NYMEX WTI index price on each trading day within the specified monthly settlement period versus the contractual floor and ceiling prices for the volumes stipulated.
- (3) These crude oil deferred premium puts are settled based on the NYMEX WTI index price on each trading day within the specified monthly settlement period versus the contractual put prices for the volumes stipulated.
- (4) These crude oil basis swap transactions are settled based on the difference between the arithmetic average of ARGUS MIDLAND WTI and ARGUS WTI CUSHING indices, during each applicable monthly settlement period.
- (4) (5) These crude oil roll swap transactions are settled based on the difference between the arithmetic average of NYMEX WTI calendar month prices and the physical crude oil delivery month price.

				Wtd. Avg. Gas Price
	Period	Volume (MMBtu)	Volume (MMBtu/d)	(\$/MMBtu)⁽¹⁾
Natural gas swaps	January 2024 - March 2024	4,104,919	45,109	\$3.77
	April 2024 - June 2024	5,906,321	64,905	3.29
	July 2024 - September 2024	5,949,388	64,667	3.43
	October 2024 - December 2024	5,933,899	64,499	3.86
	January 2025 - March 2025	3,600,000	40,000	4.32

April 2025 - June 2025	3,640,000	40,000	3.65
July 2025 - September 2025	3,680,000	40,000	3.83
October 2025 - December 2025	3,680,000	40,000	4.20

PERMIAN RESOURCES CORPORATION

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Differential (\$/MMBtu) ⁽²⁾
Natural gas basis differential swaps	January 2024 - March 2024	12,740,000	140,000	\$(0.90)
	April 2024 - June 2024	10,920,000	120,000	(0.99)
	July 2024 - September 2024	11,040,000	120,000	(0.99)
	October 2024 - December 2024	11,040,000	120,000	(0.98)
	January 2025 - March 2025	3,600,000	40,000	(0.74)
	April 2025 - June 2025	3,640,000	40,000	(0.74)
	July 2025 - September 2025	3,680,000	40,000	(0.74)
	October 2025 - December 2025	3,680,000	40,000	(0.74)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Differential (\$/MMBtu) ⁽²⁾
Natural gas basis differential swaps	January 2024 - March 2024	3,640,000	40,000	\$0.00

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Gas Price (\$/MMBtu) ⁽¹⁾
Natural gas swaps	January 2023 - March 2023	1,670,157	18,557	\$7.64
	April 2023 - June 2023	1,572,752	17,283	4.70
	July 2023 - September 2023	1,486,925	16,162	4.70
	October 2023 - December 2023	1,413,628	15,366	4.90
	January 2024 - March 2024	464,919	5,109	5.01
	April 2024 - June 2024	446,321	4,905	3.93
	July 2024 - September 2024	429,388	4,667	4.01
	October 2024 - December 2024	413,899	4,499	4.32

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Collar Price Ranges (\$/MMBtu) ⁽²⁾		
Natural gas collars	January 2023 - March 2023	7,104,843	78,943	\$4.67	-	\$10.33
	April 2023 - June 2023	6,389,748	70,217	3.64	-	7.62
	July 2023 - September 2023	6,563,075	71,338	3.64	-	7.52
	October 2023 - December 2023	6,636,372	72,134	3.66	-	8.22
	January 2024 - March 2024	3,175,081	34,891	3.36	-	9.44
	April 2024 - June 2024	1,373,679	15,095	3.00	-	6.45
	July 2024 - September 2024	1,410,612	15,333	3.00	-	6.52
	October 2024 - December 2024	1,426,101	15,501	3.25	-	7.30

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Differential (\$/MMBtu) ⁽²⁾
Natural gas basis differential swaps	January 2023 - March 2023	6,075,000	67,500	\$(1.10)
	April 2023 - June 2023	6,142,500	67,500	(1.30)
	July 2023 - September 2023	6,210,000	67,500	(1.30)
	October 2023 - December 2023	6,210,000	67,500	(1.30)
	January 2024 - March 2024	1,820,000	20,000	(0.59)
	April 2024 - June 2024	1,820,000	20,000	(0.67)
	July 2024 - September 2024	1,840,000	20,000	(0.66)
	October 2024 - December 2024	1,840,000	20,000	(0.64)

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Collar Price Ranges (\$/MMBtu) ⁽⁴⁾		
Natural gas collars	January 2024 - March 2024	6,815,081	74,891	\$2.93	-	\$6.81
	April 2024 - June 2024	5,013,679	55,095	2.68	-	5.04
	July 2024 - September 2024	5,090,612	55,333	2.68	-	5.06
	October 2024 - December 2024	5,106,101	55,501	2.75	-	5.29

⁽¹⁾ These natural gas swap contracts are settled based on the NYMEX Henry Hub price on each trading day within the specified monthly settlement period versus the contractual swap price for the volumes stipulated.

⁽²⁾ These natural gas basis swap contracts are settled based on the difference between the Inside FERC's West Texas WAHA price and the NYMEX price of natural gas, during each applicable monthly settlement period.

⁽³⁾ These natural gas basis swap contracts are settled based on the difference between the Houston Ship Channel ("HSC") price and the NYMEX price of natural gas, during each applicable monthly settlement period.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

⁽⁴⁾ These natural gas collars are settled based on the NYMEX Henry Hub price on each trading day within the specified monthly settlement period versus the contractual floor and ceiling prices for the volumes stipulated.

⁽³⁾ These natural gas basis swap contracts are settled based on the difference between the Inside FERC's West Texas WAHA price and the NYMEX price of natural gas, during each applicable monthly settlement period.

Derivative Instrument Reporting. The Company's oil and natural gas derivative instruments have not been designated as hedges for accounting purposes. Therefore, all gains and losses are recognized in the Company's consolidated statements of operations. All derivative instruments are recorded at fair value in the consolidated balance sheets, other than derivative instruments that meet the "normal purchase normal sale" exclusion, and any fair value gains and losses are recognized in current period earnings.

The following table presents the impact of the Company's derivative instruments on its consolidated statements of operations for the periods presented:

(in thousands)	Year Ended December 31,		
	2022	2021	2020
Net gain (loss) on derivative instruments	\$ (42,368)	\$ (148,825)	\$ (64,535)

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in thousands)	Year Ended December 31,		
	2023	2022	2021
Net gain (loss) on derivative instruments	\$ 114,016	\$ (42,368)	\$ (148,825)

Offsetting of Derivative Assets and Liabilities. The Company's commodity derivatives are included in the accompanying consolidated balance sheets as derivative assets and liabilities. The Company nets its financial derivative instrument fair value amounts executed with the same counterparty pursuant to ISDA master netting agreements, which provide for net settlement over the term of the contract and in the event of default or termination of the contract. The tables below summarize the fair value amounts and the classification in the consolidated balance sheets of the Company's derivative contracts outstanding at the respective balance dates, as well as the gross recognized derivative assets, liabilities and offset amounts:

	Balance Sheet	Gross Fair Value Asset/Liability	Gross Amounts Offset ⁽¹⁾	Net Recognized Fair Value Assets/Liabilities
Classification		Amounts		
Balance Sheet				
Classification				
Balance Sheet				
Classification				

(1) The Company has agreements in place with all each of its counterparties that allow for the financial right of offset for derivative assets against derivative liabilities at settlement or in the event of a default under the agreements or contract termination, if contracts are terminated.

Contingent Features in Financial Derivative Instruments. None of the Company's derivative instruments contain credit-risk-related contingent features. Counterparties to the Company's financial derivative contracts are high credit-quality financial institutions that are primarily lenders under OpCo's Credit Agreement. The Company enters into new hedge arrangements only with participants under its Credit Agreement, since these institutions are secured equally with the holders of any OpCo bank debt, which eliminates the potential need to post collateral when Permian Resources the Company is in a derivative liability position. As a result, the Company is not required to post letters of credit or corporate guarantees for its derivative counterparties in order to secure contract performance obligations.

In addition, the Company is exposed to credit risk associated with its derivative contracts from non-performance by its counterparties. The Company mitigates its exposure to any single counterparty by contracting with a number of financial institutions, each of which has a high credit rating and is a member of lender under OpCo's credit facility Credit Agreement as referenced above.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9—Fair Value Measurements

Recurring Fair Value Measurements

The Company follows ASC Topic 820, *Fair Value Measurement and Disclosure*, which establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy categorizes assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. The three levels are defined as follows:

- Level 1: Quoted Prices in Active Markets for Identical Assets – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Significant Other Observable Inputs – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Level 3: Significant Unobservable Inputs – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table presents, for each applicable level within the fair value hierarchy, the Company's net derivative assets and liabilities, including both current and noncurrent portions, measured at fair value on a recurring basis:

(in thousands)	Level 1	Level 2	Level 3
December 31, 2022 2023			
Total assets	\$ —	\$ 119,122 97,625	\$ —
Total liabilities	—	4,656 4,052	—
December 31, 2021 2022			
Total assets	\$ —	\$ 240 119,122	\$ —
Total liabilities	—	35,150 4,656	—

Both financial and non-financial assets and liabilities are categorized within the above fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and considers factors specific to the asset or liability. The following is a description of the valuation methodologies used by the Company as well as the general classification of such instruments pursuant to the above fair value hierarchy. There were no transfers between any of the fair value levels during any period presented.

Derivatives

The Company uses Level 2 inputs to measure the fair value of its oil and natural gas commodity derivatives. The Company uses industry-standard models that consider various assumptions including current market and contractual prices for the underlying instruments, implied market volatility, time value, nonperformance risk, as well as other relevant economic measures. Substantially all of these inputs are observable in the marketplace throughout the full term of the instrument and can be supported by observable data. The Company utilizes its counterparties' valuations to assess the reasonableness of its own valuations. Refer to Note 8—*Derivative Instruments* for details of the gross and net derivative assets, liabilities and offset amounts as presented in the consolidated balance sheets.

Nonrecurring Fair Value Measurements

The Company applies the provisions of the fair value measurement standard on a nonrecurring basis to its non-financial assets and liabilities, including proved oil and gas properties. These assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances.

Oil and Gas Property Acquisitions. The fair value measurements of assets acquired and liabilities assumed are measured on the acquisition date using an income valuation technique based on inputs that are not observable in the market and therefore represent Level 3 inputs. Significant inputs to the valuation of acquired oil and gas properties include estimates of: (i) reserves; (ii) production rates; (iii) future operating and development costs; (iv) future commodity prices, including price differentials; (v) future cash flows; and (vi) a market participant-based weighted average cost of capital rate, rate and (vii) risk adjustment factors applied to proved and unproved reserves. These inputs require significant

judgements and estimates by the Company's management at the time of valuation. Refer to Note 2—Business Combination Combinations for additional information on the fair value of assets acquired and liabilities assumed.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Impairment of Oil and Natural Gas Properties. The Company reviews its proved oil and natural gas properties for impairment whenever events and circumstances indicate that the fair value of these assets may be below their carrying value. The significant decrease in the forward price curves for crude oil and natural gas in March of 2020 resulted in a triggering event which required the Company to reassess its proved oil and natural gas properties for impairment as of March 31, 2020. An impairment loss is indicated if the sum of the expected undiscounted future net cash flows from oil and gas properties is less than the carrying amount of the assets. In this circumstance, the Company then recognizes impairment expense for the amount by which the carrying amount of proved properties exceeds their estimated fair value. The Company reviews its oil and natural gas properties on a field-by-field basis.

The Company calculates the estimated fair values value of its oil and natural gas properties using an income approach that is based on inputs that are not observable in the market and therefore represent Level 3 inputs. Significant inputs to the expected future net cash flows used for the impairment review and the related fair value measurement of oil and natural gas proved properties include estimates of: (i) oil and gas reserves; (ii) future production decline rates; (iii) future operating and development costs; (iv) future commodity prices, including price differentials; and (v) a market participant-based weighted average cost of capital rate. These inputs require significant judgments and estimates by the Company's management.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The impairment test performed by the Company indicated that a proved property no impairment had occurred with respect to certain of its oil and gas fields, and therefore a non-cash impairment charge to reduce the carrying value of the impaired property to its fair value was recorded. Proved oil and natural gas properties with a previous carrying value of \$771.4 million were partially written down to their fair value of \$179.6 million, resulting in a noncash impairment charge of \$591.8 million being recorded in the first quarter of 2020. All of the Company's proved oil and gas properties were included in the impairment assessment performed as of March 31, 2020. Two of the Company's fields were subject to an impairment write-down as quantified above, but the remaining five fields were not impaired due to their undiscounted cash flows exceeding their carrying values by 30% to over 100%. The Company did not recognize any additional impairment write-downs with respect to its proved property during the remainder of the year ended December 31, 2020 or during the years ended December 31, 2022 December 31, 2023, 2022 and 2021. Impairment expense for proved properties is presented as part of Impairment and Abandonment Expense in the consolidated statements of operations.

Asset Retirement Obligations. The initial measurement of ARO at fair value is calculated using discounted cash flow techniques and is based on internal estimates of future retirement costs associated with property, plant and equipment. Significant Level 3 inputs used in the calculation of ARO include the estimated future costs to plug and abandon oil and gas properties and reserve lives. Refer to Note 6—Asset Retirement Obligations for additional information on the Company's ARO.

Other Financial Instruments

The carrying amounts of the Company's cash, cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate their fair values because of the short-term maturities and/or liquid nature of these assets and liabilities.

The Company's senior notes and borrowings under its Credit Agreement are accounted for at cost. The following table summarizes the fair carrying values, principal amounts and carrying fair values of these instruments as of the periods indicated:

		December 31, 2022			December 31, 2021		
		Carrying Value	Principal Amount	Fair Value	Carrying Value	Principal Amount	Fair value
		December 31, 2023			December 31, 2023		
		Carrying Value	Principal Amount	Fair Value	Carrying Value	Principal Amount	Fair Value
Credit Facility due 2027 ⁽¹⁾	Credit Facility due 2027 ⁽¹⁾	\$ 385,000	\$ 385,000	\$ 385,000	\$ 25,000	\$ 25,000	\$ 25,000
5.375% Senior Notes due 2026 ⁽²⁾	5.375% Senior Notes due 2026 ⁽²⁾	286,512	289,448	264,366	285,666	289,448	286,554
7.750% Senior Notes due 2026 ⁽²⁾	7.750% Senior Notes due 2026 ⁽²⁾	300,000	300,000	291,338	—	—	—

7.75%							
Senior							
Notes due							
2026 ⁽²⁾							
6.875%	6.875%						
Senior	Senior						
Notes due	Notes due						
2027 ⁽²⁾	2027 ⁽²⁾	351,632	356,351	337,126	350,712	356,351	361,696
8.00%							
Senior							
Notes due							
2027 ⁽²⁾							
3.25%	3.25%						
Convertible	Convertible						
Senior	Senior						
Notes due	Notes due						
2028 ^{(2) (3)}	2028 ^{(2) (3)}	165,025	170,000	285,858	164,187	170,000	215,279
5.875%	5.875%						
Senior	Senior						
Notes due	Notes due						
2029 ⁽²⁾	2029 ⁽²⁾	652,629	700,000	601,125	—	—	—
9.875%							
Senior							
Notes due							
2031 ⁽²⁾							
7.00%							
Senior							
Notes due							
2032 ⁽²⁾							

(1) The carrying values of the amounts outstanding under OpCo's Credit Agreement approximate fair value because its variable interest rates are tied to current market rates and the applicable credit spreads represent current market rates for the credit risk profile of the Company.

(2) The carrying values include associated unamortized debt issuance costs and any debt discounts as reflected in the consolidated balance sheets. The fair values are determined using quoted market prices for these debt securities, a Level 1 classification in the fair value hierarchy, and are based on the aggregate principal amount of the senior notes outstanding.

(3) The Convertible Senior Notes are subject to certain conditions that allow them to be convertible prior to their maturity and as of December 31, 2023, noteholders had the right to convert during the fourth quarter of 2023. The Company has Capped Call Transactions that cover the aggregate number of shares of Class A Common Stock that underlie the Convertible Senior Notes and would offset any cash payment OpCo is required to make in excess of the principal amount of these notes. Refer to Note 5—Long-Term Debt for additional information on the Convertible Senior Notes and associated Capped Call Transactions.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 10—Shareholders' Equity and Noncontrolling Interest

Authorized shares of Common Stock

On August 29, 2022, the Company's stockholders approved the Fourth Amended and Restated Certificate of Incorporation (as amended and restated, the "Charter") to, among other things, increase the authorized number of shares of Class A Common Stock for issuance from 600,000,000 to 1,000,000,000 and Class C Common Stock for issuance from 20,000,000 to 500,000,000. The amendment became effective on September 1, 2022.

Class A Common Stock

The Company had 288,532,257 540,789,758 shares of Class A Common Stock outstanding as of December 31, 2022 December 31, 2023.

Holders of Class A Common Stock are entitled to one vote for each share held on all matters to be voted on by the Company's stockholders. Holders of the Class A Common Stock and holders of the Class C Common Stock will vote together as a single class on all matters submitted to a vote of the Company's stockholders, except as required by law.

Unless specified in the Charter (including any certificate of designation of preferred stock) or the Company's Second Amended and Restated Bylaws, or as required by applicable provisions of the Delaware General Corporation Law or applicable stock exchange rules, the affirmative vote of a majority of the Company's shares of Common

Stock common stock that are voted is required to approve any such matter voted on by the Company's stockholders. There is no cumulative voting with respect to the election of directors, with the result that the holders of more than 50% of the shares voted for the election of directors can elect all of the directors. Subject to the rights of the holders of any outstanding series of preferred stock, the holders of the Class A Common Stock are entitled to receive ratable dividends when, as and if declared by the board of directors out of funds legally available therefor.

In the event of a liquidation, dissolution or winding up of the Company, the holders of the Class A Common Stock are entitled to share ratably in all assets remaining available for distribution to them after payment of liabilities and after provision is made for each class of stock, if any, having preference over the Class A Common Stock. The holders of the Class A Common Stock have no preemptive or other subscription rights. There are no sinking fund provisions applicable to the Class A Common Stock.

Class C Common Stock

The Company had 269,300,000 230,962,833 shares of Class C Common Stock outstanding as of December 31, 2022 December 31, 2023 which represent the issuance to the Colgate Unitholder were issued in connection with the Merger. The Company had no shares of Class C Common Stock outstanding as of December 31, 2021. Colgate and Earthstone mergers.

Holders of Class C Common Stock, together with holders of Class A Common Stock voting as a single class, have the right to vote on all matters properly submitted to a vote of the stockholders. In addition, the holders of Class C Common Stock, voting as a separate class, will be entitled to approve any amendment, alteration or repeal of any provision of the Charter that would alter or change the powers, preferences or relative, participating, optional or other or special rights of the Class C Common Stock. Holders of Class C Common Stock will not be entitled to any dividends from the Company and will not be entitled to receive any of the Company's assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company's affairs.

Shares of Class C Common Stock have and currently may only be issued only to the Colgate Unitholder, its or Earthstone OpCo Unit holders, their respective successors and assigns, as well as assignees, or any permitted transferees of the Colgate Unitholder. Following the closing of the Merger, the Colgate Unitholder distributed its shares of Class C Common Stock to Colgate Owners, such unit holders. A holder of Class C Common Stock may transfer shares of Class C Common Stock to any transferee (other than the Company) only if such holder also simultaneously transfers an equal number of such holder's Common Units representing common membership interests in OpCo to such transferee in compliance with the Sixth Seventh Amended and Restated Limited Liability Company Agreement of OpCo. Each holder of Class C Common Stock generally has the right to cause the Company to redeem all or a portion of its Common Units in exchange for, at the Company's option, an equal number of shares of Class A Common Stock or an equivalent amount of cash. The Company may, however, at its option, effect a direct exchange of cash or Class A Common Stock for such OpCo Common Units in lieu of such a redemption by OpCo. Upon the future redemption or exchange of Common Units held by a holder of Class C Common Stock, a corresponding number of shares of Class C Common Stock held by such holder of Class C Common Stock will be canceled.

The shares of Class C Common Stock and underlying Common Units related to the Colgate Merger became exchangeable on March 1, 2023. The shares of Class C Common Stock and underlying Common Units related to the Earthstone Merger are not exchangeable until March 1, 2023 April 28, 2024, subject to certain customary exceptions.

PERMIAN RESOURCES CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Preferred Stock

The Company is authorized to issue 1,000,000 shares of preferred stock, par value \$0.0001 per share, with such designations, voting and other rights and preferences as may be determined from time to time by the Company's board of directors. At December 31, 2022 December 31, 2023, there were no shares of preferred stock issued or outstanding.

Warrants Stock Conversion

Simultaneously with During the closing year ended December 31, 2023 certain legacy owners of Colgate and Earthstone exchanged 80.7 million of their Common Units of OpCo and corresponding shares of Class C Common Stock for Class A Common Stock. A deferred tax asset of \$29.6 million was recorded in equity as a result of the Company's initial public offering on February 29, 2016, 8,000,000 warrants conversion of shares from the noncontrolling interest owner. No cash proceeds were purchased received by Silver Run Sponsor, LLC, an affiliate of Riverstone Investment Group LLC and its affiliates ("Riverstone"), the Company in a private placement (the "Private Placement Warrants"). The Private Placement Warrants were non-redeemable so long as they are held by Riverstone or its permitted transferees. Each Private Placement Warrant was exercisable for one share of Common Stock at a price of \$11.50 per share. The Private Placement Warrants became exercisable on March 1, 2017 but expired on October 11, 2021 unexercised. connection with these conversions.

Dividends

In November 2022, During the year ended December 31, 2023, the Company declared its first cash and paid a quarterly dividend of \$0.05 per share of Class A Common Stock and a cash quarterly distribution of \$0.05 per common unit Common Unit (each of which has an underlying share of Class C Common Stock) during each quarter of 2023. Additionally, during the year ended December 31, 2023, the Company's Board of Directors also declared and paid total variable dividends of \$0.17 per share of Class A Common Stock and total variable distributions of \$0.17 per Common Unit of OpCo. The cash dividends and distributions paid totaled \$236.0 million for the year ended December 31, 2023.

During the year ended December 31, 2022, the Company declared its first dividend of \$0.05 per share of Class A Common Stock and a distribution which totaled \$27.9 million, was paid on November 29, 2022. of \$0.05 per Common Unit of OpCo, for a total cash payment of \$27.9 million during the period.

Stock Repurchase Program

In February 2022, the The Company's Board of Directors authorized a stock repurchase program to acquire up to \$350 \$500 million of the Company's outstanding common stock (the "Repurchase Program"), which is was approved to run through April 1, 2024. In connection with the Merger, the Repurchase Program was increased to \$500 million and was extended through December 31, 2024. The Repurchase Program can be used by the Company to reduce its shares of Class A Common Stock and Class C Common Stock outstanding. Repurchases may be made from time to time in the open-market or via privately negotiated transactions at the Company's discretion and will be subject to market conditions, applicable legal requirements, available liquidity, compliance with the Company's debt and other agreements and other factors. The Repurchase Program does not require any specific number of shares to be acquired and can be modified or discontinued by the Company's Board of Directors at any time. There were no shares purchased under the Repurchase Program during

During the year ended December 31, 2022, December 31, 2023, the Company paid \$86.5 million to repurchase 7.2 million Common Units of OpCo resulting in an equal number of associated shares of Class C Common Stock simultaneously being canceled under its Repurchase Program. Additionally, during the three months ended December 31, 2023, the Company paid \$37.9 million to repurchase 2.8 million shares of Class A Common Stock which were subsequently canceled under its Repurchase Program.

Noncontrolling Interest

The noncontrolling interest relates to Common Units in OpCo that were issued to the Colgate Unitholder in connection with the Merger. At the date of the Merger, the noncontrolling interest represented approximately 48% of the ownership in OpCo. Colgate and Earthstone mergers. The noncontrolling interest percentage is affected by various equity transactions such as Common Unit and Class C Common Stock exchanges and transactions involving the Company's Class A Common Stock activities. The Stock.

As of December 31, 2023, the noncontrolling interest ownership of OpCo remained at had decreased to 30% from 48% as of December 31, 2022. This decrease was mainly the result of (i) exchanges of 80.7 million Common Units (and corresponding shares of Class C Common Stock) for Class A Common Stock; (ii) issuing 161.2 million shares of Class A Common Stock and 49.5 million shares of Class C Common Stock in connection with the Earthstone Merger; and (iii) common stock repurchases completed by the Company as there were no significant changes, discussed above.

The Company consolidates the financial position, results of operations and cash flows of OpCo and reflects the portion retained by other holders of Common Units as a noncontrolling interest. Refer to the "Consolidated Statements of Shareholders' Equity" for a summary of the activity attributable to the noncontrolling interest during the period.

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 11—Earnings Per Share

Basic EPS is calculated by dividing net income attributable to Class A Common Stock by the weighted average shares of Class A Common Stock outstanding during each period. Diluted EPS is calculated by dividing adjusted net income by the weighted average shares of diluted Class A Common Stock outstanding, which includes the effect of potentially dilutive securities. Potentially dilutive securities for the diluted EPS calculation consists of (i) unvested equity-based restricted stock and performance stock units, outstanding stock options, withholding amounts from the employee stock purchase plan (prior to its discontinuation in January 2023) and warrants (prior to their expiration in 2021), all using the treasury stock method, method; (ii) equity-based restricted stock and performance stock units that were vested but not outstanding, using the treasury stock method, method; and (iii) the Company's Class C Common Stock and potential shares issuable under our Convertible Senior Notes, both using the "if-converted" method, which is net of tax.

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table reflects the EPS computations for the periods indicated based on a weighted average number of Class A Common Stock common stock outstanding for each period:

Year Ended December 31,					Year Ended December 31,			
(in thousands, except per share data)	(in thousands, except per share data)	2022	2021	2020	(in thousands, except per share data)	2023	2022	2021
Net income (loss) attributable to Class A Common Stock		\$ 515,037	\$ 138,175	\$ (682,837)				
Net income attributable to Class A Common Stock								
Add: Interest on Convertible Senior Notes, net of tax	Add: Interest on Convertible Senior Notes, net of tax	5,484	4,916	—				
Adjusted net income (loss) attributable to Class A Common Stock		\$ 520,521	\$ 143,091	\$ (682,837)				

Adjusted net income attributable to Class A Common Stock				
Basic weighted average shares of Class A Common Stock outstanding	Basic weighted average shares of Class A Common Stock outstanding	286,160	280,871	277,368
Basic weighted average shares of Class A Common Stock outstanding				
Basic weighted average shares of Class A Common Stock outstanding				
Add: Dilutive effects of Convertible Senior Notes	Add: Dilutive effects of Convertible Senior Notes	27,074	21,363	—
Add: Dilutive effects of equity awards and ESPP shares	Add: Dilutive effects of equity awards and ESPP shares	9,582	7,936	—
Diluted weighted average shares of Class A Common Stock outstanding	Diluted weighted average shares of Class A Common Stock outstanding	322,816	310,170	277,368
Basic net earnings (loss) per share of Class A Common Stock				
Basic net earnings (loss) per share of Class A Common Stock		\$ 1.80	\$ 0.49	\$ (2.46)
Diluted net earnings (loss) per share of Class A Common Stock				
Diluted net earnings (loss) per share of Class A Common Stock		\$ 1.61	\$ 0.46	\$ (2.46)
Basic net earnings per share of Class A Common Stock				
Basic net earnings per share of Class A Common Stock				
Basic net earnings per share of Class A Common Stock				

Diluted
net earnings
per share of
Class A
Common
Stock

The following table presents shares excluded from the diluted earnings per share calculation for the periods presented as their impacts were anti-dilutive for the periods presented: impact was anti-dilutive:

		Year Ended December 31,		
		Year Ended December 31,		
		Year Ended December 31,		
		Year Ended December 31,		
(in thousands)				
(in thousands)				
(in thousands)	(in thousands)	2022	2021	2020 ⁽¹⁾
Out-of-the-money stock options	Out-of-the-money stock options	2,038	2,222	3,571
Out-of-the-money stock options				
Out-of-the-money stock options				
Restricted stock				
Restricted stock				
Restricted stock	Restricted stock	823	589	6,299
Performance stock units	Performance stock units	941	100	13
Performance stock units				
Performance stock units				
Employee Stock Purchase Plan				
Employee Stock Purchase Plan				
Employee Stock Purchase Plan	Employee Stock Purchase Plan	—	7	76
Weighted average shares of Class C Common Stock	Weighted average shares of Class C Common Stock	90,013	—	261
Weighted average shares of Class C Common Stock				
Weighted average shares of Class C Common Stock				
Private Placement Warrants	Private Placement Warrants	—	6,000	8,000
Private Placement Warrants				
Private Placement Warrants				

⁽¹⁾ The Company recognized a net loss during the year ended December 31, 2020, and therefore all potential common shares were anti-dilutive and excluded from the calculation of diluted net earnings per share.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 12—Income Taxes

Income tax expenses and benefits included in the consolidated statements of operations are detailed below:

		Year Ended December 31,			Year Ended December 31,		
		Year Ended December 31,			Year Ended December 31,		
(in thousands)	(in thousands)	2022	2021	2020	(in thousands)	2023	2022
Current taxes	Current taxes						2021
Federal	Federal	\$ —	\$ —	\$ —			

Federal				
Federal				
State	State	(2,796)	(569)	—
		(2,796)	(569)	—
		(2,789)		
Deferred taxes	Deferred taxes			
Federal	Federal	(106,011)	—	80,091
Federal				
Federal				
State	State	(11,485)	—	5,033
		(117,496)	—	85,124
		(153,156)		
Income tax (expense) benefit	Income tax (expense) benefit	\$ (120,292)	\$ (569)	\$ 85,124
Income tax (expense) benefit				
Income tax (expense) benefit				

A reconciliation of the statutory federal income tax expense, which is calculated at the federal statutory rate of 21%, to the income tax expense from continuing operations for the periods presented is provided below. In connection with the **Earthstone Merger** and **issuance Colgate Merger** and the issuance of Class C Stock of the Company, noncontrolling interest in the partnership is the Company's largest reconciling item to the federal statutory rate.

Year Ended December 31,					Year Ended December 31,			
Year Ended December 31,					Year Ended December 31,			
(in thousands)	(in thousands)	2022	2021	2020	(in thousands)	2023	2022	2021
Income tax (expense) benefit at the federal statutory rate	Income tax (expense) benefit at the federal statutory rate	\$ (182,728)	\$ (29,136)	\$ 161,768				
State income tax (expense) benefit - net of federal benefit	State income tax (expense) benefit - net of federal benefit	(16,007)	(1,648)	9,046				
Noncontrolling interest in partnership	Noncontrolling interest in partnership	49,309	—	(496)				
Nondeductible stock-based and other compensation	Nondeductible stock-based and other compensation	(10,827)	(6,609)	(8,047)				
Nondeductible expenses	Nondeductible expenses	(122)	(83)	(151)				
Nondeductible expenses and other								
Change in valuation allowance	Change in valuation allowance	40,083	36,907	(76,996)				
Income tax (expense) benefit	Income tax (expense) benefit	\$ (120,292)	\$ (569)	\$ 85,124				

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The tax effects of temporary differences that give rise to significant positions of the deferred income tax assets and liabilities are presented below:

(in thousands)	(in thousands)	December 31, 2022	December 31, 2021	(in thousands)	December 31, 2023	December 31, 2022
Deferred tax assets:	Deferred tax assets:			Deferred tax assets:		
Net operating loss carryforwards	Net operating loss carryforwards	\$ 73,337	\$ 110,371			
Capitalized intangible drilling costs		—	113,625			
Stock-based compensation		—	4,198			
Derivative assets		—	7,770			
Asset retirement obligations		—	3,837			
Other assets	Other assets	273	4,712			
Total deferred tax assets	Total deferred tax assets	73,610	244,513			
Deferred tax liabilities:	Deferred tax liabilities:					
Investment in OpCo	Investment in OpCo	(73,535)	—			
Oil and gas properties		—	(207,013)			
Total deferred tax liabilities	Total deferred tax liabilities	(73,535)	(207,013)			
Investment in OpCo						
Investment in OpCo						
Valuation allowance						
Valuation allowance						
Valuation allowance	Valuation allowance	(6)	(40,089)			
Net deferred tax asset (liability)	Net deferred tax asset (liability)	\$ 69	\$ (2,589)			
Net deferred tax asset (liability)						
Net deferred tax asset (liability)						

The following table summarizes the amounts and classification in the consolidated balance sheets of the Company's deferred taxes outstanding at the respective balance dates:

(in thousands)	(in thousands)	December 31, 2022	December 31, 2021	(in thousands)	December 31, 2023	December 31, 2022
Deferred tax assets:	Deferred tax assets:					
Other noncurrent assets	Other noncurrent assets	\$ 4,499	\$ —			
Other noncurrent assets						
Other noncurrent assets						
Deferred tax liabilities:	Deferred tax liabilities:					

Deferred income taxes	Deferred income taxes	(4,430)	(2,589)
Deferred income taxes			
Deferred income taxes			
Total deferred income taxes, net	Total deferred income taxes, net	\$ 69	\$ (2,589)

In connection with the Earthstone Merger and Colgate Merger, the Company recorded a \$164.5 million and \$412.7 million reduction, respectively, in equity to reflect the change in its ownership interest in OpCo, which is are net of a deferred income tax benefit benefits of \$47.1 million and \$120.2 million, respectively.

As of December 31, 2022 December 31, 2023, the Company had approximately \$349.2 million \$496.3 million and \$0.2 million \$16.0 million of U.S. federal and state net operating loss carryovers, respectively. Approximately \$270.4 million \$382.6 million and \$0.2 million of these U.S. federal and state net operating loss carryovers expire in 2037, respectively.

The Company periodically assesses whether it is more-likely-than-not that it will generate sufficient taxable income to realize its deferred income tax assets, including net operating loss carry forwards. In making this determination, the Company considers all available positive and negative evidence and makes certain assumptions. The Company considers, among other things, its deferred tax liabilities, the overall business environment, its historical earnings and losses, current industry trends, and its outlook for future years. The Company generated taxable income in the current year and is projecting future taxable income exclusive of reversing items. Based upon these earnings and the expected timing of the reversal of its existing taxable temporary differences, management determined it is more-likely-than-not that, with the exception of certain state net operating loss carryovers, the remaining deferred income tax assets existing at December 31, 2022 December 31, 2023 will be realized. Accordingly, a benefit of \$40.1 million has been recognized related to the change in valuation allowance for the year ended December 31, 2022.

The calculation of the Company's tax liabilities involves uncertainties in the application of complex tax laws and regulations. The Company gives financial statement recognition to those tax positions that it believes are more-likely-than-not to be sustained upon the examination by the Internal Revenue Service or other governmental agency. As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company did not have any accrued liability for uncertain tax positions and does not anticipate recognition of any significant liabilities for uncertain tax positions during the next 12 months. Interest and penalties related to uncertain tax positions are reported in income tax expense.

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company is subject to the following material taxing jurisdictions: U.S., Colorado, New Mexico, and Texas. As of December 31, 2022 December 31, 2023, the Company has no current tax years under audit. audit, but one of the Company's predecessor entities, Earthstone Energy Holdings, is currently under examination by the Internal Revenue Service for the 2021 Federal Form 1065 as filed. The Company remains subject to examination for federal income taxes and state income taxes for tax years 2018 2019 through 2022, 2023.

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 13—Transactions with Related Parties

Pearl Energy Investments ("Pearl"), EnCap Partners GP, LLC ("EnCap"), Riverstone Investment Group LLC ("Riverstone"), NGP Energy Capital ("NGP"), and Pearl Energy Investments ("Pearl") and related affiliates of each entity each beneficially own more than approximately 12%, 10%, 7% and 6%, respectively, equity interest in the Company. Company as of December 31, 2023. Certain members of OpCo's management owned profit interests at CEP III Holdings, LLC and its affiliates ("Colgate Holdings") until December 2022. Due to Pearl, EnCap, Riverstone NGP, and Pearl's NGP's beneficial ownership and NGP, Pearl and OpCo's management's previously held interest in Colgate Holdings, these entities are considered related parties to the Company.

The Company has the following agreements in place that represent related party transactions. The Company believes that the terms of these arrangements are no less favorable to either party than those held with unaffiliated parties.

- A marketing agreement with Lucid Energy Delaware, LLC ("Lucid"), who was an affiliate of Riverstone until the sale of Riverstone's investment in Lucid in July 2022. As a result of such sale, there no longer remains a related party relationship with Lucid as of the third quarter of 2022.
- A vendor arrangement with Streamline Innovations Inc ("Streamline") who was an affiliate of Riverstone beginning in the second quarter of 2022 and an affiliate of Pearl.
- A joint operating agreement with Maple Energy Holdings, LLC ("Maple") who is an affiliate of Riverstone. On December 23, 2022, the Company sold all of its working interest ownership in producing properties operated by Maple for an unadjusted sales price of \$60 million. As a result of such sale, there no longer remains a related party relationship with Maple as of December 31, 2022.
- A vendor arrangement with LM Energy Partners who was an affiliate of Colgate Holdings until the sale of Colgate Holdings' investment in LM Energy Partners in December 2022. As a result of such sale, there no longer remains a related party relationship with LM Energy Partners as of December 31, 2022.

The following table summarizes the costs incurred and revenues recognized from such arrangements during the periods they were considered related parties, as discussed above, as included in the consolidated statements of operations and consolidated balance sheet for the periods indicated, as well as the related net receivables and payables outstanding as of the balance sheet dates:

		Year Ended December 31,			Year Ended December 31,		
(in thousands)	(in thousands)	2022	2021	2020	(in thousands)	2023	2022
Lucid	Lucid						
Oil and gas sales	Oil and gas sales						
Oil and gas sales	Oil and gas sales						
Oil and gas sales	Oil and gas sales	\$ 25,117	\$ 21,533	\$ 5,089			
Gathering, processing and transportation expenses	Gathering, processing and transportation expenses	5,398	6,870	4,818			
Streamline	Streamline						
Lease operating expenses	Lease operating expenses	1,465	—	—			
Lease operating expenses	Lease operating expenses						
Maple	Maple						
Oil and gas sales	Oil and gas sales						
Oil and gas sales	Oil and gas sales						
Oil and gas sales	Oil and gas sales	8,354	—	—			
Lease operating expenses	Lease operating expenses	4,368	—	—			
Capital expenditures	Capital expenditures	11,196	—	—			
LM Energy Partners	LM Energy Partners						
Gathering, processing and transportation expenses	Gathering, processing and transportation expenses	4,024	—	—			
Gathering, processing and transportation expenses	Gathering, processing and transportation expenses						
Gathering, processing and transportation expenses	Gathering, processing and transportation expenses						
(in thousands)		December 31, 2022 2023		December 31, 2021 2022			
Accounts receivable, net							
Lucid ⁽¹⁾		\$ Maple	—	\$	5,562		
Maple			128		—		
Accounts payable and accrued expenses							
Maple					2,790		
LM Energy Partners					2,283		

⁽¹⁾ Represents amounts due from Lucid and are presented net of unpaid processing fees as of the indicated period end date.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On September 1, 2022, as contemplated in the Merger Agreement, Colgate transferred to Colgate Holdings, a related party, its contractual right to receive certain payments from a third party as a result of drilling and completion activities completed on Company-operated properties. For During the year ended December 31, 2022 December 31, 2023, the amount Company paid Novo Minerals, LP and Pegasus Resources Holdings, LLC, both affiliates of these payments was \$1.5 million. EnCap, \$10.7 million and \$2.2 million, respectively, for revenues earned based upon their net revenue interests held in wells that are operated by the Company.

During the year ended December 31, 2023, the Company repurchased 7.2 million Common Units of OpCo from NGP for \$86.5 million under the Repurchase Program. The equal number of underlying shares of Class C Common Stock were simultaneously canceled by the Company.

Note 14—Commitments and Contingencies

Contractual Obligations

The following table is a schedule of the Company's future minimum payments required under contractual commitments that have initial or remaining non-cancelable terms in excess of one year as of December 31, 2022 December 31, 2023:

(in thousands)	(in thousands)	2023	2024	2025	2026	2027	Thereafter	Total	(in thousands)	2024	2025	2026	:
Purchase obligations	Purchase obligations	\$ 27,488	\$ 10,780	\$ 5,192	\$ 5,192	\$ —	\$ —	\$ 48,652					
	Purchase obligations												
	Purchase obligations												

Purchase Obligations

In 2021, the Company entered into a multi-year energy purchase agreement to buy electricity utilized in our Texas operations. Under the contract, the Company is obligated to purchase a minimum amount of electricity at a fixed price. If the Company does not utilize the minimum amounts of electricity on a monthly basis and the supplier is unable to sell the unutilized quantity, the Company is liable for the full cost of the underutilization at the fixed price per the agreement. The total remaining obligation is \$20.8 million \$15.6 million, which represents the gross minimum financial commitments pursuant to this agreement as of December 31, 2022 December 31, 2023. The Company paid electricity costs of \$8.0 \$7.5 million and \$7.9 million \$8.0 million for the years ended December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, respectively, to this supplier.

In 2022, the Company entered into a two-year purchase agreement to buy frac sand used in its well fracture stimulation process. Subsequently in 2023, this purchase agreement was canceled without financial penalty and a new contract was entered into with the same third-party. Under the terms of this take-or-pay agreement, the Company is obligated to purchase a minimum volume of frac sand at a fixed price. The remaining obligation under this contract is \$27.9 \$104.7 million, which represents the minimum financial commitment pursuant to the terms of the contract from December 31, 2022 December 31, 2023 through March 31, 2024 December 31, 2025. Actual expenditures under these contracts may exceed the minimum commitments. The Company paid \$102.5 million and \$11.3 million for the year years ended December 31, 2023 and December 31, 2022, respectively, under this the original contract, which was capitalized as incurred during the period.

Delivery Commitments

In August 2018, the Company entered into a firm crude oil sales agreement with a large integrated oil company that was subsequently amended during the year ended December 31, 2020. Utilizing this company's transport capacity out of the Permian Basin, the agreement, as amended, provides for firm gross sales of 29,000 Bbls/d over the next 2.5 1.5 years and is based upon prevailing market prices of ICE Brent and contractual differentials. These pricing terms are resulting in realized prices that currently have wider differentials than those being realized under the Company's other oil marketing agreements. However, if the oil price differential between the ICE Brent and NYMEX WTI indices widen in the future, the oil price realized under this delivery commitment will improve relative to the prices realized under the Company's other oil sales contracts. Under-delivery of volumes would result in a financial obligation to the Company.

The amount discussed above represent the total gross volumes the Company is required to deliver per this agreement, which gross volumes are not comparable to the Company's net production presented in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation, as amounts therein are reflected net of all royalties, overriding royalties and production due to others. The Company believes its current production and reserves are sufficient to fulfill the physical delivery commitment, and the Company is not required to deliver oil specifically produced from any of the Company's properties under this agreement. Further, if the Company's production is not sufficient to satisfy the firm delivery commitment, the Company believes it can purchase sufficient volumes in the market at index-related prices to satisfy its commitment. The aggregate amount of any such potential financial obligation under this contract is not determinable since the amount and timing of any volumetric shortfalls, as well as the difference between the prevailing market price and contract price at such time, cannot be predicted with accuracy.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Lease Commitments

Refer to Note 16—Leases for details on the Company's operating and financing lease agreements.

Contingencies

The Company may at times be subject to various commercial or regulatory claims, prior period adjustments from service providers, litigation or other legal proceedings that arise in the ordinary course of business. While the outcome of these lawsuits and claims cannot be predicted with certainty, management believes it is remote that the impact of such

matters, other than those discussed below, that are reasonably possible to occur will have a material adverse effect on the Company's financial position, results of operations or cash flows.

In February 2021, the Permian Basin was impacted by record-low temperatures and a severe winter storm ("Winter Storm Uri") that resulted in multi-day electrical outages and shortages, pipeline and infrastructure freezes, transportation disruptions, and regulatory actions in Texas, which led to significant increases in gas prices, gathering, processing and transportation fees and electrical rates during this time. As a result, many oil and gas operations, operators, including upstream producers like the Company, as well as gas processors and purchasers, and transportation providers experienced operational disruptions. During this time, the Company was unable to utilize the entire volume of its reserved capacity on pipelines and as a result has made certain force majeure declarations. One third-party transportation provider has filed a lawsuit against the Company claiming compensation for the full amount of the reserved capacity, both utilized and unutilized. The Company has made a payment for the utilized capacity and filed a separate lawsuit against the transportation provider requesting declaratory relief for the purpose of construing the provisions of the transportation agreement relating to the unutilized capacity. At this time, the Company believes that a loss is reasonably possible in relation to these matters, and such amount could range from zero to \$7.6 million, which may be subject to additional interest charges, and no amount in that range is a better estimate than any other.

Other than the matter above, management is unaware of any pending litigation brought against the Company requiring a contingent liability to be recognized as of the date of these consolidated financial statements.

Note 15—Revenues

Revenue from Contracts with Customers

Crude oil, natural gas and NGL sales are recognized at the point that control of the product is transferred to the customer and collectability is reasonably assured. Virtually all of the Company's contract pricing provisions are tied to a market index, with certain adjustments based on, among other factors, transportation costs to an active spot market and quality differentials. As a result, the Company's realized price prices of oil, natural gas, and NGLs fluctuates fluctuate to remain competitive with other available oil, natural gas, and NGLs supplies both globally (in the case of crude oil) and locally.

Oil and gas revenues presented within the consolidated statements of operations relate to the sale of oil, natural gas and NGLs as shown below:

Oil and gas revenues presented within the consolidated statements of operations relate to the sale of oil, natural gas and NGLs as shown below:					
		Year Ended December 31,			
		2022	2021	2020	
		Year Ended December 31,			
		2023			Year Ended December 31,
		2023	2022	2021	
Operating revenues (in thousands):	Operating revenues (in thousands):				
Oil sales	Oil sales	\$ 1,622,035	\$ 743,069	\$ 475,694	
Natural gas sales		276,957	149,478	46,776	
NGL sales		232,273	137,345	57,986	
Oil sales					
Oil sales					
Natural gas sales(1)					
NGL sales(2)					
Oil and gas sales	Oil and gas sales	\$ 2,131,265	\$ 1,029,892	\$ 580,456	

⁽¹⁾ Natural gas sales include a portion of gathering, processing and transportation costs ("GP&T") that are reflected as a reduction to natural gas sales of \$48.9 million for the year ended December 31, 2023, \$13.1 million for the year ended December 31, 2022 and none for the year ended December 31, 2021.

⁽²⁾ NGL sales include a portion of GP&T that are reflected as a reduction to NGL sales of \$73.3 million for the year ended December 31, 2023, \$10.6 million for the year ended December 31, 2022 and none for the year ended December 31, 2021.

Oil sales

The Company's crude oil sales contracts are generally structured whereby oil is delivered to the purchaser at a contractually agreed-upon delivery point at which the purchaser takes title of the product. This delivery point is usually at the wellhead or at the inlet of a transportation pipeline. Revenue is recognized when control transfers to the purchaser at the delivery point based on the net price received from the purchaser. Any downstream transportation costs incurred by crude purchasers are reflected as a net reduction to oil sales revenues.

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Natural gas and NGL sales

Under the Company's natural gas processing contracts, liquids rich natural gas is delivered to a midstream gathering and processing entity at the agreed upon delivery point at which the purchaser takes title of the product. The midstream processing entity gathers and processes the raw gas and then remits proceeds to the Company. For these contracts,

the Company evaluates when control is transferred and revenue should be recognized. Where the Company elects to take its residue gas or NGL product "in-kind" at the plant tailgate, fees incurred prior to transfer of control at the outlet of the plant are presented as gathering, processing and transportation expenses ("GP&T") &T within the consolidated statements of operations. Where the Company does not take its residue gas or NGL products "in-kind", transfer of control occurs at the inlet of the gas gathering systems, or prior, and fees incurred subsequent to this point are reflected as a net reduction to natural gas and NGL sales revenues presented in the table above. During the year ended December 31, 2022 December 31, 2023, the majority of the Company's contracts with customers have elections to not take its products "in-kind" resulting in more fees being shown as a net reduction to revenues as discussed above.

Performance obligations

For all commodity products, the Company records revenue in the month production is delivered to the purchaser. Settlement statements for crude oil are generally received within 30 days following the date that production volumes are delivered, but for natural gas and NGL sales, statements may not be received for 30 to 90 days after the date production volumes are delivered and for crude oil, generally within 30 60 days after delivery has occurred. However, payment is unconditional once the performance obligations have been satisfied. At this such time, the volume volumes delivered and price sales prices can be reasonably estimated and amounts due from customers are accrued in Accounts receivable, net in the consolidated balance sheets. As of December 31, 2022 December 31, 2023 and 2021, 2022, such receivable balances were \$206.3 million \$346.0 million and \$57.3 million \$206.3 million, respectively.

The Company records any differences between its estimates and the actual amounts received for product sales in the month that payment is received from the purchaser. Historically, any identified differences between revenue estimates and actual revenue received have not been significant. For the years ended December 31, 2022 December 31, 2023 and 2021, 2022, revenue recognized in the reporting period related to performance obligations satisfied in prior reporting periods were not material.

Transaction price allocated to remaining performance obligations

For the Company's product sales that have a contract term greater than one year, the Company has utilized the practical expedient in ASC Topic 606, Revenue from contracts with Customers, which states the Company is not required to disclose the transaction price allocated to the remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Under these sales contracts, monthly sales of a product generally represent a separate performance obligation; therefore, obligation. Therefore, future commodity volumes to be delivered and sold are wholly unsatisfied and disclosure of the transaction price allocated to such unsatisfied performance obligations is not required.

Note 16—Leases

At contract inception, the Company determines whether or not an arrangement contains a lease. However, in connection with the implementation of ASC 842, Leases ("ASC 842"), this assessment was made as of the adoption date of ASC 842. Upon determination of a lease, a lease right-of-use ("ROU") asset and related liability are recorded based on the present value of the future lease payments over the lease term. ROU assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make future lease payments arising from the lease.

The Company has operating leases for drilling rig contracts, office rental agreements, and other wellhead equipment. As of December 31, 2022 December 31, 2023, these leases have remaining lease terms ranging from one month to ten eight years, some of which include options to extend the lease term for up to five years, and some of which include options to early terminate. These options are considered in determining the lease term and are included in the present value of future payments that are recorded for leases when the Company is reasonably certain to exercise the option. The Company has one financing lease entered into in connection with an office building purchase in Midland, Texas, where it had previously been a lessee of the building at the time of purchase in April of 2023. As part of the building purchase, the Company assumed a ninety-nine year ground lease and accordingly, recorded a financing lease liability. Leases with an initial term of one year or less are not recorded in the consolidated balance sheets. Additionally, none of the Company's lease agreements contain any material residual value guarantees or material restrictive covenants.

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table provides additional information related to the Company's lease assets and liabilities as presented on balance sheet for the periods presented:

(in thousands)	Balance Sheet Classification	December 31, 2023		December 31, 2022	
Assets					
Operating right-of-use assets	Operating lease right-of-use asset	\$	59,359	\$	64,792
Finance right-of-use asset	Other noncurrent assets		15,189		—
Liabilities					
Current					
Operating lease liabilities	Operating lease liabilities	\$	33,006	\$	29,759
Finance lease liability	Other current liabilities		753		—
Noncurrent					
Operating lease liabilities	Operating lease liabilities	\$	28,302		41,341
Finance lease liability	Other noncurrent liabilities		14,821		—

The present value of future lease payments is determined at the lease commencement date based upon the Company's incremental borrowing rate. The incremental borrowing rate is calculated using a risk-free interest rate adjusted for the Company's specific risk and the specific lease term. The table below summarizes the Company's weighted average discount rate and weighted-average remaining lease term as of the periods presented.

	December 31, 2022	December 31, 2021
Weighted-average discount rate	5.02 %	4.62 %

Weighted-average remaining lease term (years)	4.55		9.20	
	December 31, 2023		December 31, 2022	
	Operating Leases	Finance Lease	Operating Leases	Finance Lease
Weighted-average discount rate	5.55 %	7.3 %	5.02 %	— %
Weighted-average remaining lease term (years)	3.02	97.25	4.55	0

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company's drilling rig contracts, office rental agreements, and wellhead equipment agreements contain both lease and non-lease components, which are combined and accounted for as a single lease component.

Variable lease payments are recognized in the period in which they are incurred and include operating expenses related to the office rental **agreements and expenses incurred on the drilling rig contracts in excess of the contractual rate. agreements.** Expenses related to short-term leases are recognized on a straight-line basis over the lease term as either expenses to the consolidated statements of operations or capitalized to the consolidated balance sheets. The following table presents the components of the Company's lease expenses for the periods presented.

Year Ended December 31,					Year Ended December 31,				
Year Ended December 31,					Year Ended December 31,				
(in thousands)	(in thousands)	2022	2021	(in thousands)	2023		2022		
Lease costs									
Operating Lease costs									
Operating lease cost									
Operating lease cost									
Operating lease cost	Operating lease cost	\$ 27,900	\$ 3,655						
Variable lease cost	Variable lease cost	892	173						
Short-term lease cost	Short-term lease cost	42,567	40,002						
Finance Lease costs									
Amortization of ROU assets									
Amortization of ROU assets									
Amortization of ROU assets									
Interest on lease liabilities									
Total Lease Cost	Total Lease Cost	\$ 71,359	\$ 43,830						

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table presents supplemental cash flow information related to the Company's leases for the periods presented.

Year Ended December 31,					Year Ended December 31,				
Year Ended December 31,					Year Ended December 31,				
(in thousands)	(in thousands)	2022	2021	(in thousands)	2023		2022		

Operating lease liability payments:	Operating lease liability payments:		
Net cash used in operating activities	Net cash used in operating activities	\$ 4,757	\$ 2,917
Net cash used in operating activities			
Net cash used in operating activities			
Net cash used in investing activities	Net cash used in investing activities	\$ 23,143	—
Financing lease liability payments:			
Net cash used in operating activities			
Net cash used in operating activities			
Net cash used in operating activities			
Right-of-use assets recognized (derecognized) with offsetting operating lease liabilities	Right-of-use assets recognized (derecognized) with offsetting operating lease liabilities	\$ 63,681	\$ 14,321
Right-of-use assets recognized (derecognized) with offsetting finance lease liabilities			

Maturities of the Company's long-term operating and financing lease liabilities by fiscal year as of **December 31, 2022** December 31, 2023 are as follows:

(in thousands)	Total ⁽²⁾
2023	31,372
2024	19,532
2025	5,139
2026	4,074
2027	3,802
2028 and thereafter	16,324
Total lease payments	80,243
Less: imputed interest	(9,143)
Present value of lease liabilities ⁽¹⁾	\$ 71,100

(in thousands)	Operating Leases ⁽¹⁾	Finance Lease
2024	35,112	783
2025	14,721	803
2026	5,204	823
2027	2,895	843
2028	2,705	864

2029 and thereafter	6,045	206,420
Total lease payments	66,682	210,536
Less: imputed interest	(5,374)	(194,962)
Present value of lease liabilities	\$ 61,308	\$ 15,574

(1) This amount is included in current and noncurrent liabilities in the line item *Operating lease liabilities* in the consolidated balance sheets as of December 31, 2022.

(2) Total *operating* lease payments exclude variable lease payments which can be charged under the terms of the lease agreements.

Note 17—Subsequent events Events

Asset Acquisition

On December 9, 2022, the Company entered into a definitive agreement to acquire approximately 4,000 net leasehold acres and 3,300 net royalty acres for an unadjusted purchase price of \$98 million. The acquired assets consist largely of undeveloped acreage and is contiguous to one of the Company's existing core acreage blocks in Lea County, New Mexico. The transaction closed on February 16, 2023.

Asset Divestiture

On January 17, 2023, the Company entered into a definitive agreement to divest a portion of its saltwater disposal wells and associated produced water infrastructure in Reeves County, Texas for total consideration of \$125 million. The full consideration will be received at closing with \$60 million subject to repayment if certain thresholds tied to the Company's future drilling

PERMIAN RESOURCES CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

activity in the service area over the next several years are not met. The Company expects to retain the full consideration based on its current development plan. The transaction is expected to close in March of 2023, subject to customary closing terms and conditions.

Dividends Declared

On February 22, 2023 February 27, 2024, the Company announced that its Board of Directors declared a quarterly cash dividend of \$0.05 per share of Class A Common Stock and a quarterly cash distribution of \$0.05 per common unit Common Unit of OpCo. Additionally, the Company's Board of Directors declared a variable dividend of \$0.10 per share of Class A Common Stock and a quarterly variable distribution of \$0.10 per Common Unit of OpCo. The base and variable dividend represent a total return of \$0.15 per share. The dividend is payable on March 15, 2023 March 21, 2024 to shareholders of record as of March 7, 2023 March 13, 2024.

Supplemental Information About Oil & Natural Gas Producing Activities (Unaudited)

Capitalized Costs

The aggregate amounts of costs capitalized for oil and gas exploration and development activities and the related amounts of accumulated depreciation, depletion and amortization are shown below:

(in thousands)	(in thousands)	December 31, 2022	December 31, 2021	(in thousands)	December 31, 2023	December 31, 2022
Proved properties	Proved properties	\$ 8,869,174	\$ 4,623,726			
Unproved properties	Unproved properties	1,424,744	1,040,386			
Total proved and unproved properties	Total proved and unproved properties	10,293,918	5,664,112			
Accumulated depreciation, depletion and amortization	Accumulated depreciation, depletion and amortization	(2,419,692)	(1,989,489)			
Net capitalized costs	Net capitalized costs	\$ 7,874,226	\$ 3,674,623			

Costs Incurred for Oil and Natural Gas Producing Activities

The costs incurred in the Company's oil and gas production, exploration, and development activities are displayed in the table below and include costs whether capitalized or expensed as well as revisions and additions to the estimated future asset retirement obligations.

Year Ended December 31,					Year Ended December 31,			
Year Ended December 31,					Year Ended December 31,			
(in thousands)	(in thousands)	2022	2021	2020	(in thousands)	2023	2022	2021
Acquisition costs:	Acquisition costs:							
Proved properties ⁽¹⁾	Proved properties ⁽¹⁾	\$ 3,297,400	\$ 1,988	\$ 1,384				
Proved properties ⁽¹⁾								
Proved properties ⁽¹⁾								
Unproved properties ⁽¹⁾	Unproved properties ⁽¹⁾	642,113	4,522	4,768				
Advances for unproved properties ⁽²⁾								
Development costs ⁽³⁾								
Exploration costs ⁽⁴⁾								
Development costs ⁽²⁾								
Exploration costs ⁽³⁾								
Total	Total	\$ 4,489,752	\$ 316,166	\$ 308,909				

(1) These amounts include the fair value of the proved and unproved properties recorded in the purchase price allocation with respect to the Merger. The purchase was Earthstone Merger and other asset acquisitions as of December 31, 2023, which includes deferred tax liabilities of \$344.2 million assumed in these acquisitions, and the Colgate Merger as of December 31, 2022. These purchases were funded through a combination of the issuance issuances of the Company's Class A and C Common Stock, debt assumed and cash. Refer to Note 2—Business Combination Combinations for additional information on the Merger, mergers.

(2) Advances for unproved properties represent amounts paid to a third-party broker to acquire net leasehold acres on the Company's behalf in the Permian Basin. This prepaid amount was included in the Other noncurrent assets line item on the consolidated balance sheet; however, it was impaired during the year ended December 31, 2020.

(3) Includes the cost of drilling development wells and associated facilities for which construction was completed during the period. Costs associated with wells and facilities that are in progress or awaiting completion at year-end are not included and were \$301.8 million \$242.4 million, \$60.6 million \$301.8 million and \$45.3 million \$60.6 million as of the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively.

(4) (5) Includes all exploratory expenses, including dry hole costs. Does not include other operating expenses.

Estimated Quantities of Proved Oil and Gas Reserves

The reserve estimates presented below and included herein conform to the definitions prescribed by the SEC. The Company retained Netherland, Sewell & Associates, Inc., an independent petroleum engineering firm, to prepare the estimates of all of its proved reserves as of December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 and their related pre-tax future net cash flows. The individuals performing reserves estimates possess professional qualifications and demonstrate competency in reserves estimation and evaluation. The estimates of proved reserves are inherently imprecise and are continually subject to revision based on production history, results of additional exploration and development, price changes and other factors.

Reserve estimates are based on an unweighted arithmetic average of commodity prices during the 12-month period, using the closing prices on the first day of each month, as defined by the SEC.

As of December 31, 2022 December 31, 2023, all of the Company's oil and gas reserves are attributable to properties within the United States. The table below presents a summary of changes in quantities of proved oil and gas reserves in the Company's estimated proved reserves:

Crude Oil (MBbls)	Natural Gas (MMcf)	Natural Gas Liquids (MBbls)	Total (MBoe) ⁽¹⁾	Crude Oil (MBbls)	Natural Gas (MMcf)	Natural Gas Liquids (MBbls)	Total (MBoe) ⁽¹⁾⁽²⁾

Total proved reserves:	Total proved reserves:				
Balance - December 31, 2019		150,159	502,430	67,242	301,139
Extensions and discoveries		33,220	73,669	9,877	55,375
Revisions to previous estimates		(19,680)	(7,010)	(12,184)	(33,031)
Production		(13,207)	(41,302)	(4,490)	(24,581)
Balance - December 31, 2020					
Balance - December 31, 2020					
Balance - December 31, 2020	Balance - December 31, 2020	150,492	527,787	60,445	298,902
Extensions and discoveries	Extensions and discoveries	19,405	55,820	6,242	34,950
Revisions to previous estimates	Revisions to previous estimates	(1,948)	40,697	(6,703)	(1,868)
Divestitures of reserves in place					
Divestitures of reserves in place					
Divestitures of reserves in place	Divestitures of reserves in place	(2,795)	(6,558)	(649)	(4,537)
Production	Production	(11,701)	(40,741)	(3,752)	(22,243)
Balance - December 31, 2021					
Balance - December 31, 2021	Balance - December 31, 2021	153,453	577,005	55,583	305,204
Extensions and discoveries	Extensions and discoveries	51,906	144,316	19,387	95,346
Revisions to previous estimates	Revisions to previous estimates	(22,181)	(111,405)	(9,279)	(50,027)
Purchases of reserves in place	Purchases of reserves in place	124,072	494,221	66,437	272,879
Divestitures of reserves in place	Divestitures of reserves in place	(1,983)	(10,874)	(2,527)	(6,322)
Production	Production	(18,235)	(59,692)	(6,750)	(34,934)
Balance - December 31, 2022					
Balance - December 31, 2022	Balance - December 31, 2022	287,032	1,033,571	122,851	582,146
Extensions and discoveries					
Revisions to previous estimates					
Purchases of reserves in place					
Divestitures of reserves in place					
Production					

Balance - December 31, 2023					
Proved developed reserves:	Proved developed reserves:				
December 31, 2020		70,716	279,556	31,672	148,981
Proved developed reserves:					
Proved developed reserves:					
December 31, 2021					
December 31, 2021					
December 31, 2021	December 31, 2021	77,973	326,223	30,318	162,662
December 31, 2022	December 31, 2022	156,941	652,270	74,940	340,593
December 31, 2023					
Proved undeveloped reserves:	Proved undeveloped reserves:				
December 31, 2020		79,776	248,231	28,773	149,921
Proved undeveloped reserves:					
Proved undeveloped reserves:					
December 31, 2021					
December 31, 2021					
December 31, 2021	December 31, 2021	75,480	250,782	25,265	142,542
December 31, 2022	December 31, 2022	130,091	381,301	47,911	241,553
December 31, 2023					

(1) Calculated by converting natural gas to oil equivalent barrels at a ratio of six Mcf of natural gas to one Boe.

(2) Includes total proved reserves of 277,529 MBoe as of December 31, 2023 and 279,430 MBoe as of December 31, 2022 attributable to a consolidated subsidiary in which there was a 30% and 48%, respectively, noncontrolling interest. There was no noncontrolling interest as of December 31, 2021 and 2020.

Notable changes in proved reserves for the year ended December 31, 2023 included the following:

- **Purchases of reserves in place.** In 2023, 402.7 MMBoe of proved reserves were added primarily from properties acquired in the Earthstone Merger on November 1, 2023. Refer to Note 2—*Business Combinations* for further details on the Earthstone Merger transaction.
- **Extensions and discoveries.** In 2023, 84.4 MMBoe of proved reserves were added through extensions and discoveries and include: i) 47.9 MMBoe for new proved undeveloped (“PUD”) locations; and ii) 36.4 MMBoe for unproved locations that were successfully converted to new proved developed (“PDP”) wells during the period. These additions resulted from the Company’s 2023 drilling program, which added locations primarily in the various Bone Spring and Wolfcamp formations on the Company’s acreage in the Delaware Basin.
- **Revisions to previous estimates.** In 2023, total revisions to previous estimates reduced proved reserves 68.9 MMBoe. These downward revisions in 2023 primarily related to i) 25.4 MMBoe of reduced reserves from lower average commodity prices for the year ended 2023, ii) 22.3 MMBoe of negative revisions associated with PUD locations that were mainly reclassified to unproved reserves due to changes in the Company’s development plan, and iii) the 21.2 MMBoe of downward revisions primarily related to lowered estimates associated with timing and performance.

Notable changes in proved reserves for the year ended December 31, 2022 included the following:

- *Purchases of reserves in place.* In 2022, 272.9 MMBoe of proved reserves were added primarily from properties acquired in the Colgate Merger on September 1, 2022. Refer to Note 2—Business Combination Combinations for further details on the Colgate Merger transaction.
- *Extensions and discoveries.* In 2022, 95.3 MMBoe of proved reserves were added through extensions and discoveries and include: i) 77.8 MMBoe for new proved undeveloped (“PUD”) PUD locations; and ii) 17.5 MMBoe for unproved locations that were successfully converted to new proved developed (“PDP”) PDP wells during the period. These additions resulted from the Company’s 2022 drilling program, which added locations primarily in the various Bone Spring Sand formations on the Company’s New Mexico acreage and also on the Company’s Texas position primarily in the Wolfcamp A and B formations.
- *Revisions to previous estimates.* In 2022, total revisions to previous estimates reduced proved reserves 50.0 MMBoe. Aggregate downward revisions in 2022 were 60.2 MMBoe and primarily related to 47.8 MMBoe of negative revisions associated with PUD locations that were either reclassified to unproved reserves or removed due to changes in the Company’s development plan as a result of combining drilling programs following the Colgate Merger. The remaining 12.4 MMBoe of the downward revisions were associated with performance, timing, and operating cost revisions. These downward revisions were mostly offset by positive revisions of 10.2 MMBoe related primarily to upward pricing adjustments associated with higher average commodity prices for the year ended December 31, 2022.
- *Divestitures of reserves in place.* In 2022, 6.3 MMBoe of proved reserves in place were removed mainly from divestitures of non-operated properties.

Notable changes in proved reserves for the year ended December 31, 2021 included the following:

- *Extensions and discoveries.* In 2021, 35.0 MMBoe of proved reserves were added through extensions and discoveries and include: i) 30.0 MMBoe for new proved undeveloped (“PUD”) locations; and ii) 5.0 MMBoe for unproved locations that were successfully converted to new proved developed (“PDP”) wells during the period. These additions resulted from the Company’s 2021 drilling program, which added locations primarily in the Bone Spring Sand formations on the Company’s New Mexico acreage and also on the Company’s Texas position in the Wolfcamp C formation.
- *Revisions to previous estimates.* In 2021, total revisions to previous estimates reduced proved reserves by a net 1.9 MMBoe. Aggregate downward revisions in 2021 were 25.6 MMBoe and primarily related to 21.9 MMBoe of negative revisions associated with PUD locations that were either reclassified to unproved reserves or removed due to changes in the Company’s active development program. The remainder of the downward revisions were associated with timing, performance, and operating cost revisions. These downward revisions were mostly offset by positive revisions of 23.7 MMBoe related primarily to upward pricing adjustments associated with higher average commodity prices for the year ended December 31, 2021.
- *Divestitures of reserves in place.* In 2021, 4.5 MMBoe of reserves in place were removed following the divestiture of non-core acreage discussed further in Note 3—Property Divestiture, Acquisitions and Divestitures.

Notable changes in proved reserves for the year ended December 31, 2020 included the following:

- *Extensions and discoveries.* In 2020, 55.4 MMBoe of proved reserves were added through extensions and discoveries and include: i) 52.1 MMBoe for new PUD locations; and ii) 3.3 MMBoe for unproved locations that were successfully converted to new PDP wells during the period. These additions resulted from the Company’s 2020 drilling program, which added locations primarily in the 2nd and 3rd Bone Spring formations on the Company’s New Mexico acreage and also on the Company’s Texas position in the Wolfcamp C and 3rd Bone Spring formations.
- *Revisions to previous estimates.* In 2020, total revisions to previous estimates reduced proved reserves by a net amount of 33.0 MMBoe. Aggregate downward revisions of 133.4 MMBoe for 2020 consisted of (i) 103.7 MMBoe of downward pricing adjustments and (ii) 29.4 MMBoe of negative revisions associated with PUD locations that were either reclassified to unproved reserves or removed due to changes in the Company’s active development program. These downward revisions were partially offset by aggregate upward revisions of 100.4 MMBoe that were primarily related to reductions in the Company’s operating costs, which extended the lives and increased total reserves for PDP and PUD locations, as well as reductions in per-well capital expenditures that elevated economics for certain PUD locations.

Standardized Measure of Discounted Future Net Cash Flows

The standardized measure of discounted future net cash flows (the “Standardized Measure”) relating to proved oil and gas reserves has been prepared in accordance with FASB ASC Topic 932, *Extractive Activities - Oil and Gas* (“ASC 932”). Future cash inflows as of December 31, 2022, December 31, 2023, 2021, 2022 and 2020, 2021 have been computed by applying average fiscal year prices (calculated as the unweighted arithmetic average of the first-day-of-the-month price for each month within the 12-month periods ended December 31, 2022, December 31, 2023, 2021, 2022 and 2020, 2021, respectively) to estimated future production. Future production and development costs are computed by estimating the expenditures to be incurred in developing and producing the proved oil and gas reserves, based on year-end costs and assuming the continuation of existing economic conditions. The Standardized Measure also includes costs for future dismantlement, abandonment and rehabilitation obligations.

Future income tax expenses are calculated by applying appropriate year-end tax rates to future pretax net cash flows relating to proved oil and natural gas reserves, less the tax basis of properties involved. Future income tax expenses give effect to permanent differences, tax credits and loss carryforwards relating to the proved oil and natural gas reserves.

Future net cash flows are discounted at a rate of 10% annually to derive the Standardized Measure. This calculation does not necessarily result in an estimate of the fair value of the Company's oil and gas properties.

The following table presents the Company's Standardized Measure of discounted future net cash flows:

(in thousands)	(in thousands)	Year Ended December 31,			(in thousands)	Year Ended December 31,		
		2022	2021	2020		2023	2022	2021
Future cash inflows	Future cash inflows	\$ 36,444,649	\$ 13,224,260	\$ 6,700,654				
Future development costs	Future development costs	(3,051,047)	(984,827)	(974,163)				
Future production costs	Future production costs	(9,381,857)	(4,404,841)	(3,135,089)				
Future income tax expenses	Future income tax expenses	(4,821,696)	(1,162,657)	(25,487)				
Future net cash flows	Future net cash flows	19,190,049	6,671,935	2,565,915				
10% discount to reflect timing of cash flows	10% discount to reflect timing of cash flows	(9,764,471)	(3,275,615)	(1,381,240)				
Standardized measure of discounted future net cash flows		\$ 9,425,578	\$ 3,396,320	\$ 1,184,675				
Standardized measure of discounted future net cash flows ⁽¹⁾								

⁽¹⁾ Includes discounted future net cash flows of \$2.9 billion as of December 31, 2023 and \$4.5 billion as of December 31, 2022 attributable to a consolidated subsidiary in which there was a 30% and 48%, respectively, noncontrolling interest. There was no noncontrolling interest as of December 31, 2021.

The following summarizes the principal sources of change in the Standardized Measure of discounted future net cash flows and such changes have been computed in accordance with ASC 932:

(in thousands)	(in thousands)	Year Ended December 31,			(in thousands)	Year Ended December 31,		
		2022	2021	2020		2023	2022	2021
Standardized measure of discounted future net cash flows, beginning of period	Standardized measure of discounted future net cash flows, beginning of period	\$ 3,396,320	\$ 1,184,675	\$ 2,062,372				
Sales of oil, natural gas and NGLs, net of production costs	Sales of oil, natural gas and NGLs, net of production costs	(1,705,759)	(770,437)	(360,448)				

Purchase of minerals in place	Purchase of minerals in place	5,555,649	—	—
Divestiture of minerals in place	Divestiture of minerals in place	(103,030)	(34,334)	—
Extensions and discoveries, net of future development costs	Extensions and discoveries, net of future development costs	1,789,830	445,256	177,325
Previously estimated development costs incurred during the period	Previously estimated development costs incurred during the period	369,088	216,526	167,135
Net change in prices and production costs	Net change in prices and production costs	2,508,583	2,859,463	(1,428,068)
Change in estimated future development costs	Change in estimated future development costs	85,931	(3,747)	463,286
Revisions of previous quantity estimates	Revisions of previous quantity estimates	(1,127,536)	(29,946)	(236,917)
Accretion of discount	Accretion of discount	387,747	118,914	219,789
Net change in income taxes	Net change in income taxes	(1,807,957)	(476,681)	131,054
Net change in timing of production and other	Net change in timing of production and other	76,712	(113,369)	(10,853)
Standardized measure of discounted future net cash flows, end of period		\$ 9,425,578	\$ 3,396,320	\$ 1,184,675
Standardized measure of discounted future net cash flows, end of period ⁽¹⁾				

(1) Includes discounted future net cash flows of \$2.9 billion as of December 31, 2023 and \$4.5 billion as of December 31, 2022 attributable to a consolidated subsidiary in which there was a 30% and 48%, respectively, noncontrolling interest. There was no noncontrolling interest as of December 31, 2021.

Future net revenues included in the Standardized Measure relating to proved oil and natural gas reserves incorporate weighted average sales prices (inclusive of adjustments for transportation, quality and basis differentials) for each of the periods indicated below as follows:

Year Ended December 31,				
2022	2021	2020		
Year Ended December 31,			Year Ended December 31,	

		2023	2023	2022	2021
Oil	Oil				
(per Bbl)	(per Bbl)	\$ 91.43	\$ 61.77	\$ 35.89	
Gas	Gas				
(per Mcf)	(per Mcf)	5.01	3.23	0.97	
NGLs	NGLs				
(per Bbl)	(per Bbl)	40.90	33.89	13.00	

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Control and Procedures

In accordance with Exchange Act Rules 13a-15 and 15d-15, the Company has evaluated, under the supervision and with the participation of management, including the principal executive officers and principal financial officer, the effectiveness of the design and operation of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of **December 31, 2022** **December 31, 2023**. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in reports that the Company files under the Exchange Act is accumulated and communicated to management, including the principal executive officers and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC.

During the **third fourth** quarter of **2022, 2023**, the Company completed its **Merger merger** with **Colgate, Earthstone**. As part of the ongoing integration of the acquired business, the Company is in the process of incorporating the controls and related procedures of **Colgate, Earthstone**.

The principal executive officers and principal financial officer concluded that the Company's disclosure controls and procedures were effective as of **December 31, 2022** **December 31, 2023** at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

Other than incorporating **Colgate's Earthstone's** processes and procedures, there were no changes in the system of internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) during the quarter ended **December 31, 2022** **December 31, 2023** that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

Management, including the principal executive officers and principal financial officer, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with GAAP.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, using the criteria in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management believes that the Company's internal control over financial reporting was effective as of **December 31, 2022** **December 31, 2023**.

Management's assessment and conclusion on the effectiveness of the Company's internal control over financial reporting as of **December 31, 2022** **December 31, 2023** excludes an assessment of the internal control over financial reporting of **Colgate, Earthstone**, which was acquired in a business combination on **September 1, 2022** **November 1, 2023** (refer to Note 2—**Business Combination Combinations** in Item 8 of this Annual Report for further details on the **Earthstone** Merger). The total revenues of **Colgate Earthstone** represent approximately **26% 11%** of the related consolidated financial statement amounts for the year ended **December 31, 2022** **December 31, 2023** and the total fair value of the **Colgate Earthstone** assets acquired as of the **Earthstone** Merger closing date represent approximately **50% 39%** of the total assets of the consolidated Company as of **December 31, 2022** **December 31, 2023**.

This Annual Report includes an attestation report of KPMG LLP, the Company's independent registered public accounting firm, on the Company's internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, which is included in this Annual Report.

ITEM 9B. OTHER INFORMATION

None. Trading Plans

During the quarter ended December 31, 2023, no directors or officers, as defined in Rule 16a-1(f), adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," each as defined in Regulation S-K Item 408.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required in response to this item will be set forth in our definitive proxy statement for the 2023 2024 annual meeting of stockholders and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required in response to this item will be set forth in our definitive proxy statement for the 2023 2024 annual meeting of stockholders and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required in response to this item will be set forth in our definitive proxy statement for the 2023 2024 annual meeting of stockholders and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required in response to this item will be set forth in our definitive proxy statement for the 2023 2024 annual meeting of stockholders and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our independent registered public accounting firm is KPMG LLP, Denver, Colorado, Dallas, Texas, Auditor Firm ID: 185.

The information required in response to this item will be set forth in our definitive proxy statement for the 2023 2024 annual meeting of stockholders and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENTS SCHEDULES

	Page
(a)(1) The following financial statements are included in Item 8. Financial Statements and Supplementary Data in this Annual Report:	
Consolidated Balance Sheets as of December 31, 2022, December 31, 2023 and 2021 2022	67 70
Consolidated Statements of Operations for the years ended December 31, 2022, December 31, 2023, 2021 2022 and 2020 2021	68 71
Consolidated Statements of Cash Flows for the years ended December 31, 2022, December 31, 2023, 2021 2022 and 2020 2021	69 72
Consolidated Statements of Shareholders' Equity for the years ended December 31, 2022, December 31, 2023, 2021 2022 and 2020 2021	71 74
Notes to Consolidated Financial Statements for the years ended December 31, 2022, December 31, 2023, 2021 2022 and 2020 2021	72 76
(2) Financial statement schedules—None	
(3) Exhibits:	

Exhibit Number	Description of Exhibits
2.1	Business Combination Agreement, dated as of May 19, 2022, May 19, 2022, by and among Registrant, Centennial Resource Production, LLC, Colgate Energy Partners III, LLC, among other parties (incorporated by reference to Exhibit 2.1 to the Registrant's Company's Current Report on Form 8-K filed with the SEC on May 19, 2022).
2.2	Agreement and Plan of Merger, dated as of August 21, 2023, among Permian Resources Corporation, Smits Merger Sub I Inc., Smits Merger Sub II LLC, Permian Resources Operating, LLC, Earthstone Energy, Inc. and Earthstone Energy Holdings, LLC, (incorporated by reference to Exhibit 2.1 to the May 19, 2022), Company's Current Report on Form 8-K filed with the SEC on August 21, 2023).
3.1	Fourth Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Current Company's Current Report on Form 8-K filed with the SEC on September 8, 2022), September 8, 2022).
3.2	Second Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Registrant's Company's Current Report on Form 8-K filed with the SEC on May 1, 2019).
3.3	SeventhSixth Amended and Restated Limited Liability Company Agreement of Permian Resources Operating, LLC dated as of September 1, 2022November 1, 2023 (incorporated by reference to Exhibit 10.2 to the Registrant's Company's Current Report on Form 8-K filed with the SEC on September 8, 2022), November 3, 2023).
4.1	Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 4.2 to the Registrant's Company's Registration Statement on Form S-1 (Registration No. 333-209140) filed with the SEC on January 27, 2016).
4.2* 4.2	Description of Registrant's Company's Common Stock, Stock (incorporated by reference to Exhibit 4.2 to the Company's Annual Report on Form 10-K filed with the SEC on February 24, 2023).
4.3	Indenture (5.375% Senior Senior Notes due 2026), dated as of November 30, 2017, among Centennial Resource Production, LLC, the subsidiary guarantors named therein and UMB Bank, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Company's Current Report on Form 8-K filed with the SEC on December 5, 2017).
4.4	First Supplemental Indenture (5.375% (5.375% Senior Notes due 2026) 2026), dated as of May 22, 2020, among Centennial Resource Development, Inc., as parent guarantor, and UMB Bank, N.A., as Trustee Trustee (incorporated by reference to Exhibit 4.2 on the Registrant's Company's Current Report on Form 8-K filed with the SEC on May 22, 2020).
4.5	Second Supplemental Indenture (5.375% Senior Notes due 2026), dated as of September 1, 2022, among Permian Resources Operating, LLC, the guarantors party guarantors party thereto and UMB Bank, N.A., as Trustee (incorporated by reference to Exhibit 4.3 to the Registrant's Company's Current Report on Form 8-K filed with the SEC on September 8, 2022).
4.6	Third Supplemental Indenture (5.375% Senior Notes due 2026), dated as of September 5, 2023, among Permian Resources Operating, LLC, the guarantors party thereto and UMB Bank, N.A., as Trustee (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed with the SEC on September 5, 2023).
4.7	Fourth Supplemental Indenture (5.375% Senior Notes due 2026), dated as of November 1, 2023, among Permian Resources Operating, LLC, the guarantors party thereto and UMB Bank, N.A., as Trustee (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed with the SEC on November 3, 2023).
4.8	Indenture (6.875% Senior Notes due 2027), dated as of March 15, 2019, among Centennial Resource Production, LLC, the subsidiary guarantors named therein and UMB Bank, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Company's Current Report on Form 8-K filed with SEC on March 18, 2019).
4.7 4.9	First Supplemental Indenture (6.875% (6.875% Senior Notes due 2027) 2027), dated as of May 22, 2020, among among Centennial Resource Development, Inc., as parent guarantor, and UMB Bank, N.A., as Trustee Trustee (incorporated by reference to Exhibit 4.3 on the Registrant's Company's Current Report on Form 8-K filed with the SEC on May 22, 2020).
4.8 4.10	Second Supplemental Indenture (6.875% Senior Notes due 2027), dated as of September 1, 2022, among Permian Resources Operating, LLC, the guarantors party guarantors party thereto and UMB Bank, N.A., as Trustee (incorporated by reference to Exhibit 4.4 to the Registrant's Company's Current Report on Form 8-K filed with the SEC on September 8, 2022).
4.9 4.11	Third Supplemental Indenture (6.875% Senior Notes due 2027), dated as of September 5, 2023, among Permian Resources Operating, LLC, the guarantors party thereto and UMB Bank, N.A., as Trustee (incorporated by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed with the SEC on September 5, 2023).

4.12	Fourth Supplemental Indenture (6.875% Senior Notes due 2027), dated as of November 1, 2023, among Permian Resources Operating, LLC, the guarantors party thereto and UMB Bank, N.A., as Trustee (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed with the SEC on November 3, 2023).
4.13	Indenture (3.25% Exchangeable Notes due 2028), dated as of March 19, 2021, among Centennial Resource Production, LLC and UMB Bank, N.A., as Trustee as Trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on March 19, 2021).
4.10 4.14	First Supplemental Indenture (3.25% Exchangeable Notes due 2028)2028), dated as of March 19, 2021, among Centennial Resource Production, LLC, the guarantors party guarantors party thereto and UMB Bank, N.A., as Trustee as Trustee (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the SEC on March 19, 2021).
4.11 4.15	Second Supplemental Indenture (3.25% Exchangeable Notes due 2028), dated as of September 1, 2022, among Permian Resources Operating, LLC, the guarantors party guarantors party thereto and UMB Bank, N.A., as Trustee (incorporated by reference to Exhibit 4.5 to the Registrant's Company's Current Report on Form 8-K filed with the SEC on September 8, 2022).
4.12* 4.16	Third Supplemental Indenture (3.25% Exchangeable Senior Notes due 2028), dated as of September 5, 2023, among Permian Resources Operating, LLC, the guarantors party thereto and UMB Bank, N.A., as Trustee (incorporated by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed with the SEC on September 5, 2023).
4.17	Fourth Supplemental Indenture (3.25% Exchangeable Senior Notes due 2028), dated as of November 1, 2023, among Permian Resources Operating, LLC, the guarantors party thereto and UMB Bank, N.A., as Trustee (incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed with the SEC on November 3, 2023).
4.18	Indenture (7.75% Senior Notes due 2026), dated as of January 27, 2021, among Colgate Energy Partners III, LLC, the guarantors party guarantors party thereto and Wells Fargo Bank, National Association, as Trustee, Trustee (incorporated by reference to Exhibit 4.12 to the Company's Annual Report on Form 10-K filed with the SEC on February 24, 2023).
4.13 4.19	First Supplemental Indenture (7.75% Senior Notes due 2026), dated as of September 1, 2022, among Centennial Resource Production, LLC, Colgate Energy Partners III, LLC, the guarantors party guarantors party thereto and Computershare Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Company's Current Report on Form 8-K filed with the SEC on September 8, 2022).

4.20	

4.14* 4.21 [Third Supplemental Indenture \(7.75% Senior](#)

[Second Supplemental Indenture \(7.75% Senior Notes due 2026\), dated as of September 5, 2023, among Permian Resources Operating, LLC, the guarantors party thereto and Computershare Trust Company, N.A., as Trustee \(incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed with the SEC on September 5, 2023\).](#)

[Notes due 2026](#)), dated as of [November 1, 2023](#), among [Permian Resources Operating, LLC](#), the guarantors party thereto and [Computershare Trust Company, N.A.](#), as Trustee (incorporated by reference to [Exhibit 4.1](#) to the [Company's Current Report on Form 8-K](#) filed with the SEC on [November 3, 2023](#)).

4.22 [Indenture \(5.875% Senior Notes due 2029\)](#), dated as of [June 30, 2021](#), among [Colgate Energy Partners III, LLC](#), the guarantors party thereto and [Wells Fargo Bank, National Association](#), as [Trustee](#), Trustee (incorporated by reference to [Exhibit 4.14](#) to the [Company's Annual Report on Form 10-K](#) filed with the SEC on [February 24, 2023](#)).

4.15 4.23 [First Supplemental Indenture \(5.875% Senior Notes due 2029\)](#), dated as of [September 1, 2022](#), among [Centennial Resource Production, LLC](#), [Colgate Energy Partners III, LLC](#), the guarantors party thereto and [Computershare Trust Company, N.A.](#), as Trustee (incorporated by reference to [Exhibit 4.2](#) to the [Registrant's Company's Current Report on Form 8-K](#) filed with the SEC on [September 8, 2022](#)).

10.1 4.24 [Amended Second Supplemental Indenture \(5.875% Senior Notes due 2029\)](#), dated as of [September 5, 2023](#), among [Permian Resources Operating, LLC](#), the guarantors party thereto and [Restated Registration Rights Agreement among the Registrant and certain stockholders](#) [Computershare Trust Company, N.A.](#), as Trustee (incorporated by reference to [Exhibit 4.1](#) [4.4](#) to the [Registrant's Company's Current Report on Form 8-K](#) filed with the SEC on

[October 11,](#)

[2016](#), September 5, 2023).

[10.2](#) [4.25](#) [Registration Rights Agreement](#), Third [Supplemental Indenture](#) (5.875% Senior Notes due [2029](#)), dated as of [September 1, 2022](#), November 1, 2023, among [Permian Resources Corporation](#), [Colgate Energy Partners III MidCo](#), Operating, LLC, the guarantors party thereto and each of the parties designated by [Colgate Energy Partners III MidCo](#), LLC and listed on the signature pages thereto [Computershare Trust Company, N.A.](#), as Trustee (incorporated by reference to Exhibit [10.1](#) [4.2](#) to the Registrant's Company's Current Report on Form 8-K filed with the SEC on [September 8, 2022](#), November 3, 2023).

[10.3](#) [4.26](#) [Indenture](#) (8.00% Senior Notes due 2027), date as of [April 12, 2022](#), among [Earthstone Energy Holdings, LLC](#), the guarantors party thereto and [U.S. Bank Trust Company, National Association](#), as Trustee (incorporated by reference to Exhibit 4.1 to [Earthstone Energy Inc.'s](#) Current Report on Form 8-K filed with the SEC on [April 13, 2022](#)).

[4.27](#) [Second Supplemental Indenture](#) (8.000% Senior Notes due 2027), dated as of [November 1, 2023](#), among [Permian Resources Operating, LLC](#), the guarantors party thereto and [U.S. Bank Trust Company, National Association](#), as Trustee (incorporated by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed with the SEC on [November 3, 2023](#)).

[4.28](#) [Indenture](#) (9.875% Senior Notes due 2031), dated as of [June 30, 2023](#), among [Earthstone Energy](#),

[Holdings, LLC, the guarantors party thereto and U.S. Bank Trust Company, National Association, as Trustee \(incorporated by reference to Exhibit 4.1 to Earthstone Energy Inc.'s Current Report on Form 8-K filed with the SEC on June 30, 2023\).](#)

4.29 [Second Supplemental Indenture \(9.875% Senior Notes due 2031\), dated as of November 1, 2023, among Permian Resources Operating, LLC, the guarantors party thereto and U.S. Bank Trust Company, National Association, as Trustee \(incorporated by reference to Exhibit 4.8 to the Company's Current Report on Form 8-K filed with the SEC on November 3, 2023\).](#)

4.30 [Indenture \(7.000% Senior Notes due 2032\), dated as of September 12, 2023, among Permian Resources Operating, LLC, the guarantors party thereto and Computershare Trust Company, N.A., as trustee \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on September 12, 2023\).](#)

4.31 [First Supplemental Indenture \(7.000% Senior Notes due 2032\), dated as of November 1, 2023, by and among Permian Resources Operating, LLC, the guarantors party thereto and Computershare Trust Company, N.A., as Trustee \(incorporated reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed with the SEC on November 3, 2023\).](#)

10.1 [Form of Indemnity Agreement \(incorporated by reference to Exhibit 10.7 to the Registrant's Company's Registration Statement on Form S-1 \(Registration No. 333-209140\) filed with the SEC on January 27, 2016\).](#)

10.2

[Purchase and Sale Agreement, dated as of August 2, 2018, between Centennial Resource Production, LLC and BP Products North America Inc.](#)

10.5#	10.4#	Purchase and Sale Agreement, dated as of August 2, 2018, by and between Centennial Resource Production, LLC and BP Products North America Inc. (incorporated by reference to Exhibit 10.1 to Registrant's Company's Current Report on Form 8-K filed with the SEC on August 6, 2018).
10.5	10.3	Amendment no. 1 to Purchase and Sale Agreement, dated as of August 2, 2018, by and between Centennial Resource Production, LLC and BP Products North America Inc. (incorporated by reference to Exhibit 10.1 to Registrant's Company's Current Report on Form 8-K filed with the SEC on April 1, 2020).
10.6	10.4#	Voting and Support Agreement, dated as of May 19, 2022, among Centennial Resource Development, Inc., Riverstone VI Centennial QB Holdings, L.P., REL US Centennial Holdings, LLC, Riverstone Non-ECI USRPI AIV, L.P., Silver Run Sponsor, LLC and Colgate Energy Partners III, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on May 19, 2022).
10.7#		Centennial Resource Development, Inc. Second Amended and Restated Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 28, 2022).
10.8#		Form of Stock Option Agreement under the Centennial Resource Development, Inc. Long Term Incentive Plan (incorporated by reference to Exhibit 10.7 to the Registrant's Company's Current Report on Form 8-K filed with the SEC on October 11, 2016).
10.9#	10.5#	Form of Restricted Stock Unit Agreement under the Centennial Resource Development, Inc. Long Term Incentive Plan (incorporated by reference to Exhibit 10.8 to the Registrant's Company's Current Report on Form 8-K filed with the SEC on October 11, 2016).
10.10#	10.6#	Form of Restricted Stock Agreement under the Centennial Resource Development, Inc. Long Term Incentive Plan (incorporated by reference to Exhibit 10.9 to the Registrant's Company's Current Report on Form 8-K filed with the SEC on October 11, 2016).
10.11#	10.7#*	Form of Amended and Restated Performance Restricted Stock Unit Agreement under the Centennial Resource Development, Inc. Permian Resources Corporation 2023 Long Term Incentive Plan.
10.8#		Permian Resources Corporation Third Amended and Restated Severance Plan (incorporated by reference to Exhibit 10.3 10.6 to the Registrant's Company's Quarterly Report on Form 10-Q filed with the SEC on August 5, 2019 November 11, 2022).
10.12#*	10.9	Form of Amended and Restated Performance Restricted Stock Unit

[Agreement
under the
Centennial
Resource
Development,
Inc. Long
Term
Incentive
Plan.](#)

10.13# [Permian Resources Corporation Third Amended and Restated Severance Plan \(incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 11, 2022\).](#)

10.14* [Permian Resources Corporation Fourth Amended and Restated Non-Employee Director Compensation Program, Program \(incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K filed with the SEC on February 24, 2023\).](#)

10.15#10.10# [Centennial Resource Development, Inc. Employee Stock Purchase Plan \(incorporated by reference to Exhibit 10.1 to the Registrant's Company's Quarterly Report on Form 10-Q filed with the SEC on May 6, 2019\).](#)

10.16 10.11 [Base Capped Call Transaction, dated as of March 16, 2021, between Centennial Resource Production, LLC, Centennial Resource Development, Inc. and JPMorgan Chase Bank, National Association \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 19, 2021\).](#)

10.17 10.12 [Base Capped Call Transaction, dated as of March 16, 2021, between Centennial Resource Production, LLC, Centennial Resource Development, Inc. and Mizuho Markets Americas LLC \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on March 19, 2021\).](#)

10.18 10.13 [Base Capped Call Transaction, dated as of March 16, 2021, between Centennial Resource Production, LLC, Centennial Resource Development, Inc. and Royal Bank of Canada \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on March 19, 2021\).](#)

10.19#10.14# [Form of Performance Restricted Stock Unit Agreement under the Centennial Resource Development, Inc. 2016 Long Term Incentive Plan \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 4, 2021\).](#)

10.20#10.15# [Form of Performance Restricted Stock Unit Agreement under the Centennial Resource Development, Inc. 2016 Long Term Incentive Plan \(incorporated by reference to Exhibit 10.2 to the Registrant's Company's Quarterly Report on Form 10-Q filed with the SEC on May 5, 2022\).](#)

10.21#*10.16# [Form of Performance Restricted Stock Unit Agreement under the Permian Resources Corporation 2016 Long Term Incentive Plan, Plan \(incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K filed with the SEC on February 24, 2023\).](#)

10.22 10.17 [Third Amended and Restated Credit Agreement, dated as of February 18, 2022, among Centennial Resource Production, LLC, Centennial Resource Development, Development, Inc., JPMorgan Chase Bank, N.A. and the lenders party thereto \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 23, 2022\).](#)

10.23 10.18 [Limited Consent and Waiver and First Amendment to Third Amended and Restated Credit Agreement \(incorporated by reference to Exhibit 10.1 to the Registrant's Company's Current Report on Form 8-K filed with the SEC on July 21, 2022\).](#)

10.19 [Third Amendment to Third Amended and Restated Credit Agreement, dated as of April 24, 2023 \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 28, 2023\).](#)

10.20 [Fourth Amendment to Third Amended and Restated Credit Agreement, dated as of September 1, 2023 \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on September 5, 2023\).](#)

10.21 [Fifth Amendment to Third Amended and Restated Credit Agreement, dated as of September 1, 2023 \(incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the SEC on September 5, 2023\).](#)

10.22* [Sixth Amendment to Third Amended and Restated Credit Agreement, dated as of December 20, 2023.](#)

10.23#* [Permian Resources Corporation 2023 Long Term Incentive Plan.](#)

10.24 [Voting and Support Agreement, dated August 21, 2023, by and among Permian Resources Corporation, Earthstone Energy, Inc., William M. Hickey, III and James Walter \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 21, 2023\).](#)

10.25 [Voting and Support Agreement, dated August 21, 2023, by and among Permian Resources Corporation, Earthstone Energy, Inc., NGP XI US Holdings, L.P., NGP Pearl Holdings, LLC and Luxe Energy, LLC \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on August 21, 2023\).](#)

- 10.26 [Voting and Support Agreement, dated August 21, 2023, by and among Permian Resources Corporation, Earthstone Energy, Inc. and Pearl Energy Investments, L.P., Pearl Energy Investments II, L.P. and Pearl CIII Holdings, L.P. \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on August 21, 2023\).](#)
- 10.27 [Voting and Support Agreement, dated August 21, 2023, by and among Permian Resources Corporation, Earthstone Energy, Inc. and Riverstone VI Centennial QB Holdings, L.P., REL US Centennial Holdings, LLC, Riverstone Non-ECI USRPI AIV, L.P. and Silver Run Sponsor, LLC. \(incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on August 21, 2023\).](#)
- 10.28 [Voting and Support Agreement, dated August 21, 2023, by and among Earthstone Energy, Inc., Permian Resources Corporation, EnCap Energy Capital Fund VII, L.P., Bold Energy Holdings, LLC and EnCap Energy Capital Fund XI, L.P. \(incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the SEC on August 21, 2023\).](#)
- 10.29 [Voting and Support Agreement, dated August 21, 2023, by and among Earthstone Energy, Inc., Permian Resources Corporation, Cypress Investments, LLC and Broken Oak Investments, LLC. \(incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed with the SEC on August 21, 2023\).](#)
- 10.30 [Registration Rights Agreement, dated August 21, 2023, by and among Permian Resources Corporation and the parties from time to time listed on the signature pages thereto \(incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed with the SEC on August 21, 2023\).](#)
- 21.1* [Subsidiaries of the Registrant](#)
- 23.1* [Consent of KPMG LLP.](#)
- 23.2* [Consent of Netherland, Sewell & Associates, Inc.](#)
- 31.1* [Certification of the Co-Chief Executive Officer required by Rule 13a-14\(a\) or Rule 15d-14\(a\).](#)
- 31.2* [Certification of the Co-Chief Executive Officer required by Rule 13a-14\(a\) or Rule 15d-14\(a\).](#)
- 31.3* [Certification of the Chief Financial Officer required by Rule 13a-14\(a\) or Rule 15d-14\(a\).](#)
- 32.1* [Certification of the Co-Chief Executive Officers required by Rule 13a-14\(b\) or Rule 15d-14\(b\) and 18 U.S.C. 1350.](#)
- 32.2* [Certification of the Chief Financial Officer required by Rule 13a-14\(b\) or Rule 15d-14\(b\) and 18 U.S.C. 1350.](#)
- 99.1 [Netherland, Sewell & Associates, Inc., Summary of Reserves at December 31, 2020 \(incorporated by reference to Exhibit 99.3 to the Registrant's Annual Report on Form 10-K filed with the SEC on February 24, 2021\).](#)
- 99.2 [Netherland, Sewell & Associates, Inc., Summary of Reserves at December 31, 2021 \(incorporated by reference to Exhibit 99.3 to the Registrant's Company's Annual Report on Form 10-K filed with the SEC on February 24, 2022\).](#)
- 99.3* 99.2 [Netherland, Sewell & Associates, Inc., Summary of Reserves at December 31, 2022 \(incorporated by reference to Exhibit 99.3 to the Company's Annual Report on Form 10-K filed with the SEC on February 24, 2023\).](#)
- 99.3* [Netherland, Sewell & Associates, Inc., Summary of Reserves at December 31, 2023](#)
- 99.4* [Unaudited pro forma condensed combined financial statements of Permian Resources Corporation.](#)
- 101.INS* [Inline XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.](#)
- 101.SCH* [Inline XBRL Taxonomy Extension Schema Document.](#)
- 101.CAL* [Inline XBRL Taxonomy Extension Calculation Linkbase Document.](#)
- 101.DEF* [Inline XBRL Taxonomy Extension Definition Linkbase Document.](#)
- 101.LAB* [Inline XBRL Taxonomy Extension Label Linkbase Document.](#)
- 101.PRE* [Inline XBRL Taxonomy Extension Presentation Linkbase Document.](#)

* Filed herewith.

Management contract or compensatory plan or agreement.

ITEM 16. FORM 10-K SUMMARY

None.

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 thereto duly authorized.

PERMIAN RESOURCES CORPORATION

By: /s/ GEORGE S. GLYPHIS GUY M. OLIPHINT

George S. Glyphis

Guy M. Oliphint

Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1934, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ WILLIAM M. HICKEY, III</u> William M. Hickey, III	Co-Chief Executive Officer and Director (Principal Executive Officer)	February 24, 2023 29, 202
<u>/s/ JAMES H. WALTER</u> James H. Walter	Co-Chief Executive Officer and Director (Principal Executive Officer)	February 24, 2023 29, 202
<u>/s/ GEORGE S. GLYPHIS GUY M. OLIPHINT</u> George S. Glyphis Guy M. Oliphint	Executive Vice President and Chief Financial Officer	February 24, 2023 29, 202
<u>/s/ BRENT P. JENSEN</u> Brent P. Jensen	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 24, 2023 29, 202
<u>/s/ STEVEN D. GRAY</u> Steven D. Gray	Chairman	February 24, 2023 29, 202
<u>/s/ ROBERT J. ANDERSON</u> Robert J. Anderson	Director	February 29, 2024
<u>/s/ MAIRE A. BALDWIN</u> Maire A. Baldwin	Director	February 24, 2023 29, 202
<u>/s/ FROST W. COCHRAN</u> Frost W. Cochran	Director	February 29, 2024
<u>/s/ MATTHEW G. HYDE KARAN E. EVES</u> Matthew G. Hyde Karan E. Eves	Director	February 24, 2023 29, 202
<u>/s/ ARON MARQUEZ</u> Aron Marquez	Director	February 29, 2024
<u>/s/ WILLIAM J. QUINN</u> William J. Quinn	Director	February 24, 2023 29, 202
<u>/s/ ARON MARQUEZ</u> Aron Marquez	Director	February 24, 2023
<u>/s/ KARAN E. EVES</u> Karan E. Eves	Director	February 24, 2023
<u>/s/ JEFFREY H. TEPPER</u> Jeffrey H. Tepper	Director	February 24, 2023 29, 202
<u>/s/ ROBERT M. TICHIO</u> Robert M. Tichio	Director	February 24, 2023 29, 202

**DESCRIPTION OF THE REGISTRANT'S COMMON STOCK
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

The following description of our Common Stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Fourth Amended and Restated Certificate of Incorporation (the "**Certificate of Incorporation**") and our Second Amended and Restated Bylaws (the "**Bylaws**"), each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit [4.1] is a part. We encourage you to read our Certificate of Incorporation and our Bylaws for additional information.

Authorized Capital Shares

Our authorized capital consists of 1,000,000,000 shares of Class A common stock with a par value of \$0.0001 ("**Class A Common Stock**"), 500,000,000 shares of Class C common stock with a par value of \$0.0001 per share ("**Class C Common Stock**" and, together with the Class A Common Stock, the "**Common Stock**") and 1,000,000 shares of preferred stock with a par value of \$0.0001 per share ("**Preferred Stock**"). The outstanding shares of our Class A Common Stock are fully paid and nonassessable.

Voting Rights

Subject to the rights of holders of outstanding shares of Preferred Stock, the holders of Common Stock are entitled to one vote per share on all matters voted on by the stockholders, including the election of directors. Holders of our Common Stock will vote together as a single class on all matters submitted to a vote of the stockholders, except as required by law. Our Common Stock does not have cumulative voting rights.

Dividend Rights

Subject to the rights of holders of outstanding shares of Preferred Stock, if any, the holders of Class A Common Stock are entitled to receive ratable dividends, if any, as may be declared from time to time by the Board of Directors in its discretion out of funds legally available for the payment of dividends.

Liquidation Rights

Subject to any preferential rights of outstanding shares of Preferred Stock, holders of the Class A Common Stock will share ratably in all assets legally available for distribution to our stockholders in the event of dissolution.

Other Rights and Preferences

Our Class A Common Stock has no sinking fund or redemption provisions or preemptive, conversion or exchange rights. Holders of Class A Common Stock may not act by written consent; *provided, however*, that prior to the first date on which investment funds affiliated with Riverstone Energy Investments, Pearl Energy Investments and NGP Energy Capital and their respective successors and affiliates cease to collectively have beneficial ownership (directly or indirectly) of more than 50% of our outstanding shares of Common Stock, any action required or permitted to be taken by holders of our Common Stock that is approved in advance by our Board of Directors may be effected through a written consent that is signed by the holders of the outstanding shares of Common Stock having at least the minimum number of votes required to take such action.

Listing

The Class A Common Stock is traded on the New York Stock Exchange under the trading symbol "PR."

Exclusive Forum

Our Certificate of Incorporation provides that, unless we consent in writing to the selection of an alternative forum, the (i) Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (A) any derivative action or proceeding brought on our behalf, (B) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or

our stockholders, (C) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law (the "**DGCL**"), our Certificate of Incorporation or our Bylaws or (D) any action asserting a claim against us that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein; and (ii) subject to the foregoing, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended, including all causes of action asserted against

any defendant to such complaint. In the event the Delaware Court of Chancery lacks subject matter jurisdiction, then the sole and exclusive forum for such action or proceeding shall be the federal district court for the District of Delaware.

Anti-Takeover Provisions

Certificate of Incorporation and Bylaws

Certain provisions in our Certificate of Incorporation and Bylaws, described below, may be deemed to have an anti-takeover effect and may delay, deter, or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests.

- **Preferred Stock:** We are permitted to issue, without any further vote or action by our stockholders, shares of Preferred Stock in one or more series and, with respect to each such series, to fix the number of shares constituting the series and the designation of the series, the voting powers (if any) of the shares of the series, and the preferences and relative, participating, optional and other special rights, if any, and any qualification, limitations or restrictions of the shares of such series.
- **Classified Board:** Our Board of Directors is classified into three classes: Class I, Class II and Class III, with each class serving staggered three-year terms in office. The likely effect of the classification of the Board of Directors is an increase in the time required for the stockholders to change the composition of the Board of Directors.
- **Advance Notice Requirements for Stockholder Proposals and Director Nominations.** Our Bylaws provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders and specify certain requirements regarding the form and content of a stockholder's notice. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed.
- **Special Meetings:** Special meetings of our stockholders may only be called by a majority vote of our Board of Directors, by our Chief Executive Officer or by the Chairman of our Board of Directors.

Delaware Anti-Takeover Statute

We are a Delaware corporation and are subject to Section 203 of the DGCL ("**Section 203**"). In general, Section 203 prevents us from engaging in any business combination with an "interested stockholder" (generally, a person owning 15% or more of our outstanding voting stock and any entity or person affiliated with or controlling or controlled by such entity or person) for a period of three years following the time that person becomes an interested stockholder unless:

- before that person became an interested stockholder, our Board of Directors approved either the business combination or the transaction that resulted in such person becoming an interested stockholder;
- upon completion of the transaction that resulted in that person becoming an interested stockholder, that person owned at least 85% of our voting stock outstanding at the time the transaction commenced (excluding stock owned by persons who are directors and are also officers, and by employee stock plans that do not provide employees with the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer); or

-
- at or subsequent to such time, the business combination is approved by our Board of Directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Under Section 203, a "business combination" includes:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder, subject to limited exceptions;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or

- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

The provisions of Section 203 do not apply to a corporation if, subject to certain requirements, the certificate of incorporation or bylaws of the corporation contain a provision expressly electing not to be governed by the provisions of Section 203. Because our Certificate of Incorporation and Bylaws do not include any provision to “opt-out” of Section 203, the statute will apply to business combinations involving us.

EXHIBIT 4.12

COLGATE ENERGY PARTNERS III, LLC
AND EACH OF THE GUARANTORS PARTY HERETO
7.75% SENIOR NOTES DUE 2026
INDENTURE
Dated as of January 27, 2021
WELLS FARGO BANK, NATIONAL ASSOCIATION
Trustee

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EXHIBITS

Exhibit A FORM OF NOTE
Exhibit B FORM OF CERTIFICATE OF TRANSFER
Exhibit C FORM OF CERTIFICATE OF EXCHANGE
Exhibit D FORM OF SUPPLEMENTAL INDENTURE

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INDENTURE dated as of January 27, 2021, among Colgate Energy Partners III, LLC, a Delaware limited liability company (together with its successors as provided herein, the “Company”), the Guarantors party hereto from time to time (as defined herein) and Wells Fargo Bank, National Association, a national banking association, as Trustee.

The Company, the Guarantors and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders (as defined herein) of the 7.75% Senior Notes due 2026 (the “Notes”):

ARTICLE 1

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 Definitions.

“144A Global Note” means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes initially sold in reliance on Rule 144A.

“Acquired Debt” means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“Additional Notes” means additional Notes (other than the Initial Notes) issued under this Indenture in accordance with Sections 2.02 and 4.09 hereof, as part of the same series as the Initial Notes.

“Adjusted Consolidated Net Tangible Assets” means (without duplication), as of the date of determination, the remainder of:

(a) the sum of:

(i) estimated discounted future net revenues from proved oil, natural gas liquids and natural gas reserves of the Company and its Restricted Subsidiaries calculated in accordance with SEC guidelines before any provincial, territorial, state, federal or foreign income taxes, as estimated by the Company in a reserve report prepared as of the end of the Company's most recently completed fiscal year for which a reserve report is available, or at the Company's option, the Company's most recently completed fiscal quarter for which a reserve report is available, in

each case, which reserve report is prepared or audited by independent petroleum engineers, as increased by, as of the date of determination, the estimated discounted future net revenues from

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(A) estimated proved oil, natural gas liquids and natural gas reserves acquired since such year-end or quarter-end, which reserves were not reflected in such year-end or quarter-end reserve report, and

(B) estimated oil, natural gas liquids and natural gas reserves attributable to upward revisions of estimates of proved oil, natural gas liquids and natural gas reserves (including the impact to discounted future net revenues related to development costs previously estimated in the last year-end or quarter-end reserve report, but only to the extent such costs were actually incurred since the date of the last year-end or quarter-end reserve report) since such year-end or quarter-end due to exploration, development, exploitation or other activities, increased by the accretion of discount from the date of the last year-end or quarter-end reserve report to the date of determination;

and decreased by, as of the date of determination, the estimated discounted future net revenues from:

(C) estimated proved oil, natural gas liquids and natural gas reserves included in the last year-end or quarter-end reserve report that shall have been produced or disposed of since such year-end or quarter-end, and

(D) estimated oil, natural gas liquids and natural gas reserves included therein that are subsequently removed from the proved oil, natural gas liquids and natural gas reserves of the Company and its Restricted Subsidiaries as so calculated due to downward revisions of estimates of proved oil, natural gas liquids and natural gas reserves since such year-end or quarter-end due to changes in geological conditions or other factors which would, in accordance with standard industry practice, cause such revisions, *provided*, that (x) in the case of such year-end or quarter-end reserve report and any adjustments since such year-end or quarter-end pursuant to clauses (A), (B) and (D), the estimated discounted future net revenues from proved oil, natural gas liquids and natural gas reserves shall be determined in their entirety using oil, natural gas liquids and natural gas and other hydrocarbon prices and costs that are either (1) calculated in accordance with SEC guidelines and, with respect to such adjustments under clauses (A), (B) or (D), calculated with such prices and costs as if the end of the most recent fiscal quarter preceding the date of determination for which such information is available to the Company were year-end or quarter-end or (2) if the Company so elects at any time, calculated in accordance with the foregoing clause (1), except that when pricing of future net revenues of proved oil, natural gas liquids and natural gas reserves under SEC guidelines is not based on a contract price and is instead based upon benchmark, market or posted pricing, the pricing for each month of estimated future production from such proved oil, natural gas liquid and natural gas reserves not subject to contract pricing shall be based upon NYMEX (or successor) published forward prices for the most comparable hydrocarbon commodity applicable to such production month (adjusted for energy content, quality and basis differentials and giving application to the last sentence of such definition hereto), as such forward prices are published as of the year-end or quarter-end date of such reserve report or, with respect to post-year end or

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quarter-end adjustments under clauses (A), (B) or (D), the last day of the most recent fiscal quarter preceding the date of determination, (y) the pricing of estimated proved reserves that have been produced or disposed since year-end or quarter-end as set forth in clause (D) shall be based upon the applicable pricing elected for the prior year-end or quarter-end reserve report as provided in clause (x), and (z) in each case as estimated by the Company's petroleum engineers or any independent petroleum engineers engaged by the Company for that purpose;

(ii) the capitalized costs that are attributable to Oil and Gas Properties of the Company and its Restricted Subsidiaries to which no proved oil, natural gas liquids and natural gas reserves are attributable, based on the Company's books and records as of a date no earlier than the date of the Company's latest annual or quarterly consolidated financial statements;

(iii) the Consolidated Net Working Capital on a date no earlier than the date of the Company's latest annual or quarterly consolidated financial statements;

(iv) assets related to commodity risk management activities less liabilities related to commodity risk management activities, in each case to the extent that such assets and liabilities arise in the ordinary course of the Oil and Gas Business; and

(v) the greater of (A) the net book value of other tangible assets (including, without limitation, investments in unconsolidated Restricted Subsidiaries and mineral rights held under lease or other contractual arrangement) of the Company and its Restricted Subsidiaries, as of a date no earlier than the date of the Company's latest annual or quarterly consolidated financial statements, and (B) the Fair Market Value, as estimated in good faith by the Company, of other tangible assets (including, without limitation, investments in unconsolidated Restricted Subsidiaries and mineral rights held under lease or other contractual arrangement) of the Company and its Restricted Subsidiaries, as of a date no earlier than the date of the Company's latest audited consolidated financial statements (it being understood that the Company shall not be required to obtain any appraisal of any assets);

minus, to the extent not otherwise taken into account in the foregoing clause (a);

(b) the sum of:

(i) any amount included in (a)(i) through (a)(v) above that is attributable to minority interests;

(ii) any net natural gas balancing liabilities of the Company and its Restricted Subsidiaries reflected in the Company's latest audited consolidated financial statements;

(iii) to the extent included in (a)(i) above, the estimated discounted future net revenues, calculated in accordance with SEC guidelines (utilizing the prices and costs as provided in (a)(i)), attributable to reserves which are required to be delivered to third parties to fully satisfy the obligations of the Company and its Restricted Subsidiaries with respect to

Volumetric Production Payments (determined, if applicable, using the schedules specified with respect thereto); and

(iv) to the extent included in (a)(i) above, the estimated discounted future net revenues, calculated in accordance with SEC guidelines (utilizing prices and costs as provided in (a)(i)), attributable to reserves subject to Dollar-Denominated Production Payments which, based on the estimates of production and price assumptions included in determining the estimated discounted future net revenues specified in (a)(i) above, would

be necessary to fully satisfy the payment obligations of the Company and its Restricted Subsidiaries with respect to Dollar-Denominated Production Payments (determined, if applicable, using the schedules specified with respect thereto).

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings; *provided* that no Sponsor pursuant to clauses (1) and (2) of the definition thereof shall be deemed to be an Affiliate of any other such Sponsor or its Related Parties or respective Affiliates.

"Agent" means any Registrar or Paying Agent.

"Applicable Premium" means, with respect to any Note on any redemption date, the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Note at February 15, 2024 (such redemption price being set forth in the table appearing in Section 3.07 hereof) *plus* (ii) all required interest payments due on the Note through February 15, 2024 (in each case excluding accrued but unpaid interest to, but excluding, the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date *plus* 50 basis points discounted to the redemption date on a semi-annual basis (assuming a 360 day year consisting of twelve 30 day months), *over*

(b) the principal amount of the Note.

"Applicable Procedures" means, with respect to any transfer, exchange, payment, redemption, offer, communications delivered or other activity of the Depositary, Euroclear and Clearstream on behalf of or for beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear and Clearstream that apply to such transfer, exchange, payment, redemption, offer, communications delivered or other activity.

"Asset Sale" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights by the Company or any of the Company's Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the properties or assets

of the Company and its Subsidiaries taken as a whole will be governed by Section 4.15 and/or by Section 5.01 and not by the provisions of Section 4.10; and

(2) the issuance of Equity Interests by any of the Company's Restricted Subsidiaries or the sale by the Company or any of the Company's Restricted Subsidiaries of Equity Interests in any of the Company's Subsidiaries (other than, in each case, Preferred Stock or Disqualified Stock of Restricted Subsidiaries issued in compliance with Section 4.09).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

- (1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than \$25.0 million;
- (2) a transfer of assets between or among the Company and its Restricted Subsidiaries;
- (3) an issuance or sale of Equity Interests by a Restricted Subsidiary of the Company to the Company or to a Restricted Subsidiary of the Company;

(4) the sale, lease or other transfer of products, services, accounts receivable or other assets in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets in the ordinary course of business (including the abandonment or other disposition of intellectual property that is, in the reasonable judgment of the Company, no longer economically practicable to maintain or useful in the conduct of the business of the Company and its Restricted Subsidiaries taken as whole);

(5) licenses and sublicenses by the Company or any of its Restricted Subsidiaries of software or intellectual property, including seismic data and interpretations thereof, in the ordinary course of business;

(6) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(7) the granting of Liens not prohibited by Section 4.12 and dispositions in connection with Permitted Liens;

(8) the sale or other disposition of cash, Cash Equivalents or other financial instruments;

(9) a Restricted Payment (or payment or transfer that would be a Restricted Payment but for an exception to the definition thereof) that does not violate Section 4.07 or a Permitted Investment;

(10) sale or other disposition of Hydrocarbons or other mineral products in the ordinary course of business;

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(11) an Asset Swap;

(12) dispositions of crude oil and natural gas properties, *provided* that at the time of any such disposition such properties do not have associated with them any proved reserves;

(13) any Production Payments and Reserve Sales; *provided* that any such Production Payments and Reserve Sales, other than incentive compensation programs on terms that are reasonably customary in the Oil and Gas Business for geologists, geophysicists and other providers of technical services to the Company or a Restricted Subsidiary, shall have been created, incurred, issued, assumed or Guaranteed in connection with the financing of, and within 60 days after the acquisition of, the property that is subject thereto;

(14) the abandonment, farmout (or comparable transaction), lease or sublease of developed or undeveloped Oil and Gas Properties in the ordinary course of business or which are usual and customary in the Oil and Gas Business generally or in the geographic region in which such activities occur, including pursuant to any agreement or arrangement described in the definition of "Permitted Business Investments";

(15) any sale or other disposition of Equity Interests in or Indebtedness of an Unrestricted Subsidiary; and

(16) the early termination or unwinding of any Hedging Obligations.

"Asset Swap" means any substantially contemporaneous (and in any event occurring within 180 days of each other) purchase and sale or exchange of any assets or properties used or useful in the Oil and Gas Business between the Company or any of its Restricted Subsidiaries and one or more other Persons; *provided*, that the Fair Market Value of the properties or assets traded or exchanged by the Company or such Restricted Subsidiary (together with any cash) is reasonably equivalent to the Fair Market Value of the properties or assets (together with any cash) to be received by the Company or such Restricted Subsidiary, and *provided further* that any net cash received must be applied in accordance with Section 4.10 if then in effect.

"Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

“Beneficial Owner” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms “Beneficially Owns” and “Beneficially Owned” have corresponding meanings. For purposes of this definition, a Person shall be deemed not to Beneficially Own securities that are the subject of a stock purchase agreement, merger agreement, amalgamation agreement, arrangement agreement or similar agreement until consummation of the transactions or, as applicable, series of related transactions contemplated thereby.

“Board of Directors” means:

- (1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;
- (2) with respect to a partnership, the Board of Directors of the general partner of the partnership;
- (3) with respect to a limited liability company, the board of managers thereof, or if there is no such board, the managing member or members or any controlling committee of managing members thereof; and
- (4) with respect to any other Person, the board or committee of such Person serving a similar function.

For the avoidance of doubt, the Board of Directors of the Company shall initially be the board of managers of CEP III Holdings, LLC, its sole member.

“Borrowing Base” means, with respect to borrowings under the Credit Agreement and any amendment to and/or modification or replacement of the foregoing in the form of a reserve-based borrowing base credit facility, in each case with lenders that include commercial banks, the maximum amount determined or redetermined by the lenders thereunder as the aggregate lending value to be ascribed to the Oil and Gas Properties and other assets of the Company and its Restricted Subsidiaries against which such lenders are prepared to provide loans, letters of credit or other indebtedness to the credit parties, using customary practices and standards for determining reserve-based borrowing base loans and which are generally applied to borrowers in the Oil and Gas Business by commercial lenders, as determined annually and/or on such other occasions as may be required or provided for therein.

“Business Day” means each day that is not a Saturday, Sunday or other day on which banking institutions in Midland, Texas, New York, New York or another place of payment are authorized or required by law to close.

“Capital Stock” means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Capitalized Software Expenditures*" means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by a Person and its Restricted Subsidiaries during such period in respect of licensed or purchased software or internally developed software and software enhancements that, in conformity with GAAP, are or are required to be reflected as capitalized costs on the consolidated balance sheet of such Person and such Restricted Subsidiaries.

"*Cash Equivalents*" means:

- (1) United States dollars;
- (2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (*provided* that the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than one year from the date of acquisition;
- (3) certificates of deposit and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case, with any lender party to the Credit Agreement or with any domestic commercial bank or any branch or agency of a non-U.S. bank licensed to conduct business in the United States, in each case having combined capital and surplus of at least \$250.0 million and a Thomson BankWatch rating of "B" or better;
- (4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;
- (5) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within one year after the date of acquisition; and
- (6) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition.

"*Change of Control*" means the occurrence of any of the following:

- (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole to any Person other than a Restricted Subsidiary or one or more Permitted Holders (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act)), which occurrence is followed by a Rating Decline within 60 days thereafter;

(2) the adoption of a plan relating to the liquidation or dissolution of the Company; or

(3) the consummation of any transaction (including any merger or consolidation), the result of which is that any Person (including any “person” (as defined above)), excluding the Permitted Holders, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares, units or the like, which occurrence is followed by a Rating Decline within 60 days thereafter.

Notwithstanding the preceding, (i)(a) a conversion of the Company or any of its Restricted Subsidiaries from a limited partnership, corporation, limited liability company or other form of entity to a limited liability company, corporation, limited partnership or other form of entity or (b) an exchange of all of the outstanding Equity Interests in one form of entity for Equity Interests in another form of entity shall not constitute a Change of Control, so long as immediately following such conversion or exchange the “persons” (as that term is used in Section 13(d)(3) of the Exchange Act) who Beneficially Owned the Capital Stock of the Company immediately prior to such transactions continue to Beneficially Own in the aggregate more than 50% of the Voting Stock of such entity, or continue to Beneficially Own sufficient Equity Interests in such entity to elect a majority of its directors, managers, trustees or other persons serving in a similar capacity for such entity or its general partner, as applicable, and, in either case no “person” (other than the Permitted Holders) Beneficially Owns more than 50% of the Voting Stock of such entity or its general partner, as applicable and (ii) a Change of Control shall not occur as a result of the IPOCo Transactions, the Qualified IPO, and the transactions relating thereto, including, without limitation, (x) the contribution of the Company to IPOCo and (y) any transaction in which the Company remains a Subsidiary of IPOCo but one or more intermediate holding companies between the Company and IPOCo are added, liquidated, merged or consolidated out of existence.

“Clearstream” means Clearstream Banking S.A.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commission” or “SEC” means the Securities and Exchange Commission.

“Company” means Colgate Energy Partners III, LLC, and any and all successors thereto.

“Consolidated Depreciation, Depletion and Amortization Expense” means, with respect to any Person for any period, the total amount of depreciation, depletion and amortization expense, including the amortization of intangible assets, deferred financing fees and Capitalized Software Expenditures and amortization of unrecognized prior service costs and actuarial gains and losses related to pensions and other post-employment benefits, of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP.

“Consolidated Interest Expense” means, with respect to any Person for any period, the sum, without duplication, of:

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(1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted in computing Consolidated Net Income (including amortization of original issue discount, the interest component of Finance Lease Obligations, and net payments and receipts (if any) pursuant to interest rate Hedging Obligations and excluding amortization of deferred financing fees, any interest attributable to Dollar-Denominated Production Payments, debt issuance costs, commissions, fees and expenses, expensing of any bridge, commitment or other financing fees and non-cash interest expense attributable to movement in mark to market valuation of Hedging Obligations or other derivatives (in each case permitted hereunder) under GAAP); plus

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued; minus

(3) interest income for such period.

For purposes of this definition, interest on a Finance Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by the Company to be the rate of interest implicit in such Finance Lease Obligation in accordance with GAAP.

"Consolidated Leverage Ratio" means, as of any date of determination, the ratio of (1) Consolidated Leverage Ratio Indebtedness of any specified Person and its Restricted Subsidiaries as of such date of determination to (2) the EBITDA of such Person and its Restricted Subsidiaries for the most recent four consecutive fiscal quarters ending prior to the date of determination for which quarterly financial statements in respect thereof are available. For purposes of this definition, Consolidated Leverage Ratio Indebtedness and EBITDA shall be determined on a pro forma basis to the same extent as set forth in the definition of "Fixed Charge Coverage Ratio."

"Consolidated Leverage Ratio Indebtedness" means, with respect to any specified Person, the aggregate principal amount of Indebtedness for borrowed money and Finance Lease Obligations.

"Consolidated Net Income" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis; *provided*, however, that:

(1) any net after-tax, non-cash extraordinary, nonrecurring or unusual gains or losses (less all fees and expenses relating thereto) or expenses or charges shall be excluded;

(2) effects of purchase accounting adjustments (including the effects of such adjustments pushed down to such Person and such Subsidiaries) in amounts required or permitted by GAAP, resulting from the application of purchase accounting or the amortization or write-off of any amounts thereof, net of taxes, shall be excluded;

(3) the Net Income for such period shall not include the cumulative effect of a change in accounting principles during such period;

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(4) any net after-tax gains or losses realized in connection with disposed, abandoned, transferred, closed or discontinued operations or fixed assets and any net after-tax gains or losses realized in connection with the disposal of disposed, abandoned, transferred, closed or discontinued operations or fixed assets shall be excluded;

(5) any net after-tax gains or losses (less all fees and expenses or charges relating thereto) attributable to business dispositions or asset dispositions other than in the ordinary course of business (as determined in good faith by management of the Company) shall be excluded;

(6) any net after-tax gains or losses (less all fees and expenses or charges relating thereto) attributable to the early extinguishment of indebtedness shall be excluded;

(7) the Net Income for such period of any Person that is not a Subsidiary of such Person, or is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, shall be included only to the extent of the amount of dividends or distributions or other payments paid in cash (or to the extent converted into cash) to the referent Person or a Restricted Subsidiary thereof in respect of such period;

(8) solely for the purpose of determining the amount available for Restricted Payments under clause (i) of the definition of "Cumulative Credit," the Net Income for such period of any Restricted Subsidiary (other than any Guarantor) shall be excluded to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of its Net Income is not at the date of determination permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless such restrictions with respect to the payment of dividends or similar distributions have been legally waived; *provided* that the Consolidated Net Income of

such Person shall be increased by the amount of dividends or other distributions or other payments actually paid in cash (or converted into cash) by any such Restricted Subsidiary to such Person, to the extent not already included therein;

(9) an amount equal to the amount of Permitted Tax Distributions actually made to any parent or equity holder of such Person in respect of such period in accordance with clause (10) of Section 4.07(b) shall be included as though such amounts had been paid as income taxes directly by such Person for such period;

(10) any impairment charges or asset write-offs, in each case pursuant to GAAP, the amortization of intangibles arising pursuant to GAAP, and any impairment charges, asset write-offs or write-down, including ceiling test write downs, on Oil and Gas Properties under GAAP or SEC guidelines shall be excluded;

(11) any non-cash expense realized or resulting from stock option plans, employee benefit plans or post-employment benefit plans, or grants or sales of stock, stock appreciation or similar rights, stock options, restricted stock, preferred stock or other rights shall be excluded;

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(12) any non-cash (a) compensation charges, (b) charges after the Issue Date related to employment of terminated employees, or (c) charges realized in connection with or resulting from stock appreciation or similar rights, stock options or other rights existing on the Issue Date of officers, directors, managers and employees, in each case of such Person or any Restricted Subsidiary, shall be excluded;

(13) accruals and reserves that are established or adjusted within 12 months after the Issue Date and that are so required to be established or adjusted in accordance with GAAP or as a result of adoption or modification of accounting policies shall be excluded;

(14) (a) the Net Income of any Person and its Restricted Subsidiaries shall be calculated without deducting the income attributable to, or adding the losses attributable to, the minority equity interests of third parties in any non-Wholly Owned Restricted Subsidiary except to the extent of dividends declared or paid in respect of such period or any prior period on the shares of Capital Stock of such Restricted Subsidiary held by such third parties and (b) any ordinary course dividend, distribution or other payment paid in cash and received from any Person in excess of amounts included in clause (7) above shall be included;

(15) (a)(i) the non-cash portion of "straight-line" rent expense shall be excluded and (ii) the cash portion of "straight-line" rent expense which exceeds the amount expensed in respect of such rent expense shall be included and (b) non-cash gains, losses, income and expenses resulting from fair value accounting required by the applicable standard under GAAP and related interpretations, including unrealized gains or losses in respect of Hedging Obligations, shall be excluded;

(16) (a) to the extent covered by insurance and actually reimbursed, or, so long as such Person has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (a) not denied by the applicable carrier in writing within 180 days and (b) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), expenses with respect to liability or casualty events or business interruption shall be excluded and (b) amounts estimated in good faith to be received from insurance in respect of lost revenues or earnings in respect of liability or casualty events or business interruption shall be included (with a deduction for amounts actually received up to such estimated amount to the extent included in Net Income in a future period); and

(17) non-cash charges for deferred tax asset valuation allowances shall be excluded (except to the extent reversing a previously recognized increase to net income).

Notwithstanding the foregoing, for the purpose of Section 4.07 only, there shall be excluded from Consolidated Net Income any dividends, repayments of loans or advances or other transfers of assets from Unrestricted Subsidiaries or Restricted Subsidiaries to the extent such dividends,

repayments or transfers increase the amount of Restricted Payments permitted under Section 4.07 pursuant to clauses (iii), (iv) and (vi) of the definition of "Cumulative Credit".

"Consolidated Net Working Capital" means (a) all current assets of the Company and its Restricted Subsidiaries, except current assets from commodity price risk management activities

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arising in the ordinary course of the Oil and Gas Business less (b) all current liabilities of the Company and its Restricted Subsidiaries, except current liabilities (i) associated with asset retirement obligations relating to Oil and Gas Properties, (ii) included in Indebtedness and (iii) any current liabilities from commodity price risk management activities arising in the ordinary course of the Oil and Gas Business, in each case as set forth in the consolidated financial statements of the Company prepared in accordance with GAAP.

"Consolidated Non-Cash Charges" means, with respect to any Person for any period, the non-cash expenses (other than Consolidated Depreciation, Depletion and Amortization Expense) of such Person and its Restricted Subsidiaries reducing Consolidated Net Income of such Person for such period on a consolidated basis and otherwise determined in accordance with GAAP, provided that if any such non-cash expenses represent an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from EBITDA in such future period to the extent paid, but excluding from this proviso, for the avoidance of doubt, amortization of a prepaid cash item that was paid in a prior period.

"Consolidated Taxes" means, with respect to any Person for any period, the provision for taxes based on income, profits or capital, including, without limitation, state, franchise, property and similar taxes, foreign withholding taxes (including penalties and interest related to such taxes or arising from tax examinations) and any Permitted Tax Distributions taken into account in calculating Consolidated Net Income.

"Contingent Obligations" means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor,

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor;

or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"continuing" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

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"Corporate Trust Office of the Trustee" will be at the address of the Trustee specified in Section 12.02 hereof (except with respect to payments on the Notes and any exchange, transfer or surrender of the Notes, in which case this address will be Wells Fargo Bank, National Association, CTSO Mail Operations, 600 South 4th Street, 7th Floor, MAC N9300-070, Minneapolis, MN 55415, Attention: Corporate Trust Services – Colgate Energy Partners III, LLC Administrator or such other address as to which the Trustee may give notice to the Company).

"Credit Agreement" means that certain Credit Agreement, dated as of January 19, 2018, as amended to the Issue Date, among the Company, the guarantors party thereto, Wells Fargo Bank, National Association, as administrative agent, and the other banks, financial institutions and other lending institutions from time to time parties as lenders thereto, including any related notes, Guarantees, collateral documents, instruments and agreements executed in connection therewith, and, in each case, as amended, restated, modified, renewed, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

"Credit Facilities" means one or more debt facilities (including the Credit Agreement), indentures or commercial paper facilities, in each case, with banks or other institutional lenders or investors providing for revolving credit loans, term loans, capital market financings, debt securities, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales or exchanges of debt securities to or with institutional investors) in whole or in part from time to time.

"Cumulative Credit" means the sum, without duplication, of:

(i) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from January 1, 2021 to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); plus

(ii) 100% of the aggregate net cash proceeds and the Fair Market Value of property or securities other than cash (including Capital Stock of Persons, other than the Company or a Subsidiary of the Company, engaged primarily in the Oil and Gas Business or assets used in the Oil and Gas Business), in each case received by the Company since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than (x) Disqualified Stock and (y) net cash proceeds received from an issuance or sale of such Equity Interests to a Subsidiary of the Company or an employee stock ownership plan, option plan or similar trust to the extent such sale to an employee stock ownership plan, option plan or similar trust is financed by loans from or Guaranteed by the Company or any Restricted Subsidiary (unless such loans have been repaid with cash on or prior to the date of determination); plus

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(iii) to the extent not already included in Consolidated Net Income for such period, if any Restricted Investment that was made by the Company or any of its Restricted Subsidiaries after the Issue Date is sold (other than to the Company or any Subsidiary of the Company) or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of the property or assets received by the Company or any Restricted Subsidiary with respect to such Restricted Investment resulting from such sale, liquidation or repayment (less any out-of-pocket costs incurred in connection with any such sale); plus

(iv) the amount by which Indebtedness of the Company or its Restricted Subsidiaries, or the liquidation preference or maximum fixed repurchase price, as the case may be, of any Disqualified Stock of the Company or its Restricted Subsidiaries, is reduced on the Company's balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Issue Date of any such Indebtedness or Disqualified Stock of the Company or its Restricted Subsidiaries convertible or exchangeable for Equity Interests (other than Disqualified Stock) of the Company or any parent thereof (less the amount of any cash, or the Fair Market Value of any other property (other than such Equity Interests), distributed by the Company upon such conversion or exchange and excluding the net cash proceeds from the conversion or exchange financed, directly or indirectly, using funds borrowed from the Company or any Subsidiary), together with the net proceeds, if any, received by the Company or any of its Restricted Subsidiaries upon such conversion or exchange; *plus*

(v) to the extent that any Unrestricted Subsidiary of the Company is redesignated as a Restricted Subsidiary pursuant to the terms of this Indenture or is merged or consolidated with or into, or transfers or otherwise disposes of all of substantially all of its properties or assets to or is liquidated into, the Company or a Restricted Subsidiary after the Issue Date, the Fair Market Value of the Company's Investment (except to the extent the designation of such Subsidiary as an Unrestricted Subsidiary constituted a Permitted Investment) in such Subsidiary (or of the properties or assets disposed of, as applicable) as of the date of such redesignation, merger, consolidation, transfer, disposition or liquidation; *plus*

(vi) 100% of the aggregate amount received in cash and the Fair Market Value of property other than cash received by the Company or any Restricted Subsidiary from any dividend or distribution received after the Issue Date from an Unrestricted Subsidiary of the Company, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Company for such period.

"Currency Exchange Agreements" means any currency exchange swap agreement, currency exchange cap agreement, currency exchange collar agreement or other agreement or arrangement designed to protect the Company or any of its Restricted Subsidiaries against or manage exposure to fluctuations in currency exchange prices and not for speculative purposes.

"Custodian" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

"Customary Recourse Exceptions" means, with respect to any Non-Recourse Debt of an Unrestricted Subsidiary, exclusions from the exculpation provisions with respect to such Non-Recourse Debt for the voluntary bankruptcy of such Unrestricted Subsidiary, fraud, misapplication of cash, environmental claims, waste, willful destruction and other circumstances

customarily excluded by lenders from exculpation provisions or included in separate indemnification agreements in non-recourse financings.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Definitive Note" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, substantially in the form of Exhibit A hereto except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"Depository" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depository with respect to the Notes, and any and all successors thereto appointed as depository hereunder and having become such pursuant to the applicable provision of this Indenture.

"Designated Non-cash Consideration" means the Fair Market Value of non-cash consideration received by the Company or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of or collection on such Designated Non-cash Consideration.

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature, in each case other than in exchange for Capital Stock of the Company (other than Disqualified Stock) or of any direct or indirect parent company. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Company to repurchase or redeem such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.07. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Indenture will be the maximum amount that the Company and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

"Dollar-Denominated Production Payments" means production payment obligations recorded as liabilities in accordance with GAAP, together with all undertakings and obligations in connection therewith.

"Domestic Subsidiary" means any Restricted Subsidiary of the Company that was formed under the laws of the United States or any state of the United States or the District of Columbia.

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"EBITDA" means, with respect to any Person for any period, the Consolidated Net Income of such Person and its Restricted Subsidiaries for such period *plus*, without duplication, to the extent the same was deducted in calculating Consolidated Net Income:

- (1) Consolidated Taxes; *plus*
- (2) Fixed Charges; *plus*
- (3) Consolidated Depreciation, Depletion and Amortization Expense; *plus*
- (4) Consolidated Non-Cash Charges; *plus*
- (5) any expenses or charges (other than Consolidated Depreciation, Depletion and Amortization Expense) related to any issuance of Equity Interests, Investment, acquisition, disposition, recapitalization or the incurrence or repayment of Indebtedness permitted to be incurred by this Indenture (including a refinancing thereof) (whether or not successful), including (i) such fees, expenses or charges related to the (a) IPOCo Transactions, the Qualified IPO and the transactions relating thereto, (b) the Notes or (c) any Credit Facilities, (ii) any amendment or other modification of the Notes or other Indebtedness and (iii) any additional interest in respect of the Notes; *plus*
- (6) business optimization expenses and other restructuring charges, reserves or expenses (which, for the avoidance of doubt, shall include, without limitation, the effect of inventory optimization programs, facility closures, facility consolidations, retention, severance, systems establishment costs, contract termination costs, future lease commitments and excess pension charges); *plus*
- (7) accretion of asset retirement obligations in accordance with FASB ASC 410-20 and under similar requirements for any other jurisdiction; *plus*
- (8) any costs or expense incurred pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of the Company or any Guarantor or net cash proceeds of an issuance of Equity Interests of the Company (other than Disqualified Stock) solely to the extent that such net cash proceeds are excluded from the calculation of the Cumulative Credit; *plus*

(9) the amount of any management, monitoring, consulting, transaction and advisory fees and related expenses paid to the Sponsors (or any accruals relating to such fees and related expenses) during such period to the extent otherwise permitted by Section 4.11; *plus*

(10) all adjustments of the nature used in connection with the calculation of "Adjusted EBITDAX" as set forth in "Summary—Summary Historical Financial Data—Reconciliation of Non-GAAP Financial Measures" in the Offering Memorandum to the extent such adjustments, without duplication, continue to be applicable to such period; *plus*

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(11) the amount of any loss attributable to a new plant or facility until the date that is 12 months after completing construction of or acquiring such plant or facility, as the case may be; *provided* that (A) such losses are reasonably identifiable and certified by a responsible officer of such Person and (B) losses attributable to such plant or facility after 12 months from the date of completing construction of or acquisition of such plant or facility, as the case may be, shall not be included in this clause (11), *plus*

(12) if such Person accounts for its oil and natural gas operations using successful efforts or a similar method of accounting, consolidated exploration expense of such Person and its Restricted Subsidiaries, and

less, without duplication, to the extent the same increased Consolidated Net Income,

(13) the *sum* of (x) the amount of deferred revenues that are amortized during such period and are attributable to reserves that are subject to Volumetric Production Payments and (y) amounts recorded in accordance with GAAP as repayments of principal and interest pursuant to Dollar-Denominated Production Payments; and

(14) non-cash items increasing Consolidated Net Income for such period (excluding the recognition of deferred revenue or any items which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges that reduced EBITDA in any prior period and any items for which cash was received in a prior period and excluding accruals of revenue in the ordinary course of business).

"*Equity Interests*" of any Person means (1) any and all Capital Stock of such Person and (2) all rights to purchase, warrants or options (whether or not currently exercisable), participations or other equivalents of or interests in (however designated) such Capital Stock of such Person, but excluding from all of the foregoing any debt securities that are by their terms convertible into Equity Interests, regardless of whether such debt securities include any right of participation with Equity Interests.

"*Equity Offering*" means a sale by the Company of Equity Interests of the Company (other than Disqualified Stock and other than to a Subsidiary of the Company) made for cash, or any cash contribution to the equity capital of the Company, in each case made after the date of this Indenture.

"*Euroclear*" means Euroclear Bank, S.A./N.V., as operator of the Euroclear system.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Existing Indebtedness*" means all Indebtedness of the Company and its Subsidiaries (other than Indebtedness under the Credit Agreement) in existence on the date of this Indenture, until such amounts are repaid.

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by the Board of Directors of the Company or by an officer of the Company.

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"Finance Lease Obligation" means, at the time any determination is to be made, the amount of the liability in respect of a finance or capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty. Notwithstanding the foregoing, any lease (whether entered into before or after the date of this Indenture) that would have been classified as an operating lease pursuant to GAAP as in effect on the date of this Indenture will be deemed not to represent a Finance Lease Obligation.

"Fitch" means Fitch Ratings, Inc. or any successor to the rating agency business thereof.

"Fixed Charge Coverage Ratio" means, with respect to any Person for any four quarter period, the ratio of EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the Company or any of its Restricted Subsidiaries incurs, repays, repurchases or redeems any Indebtedness or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the event for which the calculation of the Fixed Charge Coverage Ratio is made (the *"Calculation Date"*), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period; *provided* that the Company may elect pursuant to an Officers' Certificate delivered to the Trustee to treat all or any portion of the commitment under any Indebtedness as being incurred at such time, in which case any subsequent incurrence of Indebtedness under such commitment shall not be deemed, for purposes of this calculation, to be an incurrence at such subsequent time.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations and discontinued operations (as determined in accordance with GAAP), in each case with respect to an operating unit of a business, and any operational changes that the Company or any Restricted Subsidiary has determined to make and/or made during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Calculation Date shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, discontinued operations and other operational changes (and the change of any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation, amalgamation, discontinued operation or operational change, in each case with respect to an operating unit of a business, that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, discontinued operation, merger, amalgamation, consolidation or operational change had occurred at the beginning of the applicable four-quarter period. If since the beginning of such period any Restricted Subsidiary is designated an Unrestricted Subsidiary or any Unrestricted Subsidiary is designated a Restricted Subsidiary, then the Fixed Charge

Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such designation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to any event, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Company. Any such pro forma calculation may include adjustments appropriate, in the reasonable good faith determination of the Company as set forth in an Officers' Certificate, to reflect (1) operating expense reductions and other operating improvements or synergies projected by the Company in good faith to result from or related to the applicable event which is being given pro forma effect and for which the actions necessary to realize such operating expense reductions and other operating improvements or synergies are taken or with respect to which substantial steps have been taken (including prior to the Issue Date) or are expected to be taken (in the good faith determination of the Company) within 12 months after the date of the applicable event and (2) all adjustments of the nature used in connection with the calculation of "Adjusted EBITDAX" as set forth in "Summary—Summary Historical Financial Data—Reconciliation of Non-GAAP Financial Measures" in the Offering Memorandum to the extent such adjustments, without duplication, continue to be applicable to such four-quarter period.

If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness if such Hedging Obligation has a remaining term in excess of 12 months). Interest on a Finance Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Finance Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a Eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Company may designate.

For purposes of this definition, any amount in a currency other than U.S. dollars will be converted to U.S. dollars based on the average exchange rate for such currency for the most recent twelve month period immediately prior to the date of determination in a manner consistent with that used in calculating EBITDA for the applicable period.

"Fixed Charges" means, with respect to any Person for any period, the sum, without duplication, of: (1) Consolidated Interest Expense (excluding amortization or write-off of deferred financing costs) of such Person for such period, and (2) all cash dividend payments (excluding items eliminated in consolidation) on any series of Disqualified Stock of such Person or Preferred Stock of its Restricted Subsidiaries.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a

significant segment of the accounting profession, which are in effect from time to time. For the purposes of this Indenture, the term "consolidated" with respect to any Person shall mean such Person consolidated with its Restricted Subsidiaries, and shall not include any Unrestricted Subsidiary, but the interest of such Person in an Unrestricted Subsidiary will be accounted for as an Investment.

"Global Note Legend" means the legend set forth in Section 2.06(g)(2) hereof, which is required to be placed on all Global Notes issued under this Indenture.

"Global Notes" means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes deposited with or on behalf of and registered in the name of the Depositary or its nominee, substantially in the form of Exhibit A hereto and that bears the Global Note

Legend and that has the “Schedule of Exchanges of Interests in the Global Note” attached thereto, issued in accordance with Section 2.01, 2.06(b)(3), 2.06(b)(4) or 2.06(d)(2) hereof.

“Government Securities” means securities that are:

- (1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged, or
- (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America,

which, in each case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any such Government Securities or a specific payment of principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of principal of or interest on the Government Securities evidenced by such depository receipt.

“Guarantee” means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise). When used as a verb, “Guarantee” has a correlative meaning.

“Guarantors” means the Subsidiaries of the Company executing this Indenture on the date hereof as Guarantors, any Subsidiary of the Company that Guarantees the Notes in accordance with the provisions of this Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of this Indenture.

“Hedging Obligations” means, with respect to any specified Person, the obligations of such Person under any (a) Interest Rate Agreement, (b) Oil and Gas Hedging Contract and (c) Currency Exchange Agreement.

“Holder” means a Person in whose name a Note is registered.

“Hydrocarbons” means oil, natural gas, casing head gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all constituents, elements or compounds thereof and products refined or processed therefrom.

“incur” means issue, assume, guarantee, incur or otherwise become liable for; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, amalgamation, consolidation, acquisition or otherwise) shall be deemed to be incurred by such Person at the time it becomes a Subsidiary.

“Indebtedness” means, with respect to any Person:

- (1) the principal and premium (if any) of any indebtedness of such Person, whether or not contingent, (a) in respect of borrowed money, (b) evidenced by bonds, notes, debentures or similar instruments or letters of credit or bankers’ acceptances (or, without duplication, reimbursement agreements in respect thereof), (c) representing the deferred and unpaid purchase price of any property (except any such balance that (i) constitutes a trade payable or similar obligation to a trade creditor incurred in the ordinary course of business, (ii) any earn-out obligations until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP and (iii) liabilities accrued in the ordinary course of business), which purchase price is due more than six months after the date of placing the property in service or taking delivery and title thereto, (d) in respect of

Finance Lease Obligations, or (e) representing any Hedging Obligations, if and to the extent that any of the foregoing indebtedness would appear as a liability on a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP;

(2) to the extent not otherwise included, any obligation of such Person to be liable for, or to pay, as obligor, guarantor or otherwise, the obligations referred to in clause (1) of another Person (other than by endorsement of negotiable instruments for collection in the ordinary course of business); and

(3) to the extent not otherwise included, Indebtedness of another Person secured by a Lien on any asset owned by such Person (whether or not such Indebtedness is assumed by such Person); *provided, however*, that the amount of such Indebtedness will be the lesser of: (a) the Fair Market Value (as determined in good faith by the Company) of such asset at such date of determination, and (b) the amount of such Indebtedness of such other Person;

provided, however, that notwithstanding the foregoing, Indebtedness shall be deemed not to include (1) Contingent Obligations incurred in the ordinary course of business and not in respect of borrowed money; (2) deferred or prepaid revenues; (3) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller; (4) Production Payments and Reserve Sales; (5) any obligation of a Person in respect of a farm-in agreement or similar arrangement whereby such

Person agrees to pay all or a share of the drilling, completion or other expenses of an exploratory or development well (which agreement may be subject to a maximum payment obligation, after which expenses are shared in accordance with the working or participation interest therein or in accordance with the agreement of the parties) or perform the drilling, completion or other operation on such well in exchange for an ownership interest in an oil or natural gas property; (6) indebtedness arising in whole or in part as a result of the disposition and reversion of Oil and Gas Properties where the counterparty to such disposition agrees to bear costs and expenses related to the exploration, development, completion or production of such properties and activities related thereto and upon the occurrence of a specified event or events all or a portion of such counterparty's interest in such Oil and Gas Properties reverts to the Company or any Restricted Subsidiary, (7) any obligations under Hedging Obligations; *provided* that such agreements are entered into for bona fide hedging purposes of the Company or its Restricted Subsidiaries (as determined in good faith by the Board of Directors or senior management of the Company, whether or not accounted for as a hedge in accordance with GAAP) and, in the case of any foreign exchange contract, currency swap agreement, futures contract, option contract or other similar agreement, such agreements are related to business transactions of the Company or its Restricted Subsidiaries entered into in the ordinary course of business and, in the case of any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement, such agreements substantially correspond in terms of notional amount, duration and interest rates, as applicable, to Indebtedness of the Company or its Restricted Subsidiaries incurred without violation of this Indenture; (8) obligations in respect of surety and bonding requirements of the Company and its Restricted Subsidiaries; (9) in-kind obligations relating to net oil, natural gas liquids or natural gas balancing positions arising in the ordinary course of business; (10) any indebtedness that has been defeased in accordance with GAAP or defeased pursuant to the deposit of cash or Cash Equivalents (in an amount sufficient to satisfy all such indebtedness obligations at maturity or redemption, as applicable, and all payments of interest and premium, if any) in a trust or account created or pledged for the sole benefit of the holders of such indebtedness, and subject to no other Liens; and (11) any repayment or reimbursement obligation of such Person or any of its Restricted Subsidiaries with respect to Customary Recourse Exceptions, unless and until an event or circumstance occurs that triggers the Person's or such Restricted Subsidiary's direct repayment or reimbursement obligation (as opposed to contingent or performance obligations) to the lender or other Person to whom such obligation is actually owed, in which case the amount of such direct payment or reimbursement obligation shall constitute Indebtedness.

Notwithstanding anything in this Indenture to the contrary, Indebtedness shall not include, and shall be calculated without giving effect to, the effects of Financial Accounting Standards Board Accounting Standards Codification 815 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under this Indenture as a result of accounting for any embedded

derivatives created by the terms of such Indebtedness; and any such amounts that would have constituted Indebtedness under this Indenture but for the application of this sentence shall not be deemed an incurrence of Indebtedness under this Indenture.

"Indenture" means this Indenture, as amended or supplemented from time to time.

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"Independent Assets or Operations" means, with respect to any direct or indirect parent of the Company, such parent's total assets, revenues, income from continuing operations before income taxes and cash flows from operating activities (excluding, in each case, amounts related to its investment in the Company and the Restricted Subsidiaries), determined in accordance with GAAP and as shown on the most recent balance sheet of such parent, is, in each case, more than 3.0% of such parent's corresponding consolidated amount.

"Indirect Participant" means a Person who holds a beneficial interest in a Global Note through a Participant.

"Initial Notes" means the Notes issued under this Indenture on the date hereof.

"Initial Purchasers" means Credit Suisse Securities (USA) LLC and Wells Fargo Securities, LLC, and the other initial purchasers party to the purchase agreement relating to the issuance of the Initial Notes.

"Interest Rate Agreement" means any interest rate swap agreement (whether from fixed to floating or from floating to fixed), interest rate cap agreement, interest rate collar agreement or other similar agreement or arrangement designed to protect the Company or any of its Restricted Subsidiaries against or manage exposure to fluctuations in interest rates and is not for speculative purposes.

"Investments" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business and excluding trade payables), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities (excluding any interest in an oil or natural gas leasehold to the extent constituting a security under applicable law), together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company's Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of Section 4.07 hereof. The acquisition by the Company or any Restricted Subsidiary of the Company of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the Section 4.07 hereof. Except as otherwise provided in this Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

"IPOCo" means a Person formed for the purpose of acquiring, directly or indirectly, Equity Interests of the Company in order to undertake an initial public offering of such Person's Equity Interests in connection with a Qualified IPO.

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"IPOCo Transactions" means the transactions in connection with the formation and capitalization of IPOCo prior to and in connection with the consummation of the Qualified IPO, including, without limitation, (1) the legal formation of IPOCo and one or more Subsidiaries of the Permitted Holders to own interests therein, (2) the contribution, directly or indirectly, of the Equity Interest of the Company and other Subsidiaries of the Company to IPOCo, or the other acquisition by IPOCo thereof, (3) the conversion of the outstanding Equity Interest in the Company into a new class of Equity Interests in the Company, (4) the distribution by the Company to the Permitted Holders of any proceeds from the offering of the Notes and cash generated from operations, (5) the issuance of Capital Stock of IPOCo or the Company to the public and the use of proceeds therefrom to pay transaction expenses, distribute funds as a reimbursement for capital expenditures, and other purposes approved by a Permitted Holder, (6) the execution, delivery and performance of customary documentation (and amendments to existing documentation) governing the relations between and among the Company, IPOCo, the Permitted Holders and their respective Subsidiaries, including, without limitation, the execution, delivery and performance of a tax receivable agreement among IPOCo, the Company and the Permitted Holders on customary terms for similar transactions and (7) any other transactions and documentation related to the foregoing or necessary or appropriate in the view of the Permitted Holders or the Board of Directors of the Company or any direct or indirect parent of the Company in connection with the consummation of the Qualified IPO.

"Issue Date" means the date on which the Notes are originally issued.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"Management Group" means the group consisting of the directors, executive officers and other management personnel of the Company or any direct or indirect parent of the Company, as the case may be, on the Issue Date.

"Midstream Business" means the gathering, distributing, marketing, selling, treating, processing, transmission, compression, fractionation, dehydration, sourcing, disposal, stabilization, treatment, transporting of, or storage, disposal, or other handling of, Hydrocarbons, water, carbon dioxide, sand, minerals, chemicals or other products or substances commonly created, used, recovered, produced or processed in the conduct of the Oil and Gas Business.

"Moody's" means Moody's Investors Service, Inc., and any successor to the ratings business thereof.

"Net Income" means, with respect to any Person, the net income (loss) of such Person and its Restricted Subsidiaries, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends.

"Net Proceeds" means the aggregate cash proceeds and Cash Equivalents received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including any cash or

Cash Equivalents received upon the sale or other disposition of any non-cash consideration received in any Asset Sale but excluding any non-cash consideration deemed to be cash for purposes of Section 4.10 hereof), net of the direct costs relating to such Asset Sale, including legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable

(including, for this purpose, any associated Permitted Tax Distributions) as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and amounts required to be applied to the repayment of Indebtedness, secured by a Lien on the asset or assets that were the subject of such Asset Sale, amounts paid in connection with the termination of Hedging Obligations related to Indebtedness repaid with such proceeds or hedging oil, natural gas and natural gas liquid production in notional volumes corresponding to the Oil and Gas Properties subject to such Asset Sale and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with GAAP.

"Non-Recourse Debt" means Indebtedness:

(1) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable as a guarantor or otherwise, except for Customary Recourse Exceptions; and

(2) as to which the lenders will not have any contractual recourse to the Capital Stock or assets of the Company or any of its Restricted Subsidiaries (other than (a) the Equity Interests of an Unrestricted Subsidiary or (b) pursuant to customary Liens on related arrangements under any oil and natural gas royalty trust or master limited partnership), except for Customary Recourse Exceptions.

"Non-U.S. Person" means a Person who is not a U.S. Person.

"Note Guarantee" means any Guarantee by a Guarantor of the Company's obligations under this Indenture and the Notes, as provided in Article 10 hereof.

"Note Payment Default" means a Default relating to a failure by the Company to make any payment when due on the Notes.

"Notes" has the meaning assigned to it in the preamble to this Indenture. The Initial Notes and the Additional Notes shall be treated as a single class for all purposes under this Indenture, and unless the context otherwise requires, all references to the Notes shall include the Initial Notes and any Additional Notes.

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Offering Memorandum" means the Offering Memorandum of the Company, dated January 22, 2021, relating to the initial offering of the Notes.

"Officer" means, with respect to any Person, the Chairman of the Board, the Executive Chairman, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary or any Vice-President of such Person.

"Officers' Certificate" means a certificate signed on behalf of the Company by two of its Officers that meets the requirements of Section 12.05 hereof.

"Oil and Gas Business" means (i) the acquisition, exploration, development, production, operation and disposition of interests in oil, gas and other Hydrocarbon properties, (ii) the gathering, marketing, treating, processing, storage, selling and transporting of any production from such interests or properties, (iii) any business relating to exploration for or development, production, treatment, processing, storage, transportation or marketing of oil, gas and other minerals and products produced in association therewith, including the Midstream Business, and (iv) any activity that is ancillary to or necessary or appropriate for the activities described in clauses (i) through (iii) of this definition.

"Oil and Gas Hedging Contracts" means any puts, cap transactions, floor transactions, collar transactions, forward contract, commodity swap agreement, commodity option agreement or other similar agreement or arrangement in respect of Hydrocarbons to be used, produced, processed or sold by the Company or any of its Restricted Subsidiaries that are customary in the Oil and Gas Business and designed to protect such Person against fluctuation in or manage exposure to Hydrocarbon prices and not for speculative purposes.

"Oil and Gas Properties" means all properties, including equity or other ownership interest therein, owned by such Person or any of its Restricted Subsidiaries which contain or are believed to contain "proved oil and gas reserves" as defined in Rule 4-10 of Regulation S-X of the Securities Act.

"Opinion of Counsel" means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 12.05 hereof. Such counsel may be an employee of or counsel to the Company, any Subsidiary of the Company or the Trustee.

"Participant" means, with respect to the Depository, Euroclear or Clearstream, a Person who has an account with the Depository, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

"Permitted Acquisition Indebtedness" means Indebtedness or Disqualified Stock of the Company or any of its Restricted Subsidiaries to the extent such Indebtedness or Disqualified Stock was Indebtedness or Disqualified Stock (a) of any other Person existing at the time such Person became a Restricted Subsidiary of the Company or such Person was merged or consolidated with or into the Company or any of its Restricted Subsidiaries, or (b) incurred in connection with or to finance the foregoing; *provided* that on the date such Person became a Restricted Subsidiary or the date such Person was merged or consolidated with or into the Company or any of its Restricted Subsidiaries, as applicable, either

(1) immediately after giving effect to such transaction and any related financing transaction on a pro forma basis as if the same had occurred at the beginning of

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the applicable four-quarter period, the Company or such Person (if the Company is not the survivor in the transaction) would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) hereof, or

(2) immediately after giving effect to such transaction and any related financing transaction on a pro forma basis as if the same had occurred at the beginning of the applicable four-quarter period, the Fixed Charge Coverage Ratio of the Company or such Person (if the Company is not the survivor in the transaction) is equal to or greater than the Fixed Charge Coverage Ratio of the Company immediately prior to such transaction.

"Permitted Business Investments" means Investments made in the ordinary course of, and of a nature that is or shall have become customary in, the Oil and Gas Business as a means of actively exploiting, exploring for, acquiring, developing, processing, gathering, marketing or transporting oil and gas through agreements, transactions, interests or arrangements which permit one to share risks or costs, comply with regulatory requirements regarding local ownership or satisfy other objectives customarily achieved through the conduct of Oil and Gas Business jointly with third parties, including (i) ownership interests in oil, natural gas, other Hydrocarbon properties or any interest therein or gathering, transportation, processing, storage or related systems or ancillary real property interests, (ii) Investments in the form of or pursuant to operating agreements, working interests, royalty interests, mineral interests, processing agreements, farm in agreements, farm-out agreements, developments agreements, area of mutual interest agreements, unitization agreements, pooling agreements, joint bidding agreements, service contracts, joint venture agreements, limited liability company agreements, partnership agreements (whether general or limited), subscription agreements, stock purchase agreements and other similar agreements with third parties, and (iii) direct or indirect ownership interests or Investments in drilling rigs, fracturing units and other equipment used in the Oil and Gas Business or in Persons that own or provide such equipment.

"Permitted Holders" means, at any time, each of (i) the Sponsors, (ii) the Management Group (provided that if the Management Group holds more than 15% of the total voting power of the Voting Stock of the Company in the aggregate, the Management Group shall be treated as Permitted Holders of only 15% of the Voting Stock of the Company at such time), (iii) any Person that has no material assets other than the Capital Stock of the Company, any direct or indirect parent of the Company and other Permitted Holders, who directly or indirectly, hold or acquire 100% of the total voting power of the Voting Stock of the Company, and no other Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), other than any of the other Permitted Holders, holds more than 50% of the total voting power of the Voting Stock thereof and (iv) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision) the members of which include any of the Permitted Holders specified in clauses (i), (ii) and (iii) above and that such Permitted Holders, without giving effect to the existence of such group or any other group, directly or indirectly, hold or acquire beneficial ownership of at least 50% of the Voting Stock of the Company (a *"Permitted Holder Group"*), so long as (1) each member of the Permitted Holder Group has voting rights proportional to the percentage of ownership interests held or acquired by such member and (2) no Person or other "group" (other than Permitted Holders specified in clauses (i), (ii) and (iii) above) beneficially owns more than 50% on a fully diluted

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basis of the Voting Stock held by the Permitted Holder Group. Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of this Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"Permitted Investments" means:

- (1) any Investment in the Company or in a Restricted Subsidiary of the Company;
- (2) any Investment in Cash Equivalents;
- (3) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment:
 - (a) such Person becomes a Restricted Subsidiary of the Company; or
 - (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its properties or assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;
- (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale (or a disposition excluded from the definitions thereof) that was made pursuant to and in compliance with Section 4.10 hereof, including pursuant to an Asset Swap;
- (5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company or a direct or indirect parent of the Company;
- (6) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes;
- (7) Investments represented by Hedging Obligations;
- (8) loans or advances to officers, directors or employees made in the ordinary course of business of the Company or any Restricted Subsidiary;
- (9) any Guarantee of Indebtedness permitted to be incurred by Section 4.09 hereof;

(10) any Investment existing on, or made pursuant to binding commitments existing on, the date of this Indenture and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the date of this Indenture; *provided* that the amount of any such

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Investment may be increased (a) as required by the terms of such Investment as in existence on the date of this Indenture or (b) as otherwise permitted under this Indenture;

(11) Investments acquired after the date of this Indenture as a result of the acquisition by the Company or any Restricted Subsidiary of the Company of another Person, including by way of a merger, amalgamation or consolidation with or into the Company or any of its Restricted Subsidiaries in a transaction that is not prohibited by Section 5.01 hereof after the date of this Indenture to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(12) Permitted Business Investments;

(13) receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided, however*, that such trade terms may include such concessionary trade terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances;

(14) endorsements of negotiable instruments and documents in the ordinary course of business;

(15) such Investments consisting of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and other similar deposits made in the ordinary course of business by the Company or any Restricted Subsidiary;

(16) Guarantees of performance or other obligations (other than Indebtedness) arising in the ordinary course in the Oil and Gas Business, including obligations under oil and natural gas exploration, development, joint operating, and related agreements and licenses, concessions or operating leases related to the Oil and Gas Business;

(17) Investments made in joint ventures, when taken together with all other Investments made pursuant to this clause (17) that are at the time outstanding that do not exceed the greater of (a) \$50.0 million and (b) 5.0% of Adjusted Consolidated Net Tangible Assets; and

(18) other Investments having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (18) that are at the time outstanding that do not exceed the greater of (a) \$50.0 million and (b) 5.0% of Adjusted Consolidated Net Tangible Assets, *plus* an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received in respect of any such Investment made pursuant to this clause (18); *provided, however*, that if any Investment pursuant to this clause (18) is made in any Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person becomes a Restricted Subsidiary

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after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (18) for so long as such Person continues to be a Restricted Subsidiary.

“Permitted Liens” means:

(1) Liens securing Indebtedness and other Obligations under Credit Facilities that was permitted by the terms of this Indenture to be incurred pursuant to Section 4.09(b)(1) hereof;

(2) Liens in favor of the Company or a Restricted Subsidiary;

(3) Liens on property of a Person existing at the time such Person becomes a Restricted Subsidiary of the Company or is merged with or into or consolidated with the Company or any Restricted Subsidiary of the Company; *provided* that such Liens do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary of the Company or is merged with or into or consolidated with the Company or any Restricted Subsidiary of the Company (other than pursuant to after-acquired property clauses in effect with respect to such Lien at the time of acquisition on property of the type that would have been subject to such Lien notwithstanding the occurrence of such acquisition);

(4) Liens on property (including Capital Stock) existing at the time of acquisition of the property by the Company or any Subsidiary of the Company; *provided* that such Liens were in existence prior to such acquisition;

(5) Liens to secure the performance of statutory obligations, insurance, surety or appeal bonds, workers' compensation obligations, bid, plugging and abandonment and performance bonds or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);

(6) Liens for the purpose of securing the payment of all or a part of the purchase price of, or Finance Lease Obligations, purchase money obligations or other payments incurred to finance the acquisition, lease, improvement or construction of or repairs or additions to, assets or property acquired or constructed by the Company or a Restricted Subsidiary in the ordinary course of business; *provided that*:

(A) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be incurred under this Indenture and does not exceed the cost of the assets or property so acquired or constructed; and

(B) such Liens are created within 180 days of the later of the acquisition, lease, completion of improvements, construction, repairs or additions or commencement of full operation of the assets or property subject to such Lien and do not encumber any other assets or property of the Company or any Restricted Subsidiary other than such assets or property and assets affixed or appurtenant thereto;

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(7) Liens existing on the date of this Indenture (other than under or pursuant to the Credit Agreement);

(8) Liens created for the benefit of (or to secure) the Notes (or the Note Guarantees);

(9) Liens to secure any Indebtedness permitted to be incurred under this Indenture that refinances or replaces Indebtedness that was secured (or any Lien replacing or extending the foregoing Liens); *provided, however*, that:

(a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (*plus* improvements and accessions to, such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the *sum* of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(10) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(11) filing of Uniform Commercial Code financing statements as a precautionary measure in connection with operating leases;

(12) bankers' Liens, rights of setoff, Liens arising out of judgments or awards not constituting an Event of Default and notices of lis pendens and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(13) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(14) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(15) grants of software and other technology licenses in the ordinary course of business;

(16) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods;

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(17) Liens in respect of Production Payments and Reserve Sales; *provided*, that such Liens are limited to the property that is subject to such Production Payments and Reserve Sales;

(18) Liens arising under oil and gas leases or subleases, assignments, farm-out agreements, farm-in agreements, division orders, contracts for the sale, purchase, exchange, transportation, gathering or processing of Hydrocarbons, unitizations and pooling designations, declarations, orders and agreements, development agreements, joint venture agreements, partnership agreements, operating agreements, royalties, working interests, net profits interests, joint interest billing arrangements, participation agreements, production sales contracts, area of mutual interest agreements, gas balancing or deferred production agreements, injection, repressuring and recycling agreements, salt water or other disposal agreements, seismic or geophysical permits or agreements, licenses, sublicenses and other agreements which are customary in the Oil and Gas Business; *provided, however*, in all instances that such Liens are limited to the assets that are the subject of the relevant agreement, program, order or contract;

(19) Liens to secure performance of Hedging Obligations of the Company or any of its Restricted Subsidiaries;

(20) Liens incurred with respect to Indebtedness that does not exceed in aggregate principal amount, at any one time outstanding, the greater of (i) \$50.0 million and (ii) 5.0% of the Company's Adjusted Consolidated Net Tangible Assets determined as of the date of such

incurrence or issuance;

(21) Liens on the Equity Interests of Unrestricted Subsidiaries; and

(22) any Lien renewing, extending, refinancing or refunding a Lien permitted by clauses (1) through (21) above; *provided* that (a) the principal amount of the Indebtedness secured by such Lien is not increased except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection therewith and by an amount equal to any existing commitments unutilized thereunder and (b) no assets encumbered by any such Lien other than the assets permitted to be encumbered immediately prior to such renewal, extension, refinance or refund are encumbered thereby (other than improvements thereon, accessions thereto and proceeds thereof).

"Permitted Payments to Parent" means any Restricted Payment, if applicable:

(a) in amounts required for any direct or indirect parent of the Company or IPOCo to pay fees and expenses (including franchise or similar taxes) required to maintain its corporate existence, customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of any direct or indirect parent of the Company and general corporate operating and overhead expenses of any direct or indirect parent of the Company or IPOCo in each case to the extent such fees and expenses are attributable to the ownership or operation of the Company, if applicable, and its Subsidiaries;

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(b) so long as no Note Payment Default or Event of Default has occurred and is continuing, in amounts required for any direct or indirect parent of the Company or IPOCo, if applicable, to pay interest and/or principal on Indebtedness, the proceeds of which have been contributed to the Company or any Restricted Subsidiary and that has been guaranteed by, or is otherwise considered Indebtedness of, the Company incurred in accordance with Section 4.09;

(c) in amounts required for any direct or indirect parent of the Company or IPOCo to pay fees and expenses related to any successful or unsuccessful equity or debt offering of such parent or IPOCo, as the case may be; and

(d) in amounts required for any direct or indirect parent of the Company or IPOCo to finance Investments or other acquisitions or investments otherwise permitted to be made pursuant to Section 4.07 if made by the Company; *provided* that (A) such Restricted Payment must be made within 120 days of the closing of such Investment, acquisition or investment, (B) such parent must, promptly following the closing thereof, cause (1) all property acquired (whether assets or, in the case of Equity Interests, either the Equity Interests or all of the assets of the entity for which the Equity Interests were acquired) to be contributed to the capital of the Company or one of its Restricted Subsidiaries or (2) the merger, amalgamation, consolidation, or sale of the Person formed or acquired into the Company or one of its Restricted Subsidiaries (to the extent not prohibited by Section 5.01) in order to consummate such Investment, acquisition or investment, (C) such parent and its Affiliates (other than the Company or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Company or a Restricted Subsidiary could have given such consideration or made such payment in compliance with this Indenture, (D) any property received by the Company may not increase amounts available for Restricted Payments pursuant to the definition of "Cumulative Credit" and (E) to the extent constituting an Investment, such Investment will be deemed to be made by the Company or such Restricted Subsidiary pursuant to any provision of Section 4.07 (other than clause (12) thereof) or pursuant to the definition of "Permitted Investments."

"Permitted Refinancing Indebtedness" means any Indebtedness of the Company or any of its Restricted Subsidiaries or any Disqualified Stock of the Company or Preferred Stock of a Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness) or any Disqualified Stock of the Company or any Preferred Stock of a Restricted Subsidiary; *provided* that:

(1) the principal amount (or accreted value, if applicable), or in the case of Disqualified Stock, the amount thereof determined in accordance with the definition of "Disqualified Stock" or in the case of Preferred Stock, the amount thereof, of such Permitted Refinancing Indebtedness does not exceed the principal amount of the Indebtedness or the amount of the Disqualified Stock or Preferred Stock renewed, refunded, refinanced, replaced, defeased or discharged (*plus* all accrued interest on the Indebtedness or accrued and unpaid dividends on the Disqualified Stock or Preferred Stock, as the case may be, and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date or redemption date, as applicable, that is either (a) no earlier than the final maturity date of, and has a Weighted

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Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness or Disqualified Stock or Preferred Stock being renewed, refunded, refinanced, replaced, defeased or discharged or (b) more than 90 days after the final maturity date of the Notes;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Notes or the Note Guarantees, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or the Note Guarantees, as applicable, on terms at least as favorable to the Holders of the Notes as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged; and

(4) such Indebtedness is not incurred (other than by way of a Guarantee) by a Restricted Subsidiary of the Company (other than a Guarantor) if the Company is the issuer or other primary obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged.

"Permitted Tax Distributions" means (i) dividends or distributions by the Company or a Subsidiary to any direct or indirect parent of the Company in an amount required for any such direct or indirect parent to pay franchise, excise and similar taxes; (ii) with respect to any taxable period (or portion thereof) for which the Company and any of its Subsidiaries are members of a consolidated, combined, affiliated, unitary or similar income tax group for U.S. federal and/or applicable foreign, state or local income tax purposes (each, a "Tax Group") of which a direct or indirect parent of the Company is the common parent, or for which the Company is a partnership or disregarded entity for U.S. federal or applicable foreign, state or local income tax purposes that is wholly-owned (directly or indirectly) by an entity that is taxable as a corporation for such income tax purposes, dividends or distributions by the Company or an applicable Subsidiary, as may be relevant, to any direct or indirect parent of the Company in an amount not to exceed the *sum* of (A) the amount of any U.S. federal, foreign, state and/or local income taxes that the Company and/or its Subsidiaries that are members of the relevant Tax Group, as applicable, would have paid for such taxable period had the Company and/or such Subsidiaries, as applicable, been a stand-alone corporate taxpayer or a stand-alone corporate group and (B) such amounts as are needed to pay any amounts owed by a direct or indirect parent of the Company under any tax receivable agreement entered into in connection with a Qualified IPO (or entered into in connection with any acquisition of property (whether assets or Equity Interests) by the Company or its Subsidiaries after a Qualified IPO) and that contains customary terms for similar transactions; or (iii) with respect to any taxable period or portion thereof during which the Company is a pass-through entity (including a partnership or disregarded entity) and is not wholly-owned (directly or indirectly) by an entity that is taxable as a corporation for U.S. federal income tax purposes, dividends or distributions by the Company to any member or partner of the Company, on or prior to each estimated tax payment date as well as each other applicable due date, on a pro rata basis, such that each such member or partner (or its direct or indirect members or partners, if applicable) receives, in the aggregate for such period, payments or distributions sufficient to equal the *sum* of (A) such member or partner's U.S. federal, state and/or local income taxes (as applicable) attributable to its direct or indirect ownership of the Company and its pass-through Subsidiaries with respect to such taxable period (assuming that such member or partner is subject to tax at the highest combined marginal U.S. federal, state, and/or local income tax rates (including any tax rate imposed on "net investment income" by Section 1411 of the

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Code) applicable to an individual or, if higher, a corporation, resident in New York, New York (for avoidance of doubt, regardless of the actual rate applicable to such member or partner)), determined by taking into account (I) the deductibility of state and local income taxes for U.S. federal income tax purposes (disregarding any deduction that is subject to a dollar limitation), (II) the alternative minimum tax, (III) the character (e.g., long-term or short-term capital gain or ordinary or exempt) of the applicable income, and (IV) any adjustment to such member or partner's taxable income attributable to its direct or indirect ownership of the Company and its Subsidiaries as a result of any tax examination, audit or adjustment with respect to any period or portion thereof, and (B) in the case of such member or partner that is a direct or indirect parent of the Company with an obligation under any tax receivable agreement entered into in connection with a Qualified IPO (or entered into in connection with any acquisition of property (whether assets or Equity Interests) by the Company or its Subsidiaries after a Qualified IPO) and that contains customary terms for similar transactions, such amounts as are needed by it during the relevant period to pay amounts owed by it under such tax receivable agreement.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"Preferred Stock" means, with respect to any Person, any and all preferred or preference stock or other similar Equity Interests (however designated) of such Person whether outstanding or issued after the date of this Indenture.

"Private Placement Legend" means the legend set forth in Section 2.06(g)(1) hereof to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

"Production Payments" means Dollar-Denominated Production Payments and Volumetric Production Payments, collectively.

"Production Payments and Reserve Sales" means the grant or transfer by the Company or any of its Restricted Subsidiaries to any Person of a royalty, overriding royalty, net profits interest, Production Payment, partnership or other interest in Oil and Gas Properties, reserves or the right to receive all or a portion of the production or the proceeds from the sale of production attributable to such properties where the holder of such interest has recourse solely to such production or proceeds of production, subject to the obligation of the grantor or transferor to operate and maintain, or cause the subject interests to be operated and maintained, in a reasonably prudent manner or other customary standard or subject to the obligation of the grantor or transferor to indemnify for environmental, title or other matters customary in the Oil and Gas Business, including any such grants or transfers pursuant to incentive compensation programs on terms that are reasonably customary in the Oil and Gas Business for geologists, geophysicists or other providers of technical services to the Company or any of its Restricted Subsidiaries.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"Qualified IPO" means an initial offer and sale of Equity Interests of the Company, IPOCo or other direct or indirect parent of the Company in an underwritten public offering for cash pursuant to a registration statement that has been declared effective by the SEC pursuant to

the Securities Act (other than a registration statement on Form S-4 or Form S-8 or otherwise relating to Equity Interests of IPOCo or such other parent issuable under any employee benefit plan).

"Rating Agencies" means Moody's, S&P and Fitch or, if Moody's, S&P or Fitch shall not make a rating of the Notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for Moody's, S&P or Fitch, as the case may be.

"Rating Category" means:

(1) with respect to S&P, any of the following categories: AAA, AA, A, BBB, BB, B, CCC, CC, C and D (or equivalent successor categories);

(2) with respect to Moody's, any of the following categories: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C and D (or equivalent successor categories); and

(3) with respect to Fitch, any of the following categories: AAA, AA, A, BBB, BB, B, CCC, CC, C and D (or equivalent successor categories).

"Rating Decline" means a decrease in the rating of the Notes by two Rating Agencies by one or more gradations (including gradations within Rating Categories as well as between Rating Categories) from the rating of the Notes on the date of the applicable occurrence referred to in clauses (1) or (3) of the definition of "Change of Control." In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories, namely + or - for S&P or Fitch, and 1, 2, and 3 for Moody's, will be taken into account; for example, in the case of S&P or Fitch, a rating decline either from BB+ to BB or BB- to B+ will constitute a decrease of one gradation.

"Regulation S" means Regulation S promulgated under the Securities Act.

"Regulation S Permanent Global Note" means a permanent Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Regulation S Temporary Global Note upon expiration of the Restricted Period.

"Regulation S Temporary Global Note" means a temporary Global Note substantially in the form of Exhibit A hereto and bearing the legend specified in Section 2.06(g)(3) deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes initially sold in reliance on Rule 903 of Regulation S.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the directors, officers, employees, agents, investment advisers or sub-advisers (and such investment advisers' and sub-advisers' directors, officers, employees, agents and members of such Person or such Person's Affiliates) and any Person that possesses, directly or indirectly, the

power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise.

"Responsible Officer" when used with respect to the Trustee, means any officer within the Corporate Trust Office of the Trustee (or any successor group of the Trustee), including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers who at the time shall be such officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject, and who, in each case, shall have direct responsibility for the administration of this Indenture.

"Restricted Definitive Note" means a Definitive Note bearing the Private Placement Legend.

"Restricted Global Note" means a Global Note bearing the Private Placement Legend.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Period" means the 40-day distribution compliance period as defined in Regulation S.

"Restricted Subsidiary" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary. Except where expressly stated otherwise, all references to Restricted Subsidiaries refer to Restricted Subsidiaries of the Company.

"Rule 144" means Rule 144 promulgated under the Securities Act.

"Rule 144A" means Rule 144A promulgated under the Securities Act.

"Rule 903" means Rule 903 promulgated under the Securities Act.

"Rule 904" means Rule 904 promulgated under the Securities Act.

"S&P" means S&P Global Ratings, and any successor to the ratings business thereof.

"Securities Act" means the Securities Act of 1933, as amended.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of this Indenture.

"Sponsors" means (1) Pearl Energy Investments, L.P., Pearl Energy Investments II, L.P., Pearl CIII Holdings, L.P. and any fund, investment account or other investment vehicle managed or sponsored by Pearl Energy Investments, L.P., Pearl Energy Investments II, L.P., Pearl CIII Holdings, L.P. or their respective Affiliates, (2) NGP XI US Holdings, L.P., NGP Pearl Holdings II, L.L.C. and any fund, investment account or other investment vehicle managed or sponsored by NGP XI US Holdings, L.P., NGP Pearl Holdings II, L.L.C. or their respective Affiliates and

(3) the respective Related Parties of the Persons described in the foregoing clauses (1) and (2) other than any operating portfolio companies.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subordinated Indebtedness" means (a) with respect to the Company, any Indebtedness of the Company which is by its terms expressly subordinated in right of payment to the Notes, and (b) with respect to any Guarantor, any Indebtedness of such Guarantor which is by its terms expressly subordinated in right of payment to its Note Guarantee.

"Subsidiary" means, with respect to any specified Person:

(1) any corporation, association or other business entity (other than a partnership or limited liability company) of which more than 50% of the total voting power of its Voting Stock is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“TIA” means the Trust Indenture Act of 1939, as amended (15 U.S.C. §§ 77aaa-77bbb).

“Treasury Rate” means, in respect of any redemption date, the yield to maturity as of the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 that has become publicly available at least two Business Days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to February 15, 2024; *provided, however*, that if the period from the redemption date to February 15, 2024, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. The Company will (1) calculate the Treasury Rate on the second Business Day preceding the applicable redemption date and (2) prior to such redemption date file with the Trustee an Officers’ Certificate setting forth the Applicable Premium and the Treasury Rate and showing the calculation of each in reasonable detail. The Trustee shall have no duty to verify the Company’s calculations of the Applicable Premium and Treasury Rate.

“Trustee” means Wells Fargo Bank, National Association, until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

“Unrestricted Definitive Note” means a Definitive Note that does not bear and is not required to bear the Private Placement Legend.

“Unrestricted Global Note” means a Global Note that does not bear and is not required to bear the Private Placement Legend.

“Unrestricted Subsidiary” means any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger or consolidation or Investment therein) that is designated by the Company as an Unrestricted Subsidiary pursuant to an Officers’ Certificate delivered to the Trustee, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt, except to the extent the foregoing would be treated as an Investment or Indebtedness permitted under this Indenture if incurred by the Company;

(2) except as permitted by Section 4.11, is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company; and

(3) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person’s financial condition or to cause such Person to achieve any specified levels of operating results, except to the extent the foregoing would be treated as an Investment or Indebtedness permitted under this Indenture.

All Subsidiaries of an Unrestricted Subsidiary shall also be Unrestricted Subsidiaries.

“U.S. Person” means a U.S. person as defined in Rule 902(k) promulgated under the Securities Act.

"*Volumetric Production Payments*" means production payment obligations recorded as deferred revenue in accordance with GAAP, together with all undertakings and obligations in connection therewith.

"*Voting Stock*" of any specified Person as of any date means the Capital Stock of such Person entitling the holders thereof (whether at all times or only so long as no senior class of Capital Stock has voting power by reason of any contingency) to vote in the election of members of the Board of Directors of such Person; *provided* that with respect to a limited partnership or other entity which does not have a Board of Directors, Voting Stock means the Capital Stock of the general partner of such limited partnership or other business entity with the ultimate authority to manage the business and operations of such Person.

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"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness or Disqualified Stock at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity or redemption, in respect of the Indebtedness or Disqualified Stock, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding aggregate amount of such Indebtedness or Disqualified Stock.

"*Wholly Owned Restricted Subsidiary*" means any Wholly Owned Subsidiary that is a Restricted Subsidiary.

"*Wholly Owned Subsidiary*" of any Person means a Subsidiary of such Person, 100% of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares or shares required pursuant to applicable law) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person

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Section 1.02 Other Definitions.

<u>Term</u>	<u>Defined in Section</u>
"Advance Offer"	4.10
"Advance Portion"	4.10
"Affiliate Transaction"	4.11
"Alternate Offer"	4.15
"Applicable Premium Deficit"	8.04
"Asset Sale Offer"	4.10
"Authentication Order"	2.02
"Change of Control Offer"	4.15
"Change of Control Payment"	4.15
"Change of Control Payment Date"	4.15
"Covenant Defeasance"	8.03
"DTC"	2.03
"Event of Default"	6.01
"Excess Proceeds"	4.10
"Initial Lien"	4.12
"Investment Grade Rating"	4.18
"Legal Defeasance"	8.02
"Offer Amount"	3.09
"Offer Period"	3.09
"Paying Agent"	2.03
"Payment Default"	6.01
"Permitted Debt"	4.09
"Purchase Date"	3.09
"Registrar"	2.03
"Restricted Payments"	4.07
"Suspension Period"	4.18

Section 1.03 *Trust Indenture Act.*

This Indenture is not subject to the TIA except as expressly stated herein. Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

Section 1.04 *Rules of Construction.*

Unless the context otherwise requires:

- (a) a term has the meaning assigned to it;
- (b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (c) "or" is not exclusive;
- (d) words in the singular include the plural, and in the plural include the singular;
- (e) "will" shall be interpreted to express a command;
- (f) provisions apply to successive events and transactions;
- (g) "including" shall be interpreted to mean "including, without limitation," and the use of the word "including" followed by specific examples shall not be construed as limiting the meaning of the general wording preceding it;
- (h) references to sections of or rules under the Securities Act will be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time; and

ARTICLE 2 THE NOTES

Section 2.01 *Form and Dating.*

(a) *General.* The Notes and the Trustee's certificate of authentication will be substantially in the form of Exhibit A hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note will be dated the date of its authentication. The Notes shall be in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The terms and provisions contained in the Notes will constitute, and are hereby expressly made, a part of this Indenture and the Company, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) *Global Notes.* Notes issued in global form will be substantially in the form of Exhibit A hereto (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Notes issued in definitive form will be substantially in the form of Exhibit A hereto (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note will represent such of the outstanding Notes as will be specified therein and each shall provide that it represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented

thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby will be made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

(c) *Temporary Global Notes.* Notes offered and sold in reliance on Regulation S will be issued initially in the form of the Regulation S Temporary Global Note, which will be deposited on behalf of the purchasers of the Notes represented thereby with the Trustee, as custodian for the Depositary, and registered in the name of the Depositary or the nominee of the Depositary for the accounts of designated agents holding on behalf of Euroclear or Clearstream, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The Restricted Period will terminate upon the delivery by the Company to the Trustee of a [written certificate from the Depositary]¹ as to the expiration of the Restricted Period.

together with copies of certificates from Euroclear and Clearstream certifying that they have received certification of non-United States beneficial ownership of 100% of the aggregate principal amount of the Regulation S Temporary Global Note (except to the extent of any Beneficial Owners thereof who acquired an interest therein during the Restricted Period pursuant to another exemption from registration under the Securities Act and who will take delivery of a beneficial ownership interest in a 144A Global Note bearing a Private Placement Legend, all as contemplated by Section 2.06(b) hereof).

Following the termination of the Restricted Period, the Company shall instruct, which instructions shall be in writing and comply with Rule 9.03(b)(3)(ii)(B) of Regulation S, the Trustee to, and upon such instructions, the Trustee shall, exchange beneficial interests in the Regulation S Temporary Global Note for beneficial interests in the Regulation S Permanent Global Note, pursuant to the Applicable Procedures. Simultaneously with the exchange of such beneficial interests and in accordance with Section 2.06(h), the Trustee will (i) reduce and endorse the Regulation S Temporary Global Note accordingly and (ii) increase and endorse the Regulation S Permanent Global Note accordingly. The aggregate principal amount of the Regulation S Temporary Global Note and the Regulation S Permanent Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository or its nominee, as the case may be, in connection with transfers of interest as hereinafter provided.

(d) *Euroclear and Clearstream Procedures Applicable.* The provisions of the “Operating Procedures of the Euroclear System” and “Terms and Conditions Governing Use of Euroclear” and the “General Terms and Conditions of Clearstream Banking” and “Customer Handbook” of Clearstream will be applicable to transfers of beneficial interests in the Regulation S Temporary Global Note and the Regulation S Permanent Global Note that are held by Participants through Euroclear or Clearstream.

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Section 2.02 Execution and Authentication.

At least one Officer must sign the Notes for the Company by manual or facsimile or signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note will nevertheless be valid.

A Note will not be valid until authenticated by the manual signature of the Trustee. The signature will be conclusive evidence that the Note has been authenticated under this Indenture. The Trustee will, upon receipt of a written order of the Company signed by an Officer of the Company (an “Authentication Order”), authenticate Notes for original issue (i) on the date hereof as Initial Notes in the aggregate principal amount of \$300.0 million and (ii) thereafter any Additional Notes that may be validly issued under this Indenture. The aggregate principal amount of Notes outstanding at any time may not exceed the aggregate principal amount of Notes authorized for issuance by the Company pursuant to one or more Authentication Orders, except as provided in Section 2.07 hereof.

The Trustee shall also authenticate and deliver Notes at the times and in the manner specified in Section 2.06, Section 2.07, Section 2.10, Section 3.06, Section 3.09, Section 4.15 and Section 9.04.

With respect to any Additional Notes, the Company shall set forth in an Officers’ Certificate, a copy of which shall be delivered to the Trustee at or prior to original issuance thereof, the following information:

- (a) the aggregate principal amount of such Additional Notes to be authenticated and delivered pursuant to this Indenture;
- (b) the issue price, the issue date (and the corresponding date from which interest shall accrue thereon and the first interest payment date therefor) and the CUSIP and/or ISIN number of such Additional Notes; *provided* that, a separate CUSIP or ISIN will be issued for the Additional Notes

if such Additional Notes are not treated as fungible for U.S. federal income tax purposes with the Initial Notes or any other Additional Notes bearing the same CUSIP or ISIN; and

(c) whether such Additional Notes shall be subject to the restrictions on transfer set forth in Section 2.06 relating to Restricted Global Notes and Restricted Definitive Notes.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Company.

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Section 2.03 Registrar and Paying Agent.

The Company will maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("*Registrar*") and an office or agency where Notes may be presented for payment ("*Paying Agent*"). The Registrar will keep a register of the Notes and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "*Registrar*" includes any co-registrar and the term "*Paying Agent*" includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company will notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of the Company's Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints The Depository Trust Company ("*DTC*") to act as Depositary with respect to the Global Notes.

The Company initially appoints the Trustee to act as the Registrar and Paying Agent (at its office indicated in the definition of "*Corporate Trust Office of the Trustee*" in Section 1.01 hereof) and to act as Custodian with respect to the Global Notes.

Section 2.04 Paying Agent to Hold Money in Trust.

The Company will require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal of, premium, if any, on, and interest, if any, on, the Notes, and will notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) will have no further liability for the money. If the Company or a Subsidiary acts as Paying Agent, it will segregate and hold in a separate trust fund for the benefit of the Trustee and the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee will serve as Paying Agent for the Notes.

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Section 2.05 Holder Lists.

The Trustee will preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Trustee is not the Registrar, the Company will furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of the Notes.

Section 2.06 Transfer and Exchange.

(a) **Transfer and Exchange of Global Notes.** A Global Note may not be transferred except as a whole by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes will be exchanged by the Company for Definitive Notes if:

(1) the Depositary notifies the Company (A) that it is unwilling or unable to continue to act as Depositary or (B) that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 90 days after the date of such notice from the Depositary;

(2) the Company, at its option but subject to the Depositary's requirements, notifies the Trustee in writing that it elects to cause the issuance of the Definitive Notes; *provided* that in no event shall the Regulation S Temporary Global Note be exchanged by the Company for Definitive Notes prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B) under the Securities Act; or

(3) there has occurred and is continuing an Event of Default and the Depositary notifies the Trustee of its decision to exchange such Global Note for Definitive Notes.

Upon the occurrence of the preceding events in (1), (2) or (3) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a); *however*, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b) or (c) hereof. Whenever any provision herein refers to issuance by the Company and authentication and delivery by the Trustee of a new Note in exchange for the portion of a surrendered Note that has not been redeemed or repurchased, as the case may be, in lieu of the surrender of any Global Note and the issuance, authentication and delivery of a new Global Note in exchange therefor, the Trustee or the Depositary at the direction of the Trustee may endorse such Global Note to reflect a reduction in the principal amount represented thereby in the amount of Notes so represented that have been so redeemed or repurchased.

(b) **Transfer and Exchange of Beneficial Interests in the Global Notes.** The transfer and exchange of beneficial interests in the Global Notes will be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Participants and Indirect Participants shall have no rights under this Indenture with respect to any Global Note held on their behalf by the Depositary or by the Trustee as the Custodian with respect to the Global Notes, and the Company, the Trustee and any agent of the Company or the Trustee shall be entitled to treat the

Depository as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Participants or the Indirect Participants, the operation of customary practices of such Depository governing the exercise of the rights of a holder of a beneficial interest in any Global Note. Subject to the provisions of this Section 2.06 and Section 12.16, the Holder of a Global Note shall be entitled to grant proxies and otherwise authorize any Person, including Participants and Indirect Participants and Persons that may hold interests through such Persons, to take any action that a Holder is entitled to take under this Indenture or the Notes. Beneficial interests in the Restricted Global Notes will be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Except for the transfer of beneficial interests in the Regulation S Temporary Global Note for beneficial interests in the Regulation S Permanent Global Note as provided in Section 2.01(c), transfers of beneficial interests in the Global Notes also will require compliance with either subparagraph (1) or (2) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(1) *Transfer of Beneficial Interests in the Same Global Note.* Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; *provided, however*, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Temporary Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(1).

(2) *All Other Transfers and Exchanges of Beneficial Interests in Global Notes.* In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(1) above, the transferor of such beneficial interest must deliver to the Registrar either:

(A) both:

(i) a written order from a Participant or an Indirect Participant given to the Depository in accordance with the Applicable Procedures directing the Depository to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged; and

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(ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(B) both:

(i) a written order from a Participant or an Indirect Participant given to the Depository in accordance with the Applicable Procedures directing the Depository to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given by the Depository to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above;

provided that in no event shall Definitive Notes be issued upon the transfer or exchange of beneficial interests in the Regulation S Temporary Global Note prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B) under the Securities Act.

Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section

2.06(h) hereof.

(3) *Transfer of Beneficial Interests in a Restricted Global Note for Beneficial Interests in Another Restricted Global Note.* A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; and

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Temporary Global Note or the Regulation S Permanent Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof.

(4) *Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note.* A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer

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complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(i) the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this Section 2.06(b)(4), if the Company so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to this Section 2.06(b)(4) at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to this Section 2.06(b)(4).

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) *Transfer or Exchange of Beneficial Interests for Definitive Notes.* The following provisions of this Section 2.06(c) shall apply to transfers or exchanges of beneficial interests in a Global Note for a Definitive Note pursuant to Section 2.06(a). Except as provided in Section 2.06(a), Holders shall not be entitled to effect such an exchange.

(1) *Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes.* If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

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(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(F) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof, the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(2) *Beneficial Interests in Regulation S Temporary Global Note to Definitive Notes.* Notwithstanding Section 2.06(c)(1)(A) and (C) hereof, a beneficial interest in the Regulation S Temporary Global Note may not be exchanged for a Definitive Note or transferred to a Person who takes delivery thereof in the form of a Definitive Note prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any

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certificates required pursuant to Rule 903(b)(3)(ii)(B) under the Securities Act, except in the case of a transfer pursuant to an exemption from the registration requirements of the Securities Act other than Rule 903 or Rule 904.

(3) *Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes.* A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1) (b) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this Section 2.06(c)(3), if the Company so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(4) *Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes.* If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(2) hereof, the Trustee will cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Company will execute and the Trustee will authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(4) will be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest requests through instructions to the Registrar from or through the Depositary and the Participant or Indirect Participant. The Trustee will deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(4) will not bear the Private Placement Legend.

(d) *Transfer and Exchange of Definitive Notes for Beneficial Interests.*

(1) *Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes.* If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such Restricted Definitive Note is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(F) if such Restricted Definitive Note is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof, the Trustee will cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Note, in the case of clause (B) above, the 144A Global Note, and in the case of clause (C) above, the Regulation S Global Note.

(2) *Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a

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Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if the Registrar receives the following:

(i) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(ii) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this Section 2.06(d)(2), if the Company so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(2), the Trustee will cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(3) *Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee will cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to subparagraph (2) or (3) above at a time when an Unrestricted Global Note has not yet been issued, the Company will issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee will authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) *Transfer and Exchange of Definitive Notes for Definitive Notes.* Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar will register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder must present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder must provide any additional

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certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(1) *Restricted Definitive Notes to Restricted Definitive Notes.* Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(2) *Restricted Definitive Notes to Unrestricted Definitive Notes.* Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if the Registrar receives the following:

(i) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(ii) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this 2.06(e)(2), if the Company so requests, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) *Unrestricted Definitive Notes to Unrestricted Definitive Notes.* A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

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(f) [Intentionally omitted.]

(g) *Legends.* The following legends will appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(1) *Private Placement Legend.*

(A) Except as permitted by subparagraph (B) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A “QIB”), (B) IT IS NOT A U.S. PERSON, IS NOT ACQUIRING THIS NOTE FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (C) IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT) (AN “IAI”), (2) AGREES THAT IT WILL NOT, PRIOR TO THE DATE THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUER, OR ANY OF ITS RESPECTIVE AFFILIATES, WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF SUCH NOTE), RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) TO A PERSON WHOM THE HOLDER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) TO AN IAI THAT, PRIOR TO SUCH TRANSFER, FURNISHES TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE REGISTRATION OF TRANSFER OF THIS NOTE (THE FORM OF WHICH LETTER WILL BE ATTACHED AS AN EXHIBIT TO THE INDENTURE) AND, IF SUCH

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TRANSFER IS IN RESPECT OF AN AGGREGATE PRINCIPAL AMOUNT OF NOTES AT THE TIME OF TRANSFER OF LESS THAN \$250,000, AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT OR (F) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS NOTE OR ANY INTEREST HEREIN WITHIN THE TIME PERIOD REFERRED TO ABOVE, THE HOLDER MUST COMPLETE AND SUBMIT TO THE TRUSTEE THE CERTIFICATE SPECIFIED IN THE INDENTURE RELATING TO THE MANNER OF SUCH TRANSFER (THE FORM OF WHICH CERTIFICATE WILL BE ATTACHED AS AN EXHIBIT TO THE INDENTURE). AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT."

(B) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraphs (b)(4), (c)(3), (c)(4), (d)(2), (d)(3), (e)(2) or (e)(3) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) will not bear the Private Placement Legend.

(2) *Global Note Legend.* Each Global Note will bear a legend in substantially the following form:

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE

DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

(3) *Regulation S Temporary Global Note Legend.* The Regulation S Temporary Global Note will bear a Legend in substantially the following form:

“THE RIGHTS ATTACHING TO THIS REGULATION S TEMPORARY GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR A REGULATION S PERMANENT GLOBAL NOTE, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN). NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS REGULATION S TEMPORARY GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON.”

(h) *Cancellation and/or Adjustment of Global Notes.* At such time as all beneficial interests in a particular Global Note have been exchanged for beneficial interests in another Global Note or Definitive Notes, or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note will be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note will be reduced accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note will be increased accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) *General Provisions Relating to Transfers and Exchanges.*

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(1) To permit registrations of transfers and exchanges, the Company will execute and the Trustee will authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.02 hereof or at the Registrar's request.

(2) No service charge will be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.06, 3.09, 4.10, 4.15 and 9.04 hereof).

(3) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes will be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(4) Neither the Registrar nor the Company will be required:

(A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of selection;

(B) to register the transfer of or to exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part; or

(C) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

(5) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of

and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(6) The Trustee will authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

(7) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile or electronic image scan.

(8) The Trustee shall have no responsibility or obligation to any Beneficial Owner of a Global Note, a member of, or a participant in the Depositary or any other Person with respect to the accuracy of the records of the Depositary or its nominee or of

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any participant or member thereof, with respect to any ownership interest in the Notes or with respect to the delivery to any Participant, member, Beneficial Owner or other Person (other than the Depositary) of any notice (including any notice of redemption or repurchase) or the payment of any amount, under or with respect to such Notes. All notices and communications to be given to the Holders and all payments to be made to the Holders under the Notes shall be given or made only to the registered Holders (which shall be the Depositary or its nominee in the case of a Global Note). The rights of Beneficial Owners in any Global Note shall be exercised only through the Depositary subject to the Applicable Procedures of the Depositary. The Trustee may rely and shall be fully protected in relying upon information furnished by the Depositary with respect to its members, Participants and any Beneficial Owners.

(9) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Participants, members or Beneficial Owners in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Section 2.07 Replacement Notes.

If any mutilated Note is surrendered to the Trustee or the Company and the Trustee and the Company receive evidence to their satisfaction of the destruction, loss or theft of any Note, and such other reasonable requirements as may be imposed by the Company as permitted by Section 8-405 of the Uniform Commercial Code have been satisfied, then, in the absence of notice to the Company or the Trustee that such Note has been acquired by a "protected purchaser" within the meaning of Section 8-405 of the Uniform Commercial Code, the Company will issue and the Trustee, upon receipt of an Authentication Order, will authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee (with respect to the Trustee) and the Company (with respect to the Company) to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company may charge for its expenses in replacing a Note.

Every replacement Note is an additional obligation of the Company and will be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

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Section 2.08 *Outstanding Notes.*

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note; *however*, Notes held by the Company or a Subsidiary of the Company shall not be deemed to be outstanding for purposes of Section 3.07(a) hereof.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a protected purchaser within the meaning of Section 8-405 of the Uniform Commercial Code.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, by 11:00 a.m. Eastern Time on a redemption date or other maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes will be deemed to be no longer outstanding and will cease to accrue interest.

Section 2.09 *Treasury Notes.*

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company or any Guarantor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any Guarantor, will be considered as though not outstanding, except that for the purposes of determining whether the Trustee will be protected in relying on any such direction, waiver or consent, only Notes that a Responsible Officer of the Trustee actually knows are so owned will be so disregarded.

Section 2.10 *Temporary Notes.*

Until certificates representing Notes are ready for delivery, the Company may prepare and the Trustee, upon receipt of an Authentication Order, will authenticate temporary Notes. Temporary Notes will be substantially in the form of certificated Notes but may have variations that the Company considers appropriate for temporary Notes and as may be reasonably acceptable to the Trustee. Without unreasonable delay, the Company will prepare and the Trustee will authenticate definitive Notes in exchange for temporary Notes.

Holders of temporary Notes will be entitled to all of the benefits of this Indenture.

Section 2.11 Cancellation.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent will forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else will cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and will destroy canceled Notes (subject to the record retention requirement of the Exchange Act). Upon written request, certification of the destruction of all canceled Notes will be delivered to the Company. The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

Section 2.12 Defaulted Interest.

If the Company defaults in a payment of interest on the Notes, it will pay the defaulted interest in any lawful manner *plus*, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof, *provided* that no special record date shall be required with respect to defaulted interest paid within the applicable grace period. The Company will notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company will fix or cause to be fixed each such special record date and payment date; *provided* that no such special record date may be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) will mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid. The Trustee will have no duty whatsoever to determine whether any defaulted interest is payable or the amount thereof.

Section 2.13 Computation of Interest.

Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Section 2.14 CUSIP Numbers.

The Company in issuing the Notes may use "CUSIP" numbers (if then generally in use). The Trustee will not be responsible for the use of CUSIP numbers, and the Trustee makes no representation as to their correctness as printed on any Note or notice to Holders. The Company will promptly notify the Trustee in writing of any change in the "CUSIP" numbers.

ARTICLE 3 REDEMPTION AND PREPAYMENT

Section 3.01 Notices to Trustee.

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it must furnish to the Trustee, at least five Business Days (or such shorter time as may be acceptable to the Trustee) prior to the giving of notice of a redemption, an Officers' Certificate setting forth:

- (a) the clause of this Indenture pursuant to which the redemption shall occur;
- (b) the redemption date;
- (c) the principal amount of Notes to be redeemed; and

- (d) the redemption price (if then determined and otherwise the method of determination).

Section 3.02 *Selection of Notes to Be Redeemed.*

If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption on a *pro rata* basis (or, in the case of Notes issued in global form pursuant to Article 2 hereof, by such method as DTC or its nominee or successor may require or, where such nominee or successor is the Trustee, a method that most nearly approximates *pro rata* selection unless otherwise required by law) unless otherwise required by law or applicable stock exchange or depositary requirements. Notwithstanding the foregoing, no Notes of \$2,000 or less can be redeemed in part.

The Trustee will promptly notify the Company in writing of the Notes selected for redemption and, in the case of any Note selected for partial redemption, the principal amount thereof to be redeemed. Notes and portions of Notes selected will be in minimum amounts of \$2,000 or whole multiples of \$1,000 in excess thereof; except that if all of the Notes of a Holder are to be redeemed, the entire outstanding amount of Notes held by such Holder shall be redeemed. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

Section 3.03 *Notice of Redemption.*

At least 10 days but not more than 60 days before a redemption date, the Company will mail or cause to be mailed by first class mail (or sent electronically if DTC is the recipient) a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, with a copy to the Trustee, except that redemption notices may be given more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Article 8 or 11 hereof.

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The notice shall identify the Notes (including the series, issue date, CUSIP number, interest rate, maturity date and certificate number, if applicable) and state:

- (a) the redemption date;
- (b) the redemption price (if then determined and otherwise the method of determination);
- (c) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion will be issued in the name of the Holder thereof upon cancellation of the original Note;
- (d) the name and address of the Paying Agent;
- (e) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;
- (f) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;
- (g) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed;
- (h) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes; and
- (i) any conditions precedent to the redemption.

At the Company's request, the Trustee will give the notice of redemption in the Company's name and at the Company's expense; *provided, however*, that the Officers' Certificate delivered to the Trustee pursuant to Section 3.01 hereof requests that the Trustee give such notice and sets forth the information to be stated in such notice as provided in the preceding paragraph.

If such redemption is subject to the satisfaction of one or more conditions precedent, the related notice shall describe each such condition, and if applicable, shall state that, in the Company's discretion, the date of redemption may be delayed until such time as any or all such conditions shall be satisfied or waived (*provided* that in no event shall such date of redemption be delayed to a date later than 60 days after the date on which such notice was sent), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the date of redemption, or by the date of redemption as so delayed. The Company shall provide written notice of the delay of such date of redemption or the rescission of such notice of redemption to the Trustee no later than 10:00 a.m. Eastern Time (subject to DTC procedures) on the date of redemption. Upon receipt of such notice of the delay of such date of redemption or the rescission of such notice of redemption, such date of redemption shall be automatically delayed or such notice of redemption shall be

automatically rescinded, as applicable, and the redemption of the Notes to be redeemed shall be automatically delayed or rescinded and cancelled, as applicable, as provided in such notice.

Section 3.04 *Effect of Notice of Redemption.*

Once notice of redemption is mailed or given in accordance with Section 3.03 hereof, Notes called for redemption will become irrevocably due and payable (subject to Section 3.03) on the redemption date at the redemption price, subject to satisfaction of any condition specified with respect to such redemption.

Section 3.05 *Deposit of Redemption Price.*

No later than 11:00 a.m. Eastern Time on the redemption date, the Company will deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption price of, and accrued interest, if any, on all Notes to be redeemed on that date. The Trustee or the Paying Agent will promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption price of, and accrued interest, if any, on all Notes to be redeemed.

If the Company complies with the provisions of the preceding paragraph, on and after the redemption date, interest will cease to accrue on the Notes or the portions of Notes called for redemption. If a Note is redeemed on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest, if any, shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption is not so paid upon surrender for redemption because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

Section 3.06 *Notes Redeemed in Part.*

Upon surrender of a Note that is redeemed in part, the Company will issue and, upon receipt of an Authentication Order, the Trustee will authenticate for the Holder at the expense of the Company a new Note equal in principal amount to the unredeemed portion of the Note surrendered.

Section 3.07 *Optional Redemption.*

(a) At any time prior to February 15, 2024, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under this Indenture, upon notice as provided in this Indenture, at a redemption price equal to 107.750% of the principal amount of the Notes redeemed, *plus* accrued and unpaid interest, if any, to, but excluding, the date of redemption (subject to the rights of Holders on

the relevant record date to receive interest on the relevant interest payment date), with an amount of cash not greater than the net cash proceeds of one or more Equity Offerings; *provided that*:

- (1) at least 65% of the aggregate principal amount of Notes originally issued on the date of this Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption (unless all Notes are redeemed substantially concurrently therewith); and
 - (2) the redemption occurs within 180 days after the date of the closing of such Equity Offering.
- (b) At any time prior to February 15, 2024, the Company may on any one or more occasions redeem all or a part of the Notes, upon notice as provided in this Indenture, at a redemption price equal to:
- (1) 100% of the principal amount thereof, *plus*
 - (2) the Applicable Premium as of the redemption date, *plus* accrued and unpaid interest, if any, to, but excluding, the redemption date (subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date).
- (c) The Company may redeem the Notes when permitted by, and pursuant to the conditions in, Section 4.15(e) hereof.
- (d) Except pursuant to Section 3.07(a), (b) or (c), the Notes will not be redeemable at the Company's option prior to February 15, 2024.
- (e) On or after February 15, 2024, the Company may on any one or more occasions redeem all or a part of the Notes, upon notice as provided in this Indenture, at the redemption prices (expressed as percentages of principal amount) set forth below, *plus* accrued and unpaid interest, if any, on the Notes redeemed, to, but excluding, the applicable redemption date, if redeemed during the twelve-month period beginning on February 15 of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2024	103.875%
2025	100.000%

- (f) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

Section 3.08 Mandatory Redemption.

The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Section 3.09 Offer to Purchase by Application of Excess Proceeds.

In the event that, pursuant to Section 4.10 hereof, the Company is required to commence an Asset Sale Offer to all Holders to purchase Notes, it will follow the procedures specified below.

The Asset Sale Offer shall be made to all Holders and all holders of other Indebtedness that is *pari passu* with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets. The Asset Sale Offer will remain open for a period of at least 20 Business Days following its commencement and not more than 30 Business Days, except to the extent that a longer period is required by applicable law (the “Offer Period”). No later than three Business Days after the termination of the Offer Period (the “Purchase Date”), the Company will apply all Excess Proceeds (the “Offer Amount”) to the purchase of Notes and such other *pari passu* Indebtedness (on a *pro rata* basis based on the principal amount of Notes and such other *pari passu* Indebtedness surrendered, if applicable) or, if less than the Offer Amount has been tendered, all Notes and other Indebtedness tendered in response to the Asset Sale Offer.

If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest, if any, will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Company will send, by first class mail, a notice to the Trustee and each of the Holders. The notice will contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The notice, which will govern the terms of the Asset Sale Offer, will state:

- (a) that the Asset Sale Offer is being made pursuant to this Section 3.09 and Section 4.10 hereof and the length of time the Asset Sale Offer will remain open;
- (b) the Offer Amount, the purchase price and the Purchase Date;
- (c) that any Note not tendered or accepted for payment will continue to accrue interest;
- (d) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer will cease to accrue interest on and after the Purchase Date;
- (e) that Holders electing to have a Note purchased pursuant to an Asset Sale Offer may elect to have Notes purchased in minimum denominations of \$2,000 or an integral multiple of \$1,000 in excess thereof;
- (f) that Holders electing to have Notes purchased pursuant to any Asset Sale Offer will be required to surrender the Note, with the form entitled “Option of Holder to Elect Purchase” attached to the Notes completed, or transfer by book-entry transfer, to the Company, a

depository, if appointed by the Company, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

- (g) that Holders will be entitled to withdraw their election if the Company, the Depository or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, electronic image scan, facsimile transmission or letter setting forth the name of the Holder,

the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(h) that, if the aggregate principal amount of Notes surrendered by Holders thereof exceeds the Offer Amount allocated to the purchase of Notes in the Asset Sale Offer, the Trustee will select the Notes and the Company will select other *pari passu* Indebtedness to be purchased on a *pro rata* basis (except that any Notes represented by a Global Note shall be selected by such method as DTC or its nominee or successor may require), based on the principal amount of Notes surrendered (with such adjustments as may be deemed appropriate by the Trustee so that only Notes in minimum denominations of \$2,000, or an integral multiple of \$1,000 in excess thereof, will be purchased); and

(i) that Holders whose Notes were purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

On or before the Purchase Date, the Company will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Notes or portions thereof tendered pursuant to the Asset Sale Offer and required to be purchased pursuant to this Section 3.09 and Section 4.10 hereof, or if Notes in an aggregate principal amount less than the Offer Amount allocated to the purchase of Notes in the Asset Sale Offer have been tendered, all Notes tendered, and will deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 3.09. The Company, the depositary for the Asset Sale Offer or the Paying Agent, as the case may be, will promptly (but in any case not later than five days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Company for purchase (or, if such Notes are then in global form, it will make such payment thereon through the facilities of DTC), and the Company will promptly issue a new Note, and, upon receipt of an Authentication Order in accordance with Section 2.02, the Trustee, upon the written request of the Company, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered. Any Note not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company will publicly announce the results of the Asset Sale Offer on the Purchase Date.

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ARTICLE 4 COVENANTS

Section 4.01 *Payment of Notes.*

The Company will pay or cause to be paid the principal of, premium, if any, on, and interest, if any, on, the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest, if any, will be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary of the Company, holds as of 11:00 a.m. Eastern Time on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest, if any, then due.

The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at a rate that is equal to the then applicable interest rate on the Notes to the extent lawful; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest, if any (without regard to any applicable grace period), at the same rate to the extent lawful.

The Company may at any time, for the purpose of obtaining satisfaction and discharge with respect to the Notes or for any other purpose, pay, or direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same terms as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Subject to any applicable abandoned property law, any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on any Note and remaining unclaimed for two years after such principal, and premium, if any, or interest has become due and payable shall be paid to the Company on its request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease.

Section 4.02 *Maintenance of Office or Agency.*

The Company will maintain, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee) where Notes may be surrendered for registration of transfer or for exchange. If the Definitive Notes are issued and outstanding, such office must be in the contiguous United States. The Company initially designates the Corporate Trust Office of the Trustee for such purposes. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company fails to maintain any such required office or agency or fail to furnish the Trustee with the address thereof, such presentations and surrenders may be made or served at the Corporate Trust Office of the Trustee; *provided that*, no office of the Trustee shall be an office or agency of the Company for the purposes of service of legal process on the Company or any Guarantor.

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The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided, however*, that no such designation or rescission will in any manner relieve the Company of its obligation to maintain an office or agency in the contiguous United States for such purposes if required. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

With respect to any Global Notes, the Corporate Trust Office of the Trustee shall be the office or agency where such Global Notes may be presented or surrendered for payment or for registration of transfer or exchange, or where successor Notes may be delivered in exchange therefor; *provided, however*, that any such presentation, surrender or delivery effected pursuant to the Applicable Procedures of the Depositary shall be deemed to have been effected at such office or agency in accordance with the provisions of this Indenture.

Section 4.03 *Reports.*

(a) So long as any Notes are outstanding, the Company will furnish to the Holders of the Notes or the Trustee:

(1) no later than 120 days after the end of each fiscal year, (a) audited financial statements prepared in accordance with GAAP (with footnotes to such financial statements), including the audit report on such financial statements issued by the Company's certified independent accountants and (b) a "Management's Discussion and Analysis of Financial Condition and Results of Operations" consistent with the presentation thereof in the Offering Memorandum;

(2) no later than 60 days after the end of each of the first three calendar quarters of each fiscal year, (a) unaudited quarterly financial statements prepared in accordance with GAAP (with condensed footnotes to such financial statements consistent with past practice) and (b) a "Management's Discussion and Analysis of Financial Condition and Results of Operations" consistent with the presentation thereof in the Offering Memorandum; and

(3) within ten business days after the occurrence of any of the following events, a current report that contains a brief summary of the material terms, facts and/or circumstances involved to the extent not otherwise publicly disclosed: (i) entry by the Company or a Restricted Subsidiary into an agreement outside the ordinary course of business that is material (as determined by the Company in its sole discretion) to the Company and its Subsidiaries, taken as a whole, any material amendment thereto or termination of any such agreement other than in

accordance with its terms (excluding, for the avoidance of doubt, employee compensatory or benefit agreements or plans), (ii) completion of a merger of the Company with or into another Person or a material acquisition or disposition of assets by the Company or a Restricted Subsidiary outside the ordinary course of business, (iii) the institution of, or material development under, bankruptcy proceedings under the U.S. Bankruptcy Code or similar proceedings under state or federal law with respect to the Company or a Significant Subsidiary, (iv) the Company's incurring Indebtedness outside the ordinary course of business that is material

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to the Company (other than under a Credit Facility or other arrangement which has been described in the Offering Memorandum or borrowings under a Credit Facility that has otherwise been disclosed previously), or a triggering event that causes the increase or acceleration of any such obligation and, in any such case, the consequences thereof are material to the Company or any Restricted Subsidiary.

(b) Notwithstanding the foregoing, the financial statements, information and other documents required to be provided as described in Section 4.03(a) above may be those of (i) the Company or (ii) IPOCo or any other direct or indirect parent of the Company; *provided* that in the case of clause (ii), if and so long as such direct or indirect parent of the Company has Independent Assets or Operations, the same is accompanied by consolidating information (which need not be audited) that summarizes the differences between the information relating to such parent, on the one hand, and the information relating to the Company and its Restricted Subsidiaries on a stand-alone basis, on the other hand.

(c) For the avoidance of doubt, the information provided pursuant to Section 4.03(a) above (i) will not be required to contain the separate financial information required Rule 3-09, Rule 3-10 or Rule 3-16 of Regulation S-X or any schedules required by Regulation S-X, or in each case any successor provisions, (ii) shall not be required to comply with Regulation G under the Exchange Act or Item 10(e) of Regulation S-K with respect to any non-GAAP financial measures contained therein and (iii) will not be required to comply with Section 302 or Section 404 of the Sarbanes-Oxley Act of 2002, or related Items 307 or 308 of Regulation S-K.

(d) If the Company has designated any of its Subsidiaries as an Unrestricted Subsidiary and if any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, would constitute a Significant Subsidiary of the Company, then the annual and quarterly information required by Section 4.03(a)(1) and Section 4.03(a)(2) shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of such Unrestricted Subsidiaries.

(e) While IPOCo is in registration with respect to a Qualified IPO, the Company will not be required to disclose any information or take any actions that, in the view of the Company, would violate the securities laws or the SEC's "gun jumping" rules or otherwise have an adverse effect on the Qualified IPO.

(f) Any and all Defaults or Events of Default arising from a failure to furnish in a timely manner any information required by this Section 4.03 shall be deemed cured (and the Company shall be deemed to be in compliance with this covenant) upon furnishing such information as contemplated by this covenant (but without regard to the date on which such information or report is so furnished); *provided* that such cure shall not otherwise affect the rights of the Holders in Section 6.01 if the principal of, premium, if any, on, and interest, if any, on, the Notes have been accelerated in accordance with the terms of this Indenture and such acceleration has not been rescinded or cancelled prior to such cure.

(g) The Company will hold and participate in conference calls with the Holders of the Notes, Beneficial Owners of the Notes, bona fide prospective investors, securities analysts and

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market makers with respect to the financial information required to be furnished pursuant to Section 4.03(a)(1) and Section 4.03(a)(2) no later than ten Business Days after distribution of such financial information, unless, in each case, the Company reasonably determines that to do so would conflict with applicable securities laws, including in connection with any pending offering of securities. The Company shall be permitted to combine this conference call with any other conference call for other debt or equity holders or lenders. The Company shall, no later than three Business Days prior to the date of the conference calls required to be held in accordance with this paragraph, announce the date and time of such conference calls and all information necessary to enable Holders of Notes and security analysts to obtain access to such calls.

(h) So long as any Notes are outstanding, the Company will also maintain a website to which Holders, prospective investors, broker-dealers and securities analysts are given access (which may be password protected) and to which all of the reports required by this Section 4.03 are posted, unless they are otherwise publicly filed with the SEC.

(i) The Company shall furnish to the Holders and Beneficial Owners of the Notes, prospective investors, broker-dealers and securities analysts, upon their request, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the Notes are not freely transferable under the Securities Act.

(j) Delivery of such reports, information and documents to the Trustee is for informational purposes only, and the Trustee's receipt of such shall not constitute actual or constructive knowledge or notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates). The Trustee shall have no duty to monitor or confirm, on a continuing basis or otherwise, the Company's or any other Person's compliance with any of the covenants under this Indenture, to determine whether such reports, information or documents are available on the SEC's website, the Company's website or otherwise, to examine such reports, information, documents and other reports to ensure compliance with the provisions of this Indenture, to ascertain the correctness or otherwise of the information or the statements contained therein or to participate in any conference calls.

Section 4.04 *Compliance Certificate.*

(a) The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year ending after the date of this Indenture, an Officers' Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge the Company has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and are not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default has occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or propose to take with respect thereto).

(b) So long as any of the Notes are outstanding, the Company will deliver to the Trustee, forthwith upon any Officer of the Company becoming aware of any Default or Event of Default, a written statement specifying such Default or Event of Default and what action the Company is taking or propose to take with respect thereto.

Section 4.05 [Reserved].

Section 4.06 [Reserved].

Section 4.07 *Restricted Payments*.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company and other than dividends or distributions payable to the Company or a Restricted Subsidiary of the Company);

(2) repurchase, redeem or otherwise acquire or retire for value (including in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect parent of the Company;

(3) make any payment on or with respect to, or repurchase, redeem, defease or otherwise acquire or retire for value any Subordinated Indebtedness of the Company or any Guarantor (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), except any such payment at or within one year of the Stated Maturity of such Subordinated Indebtedness; or

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(4) make any Restricted Investment (all such payments and other actions set forth in clauses (1) through (4) of this Section 4.07(a) being collectively referred to as "*Restricted Payments*").

unless, at the time of and after giving effect to such Restricted Payment:

(A) no Note Payment Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(B) the Company would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) hereof; and

(C) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the Issue Date (excluding Restricted Payments permitted by clauses (2) through (15)), is less than the amount equal to the Cumulative Credit.

(b) The provisions of Section 4.07(a) hereof will not prohibit:

(1) the payment of any dividend or distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or distribution or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend, distribution or redemption payment would have complied with the provisions of this Indenture;

(2) any Restricted Payment in exchange for, or out of the proceeds of, the substantially concurrent sale of, Equity Interests of the Company or contributions to the equity capital of the Company (other than any Disqualified Stock or any Equity Interests sold to a Subsidiary of the Company); *provided* that any such issuance of Equity Interests shall be disregarded for purposes of determining Cumulative Credit under the definition of "Cumulative Credit";

(3) the payment of any dividend or distribution by a Restricted Subsidiary of the Company to the holders of its Equity Interests on a pro rata basis;

(4) the repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Guarantor in exchange for or with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness;

(5) repurchases of Subordinated Indebtedness of the Company or any Guarantor at a purchase price not greater than (i) 101% of the principal amount of such Subordinated Indebtedness in the event of a Change of Control or (ii) 100% of the principal amount of such Subordinated Indebtedness in the event of an Asset Sale, in each

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case *plus* accrued and unpaid interest thereon, to the extent required by the terms of such Indebtedness, but only if:

(A) in the case of a Change of Control, the Company has first complied with and fully satisfied its obligations under the provisions described in Section 4.15; or

(B) in the case of an Asset Sale, the Company has complied with and fully satisfied its obligations in accordance with the covenant in Section 4.10;

(6) so long as no Note Payment Default or Event of Default has occurred and is continuing, the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company or any direct or indirect parent thereof held by any current or former officer, director or employee of the Company or any of its Restricted Subsidiaries or any direct or indirect parent thereof pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement, compensation agreement or arrangement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed \$7.5 million in any calendar year (with any portion of such \$7.5 million amount that is unused in any calendar year to be carried forward to successive calendar years and added to such amount);

(7) the repurchase of Equity Interests deemed to occur upon the exercise of stock or other equity options to the extent such Equity Interests represent a portion of the exercise price of those stock or other equity options and any repurchase or other acquisition of Equity Interests made in lieu of withholding taxes in connection with any exercise or exchange of stock options, warrants, incentives or other rights to acquire Equity Interests;

(8) so long as no Note Payment Default or Event of Default has occurred and is continuing, the declaration and payment of regularly scheduled or accrued dividends or distributions to holders of any class or series of Disqualified Stock of the Company or any Preferred Stock of any Restricted Subsidiary of the Company issued on or after the date of this Indenture in accordance with Section 4.09 hereof;

(9) payments of cash, dividends, distributions, advances or other Restricted Payments by the Company or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (i) the exercise of options or warrants or (ii) the conversion or exchange of Capital Stock of any such Person;

(10) Permitted Tax Distributions;

(11) Permitted Payments to Parent;

(12) the IPOCo Transactions, the Qualified IPO and the transactions relating thereto, and the payment of all reasonable and customary fees and expenses incurred in connection therewith or owed by the Company or any direct or indirect parent of the Company or Restricted Subsidiaries of the Company to Affiliates, and any other

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payments made, including any such payments made to the Permitted Holders or any direct or indirect parent of the Company in connection with the consummation of IPOCo Transactions, the Qualified IPO and the transactions relating thereto, in each case to the extent permitted by Section 4.11;

(13) Restricted Payments made in connection with the issuance of the Notes and the use of proceeds therefrom in accordance with the "Use of Proceeds" section of the Offering Memorandum;

(14) payments or distributions to dissenting stockholders pursuant to applicable law, pursuant to or in connection with a consolidation, amalgamation, merger or transfer of all or substantially all of the assets of the Company and the Restricted Subsidiaries, taken as a whole, that complies with Section 5.01; *provided* that as a result of such consolidation, amalgamation, merger or transfer of assets, the Company shall have made a Change of Control Offer (if required by this Indenture) and that all Notes tendered by Holders in connection with such Change of Control Offer have been repurchased, redeemed or acquired for value;

(15) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, other Restricted Payments in an aggregate amount not to exceed \$50.0 million; and

(16) so long as no Event of Default has occurred and is continuing or would be caused thereby, (a) other Restricted Payments in an aggregate amount not to exceed \$25.0 million per calendar year, *provided* the Company's Consolidated Leverage Ratio immediately prior to such payment is less than or equal to 2.0 to 1.0; or (b) other Restricted Payments, *provided* the Company's Consolidated Leverage Ratio immediately prior to such payment is less than or equal to 1.00 to 1.00, in the case of each of clauses (a) and (b), determined on a *pro forma* basis after giving effect to any such Restricted Payment.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment (or, in the case of a dividend or distribution, on the date of declaration) of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. For purposes of determining compliance with the foregoing covenant, in the event that a Restricted Payment or Investment (or portion thereof) meets the criteria of more than one of the categories of Restricted Payments described in Section 4.07(b)(1) through (16), or is permitted pursuant to Section 4.07(a) or meets the criteria of one or more clauses contained in the definition of "Permitted Investments", the Company will be permitted to divide or classify (or later divide or classify or reclassify in whole or in part in its sole discretion) such Restricted Payment, Investment or other such transaction (or portion thereof) on the date made or later divide or reclassify such Restricted Payment, Investment or other such transaction (or portion thereof) in any manner that complies with this Section 4.07.

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Section 4.08 Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any of its Restricted Subsidiaries; *provided* that the priority that any series of Preferred Stock of a Restricted Subsidiary has in receiving dividends, distributions or liquidating distributions before dividends, distributions or liquidating distributions are paid in respect of common stock of such Restricted Subsidiary shall not constitute a restriction on the ability to make dividends or distributions on Capital Stock for purposes of this Section 4.08;

(2) make loans or advances to the Company or any of its Restricted Subsidiaries (it being understood that the subordination of loans or advances made to the Company or any of its Restricted Subsidiaries to other Indebtedness incurred by the Company or any of its Restricted Subsidiaries shall not be deemed a restriction on the ability to make loans or advances); or

(3) sell, lease or transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

(b) The restrictions in Section 4.08(a) hereof will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Existing Indebtedness and the Credit Agreement as in effect on the date of this Indenture and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the encumbrances or restrictions contained in the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not in the good faith judgment of an Officer of the Company materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the date of this Indenture;

(2) this Indenture, the Notes and the Note Guarantees;

(3) agreements governing other Indebtedness permitted to be incurred under the provisions of Section 4.09 hereof and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the encumbrances or restrictions contained therein are in the reasonable good faith judgment of an Officer of the Company, either (a) not materially more restrictive, taken as a whole, than those contained in this Indenture, the Notes and the Note Guarantees or the Credit Agreement as in effect on the date of this Indenture or (b) not reasonably likely to have a material adverse effect on the ability of the Company to make required payments on the Notes;

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(4) applicable law, rule, regulation or order;

(5) any agreement or other instrument of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such agreement or instrument was created in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired, and any amendments, restatements,

modifications, renewals, extensions, supplements, increases, refundings, replacements or refinancings thereof; *provided*, that the encumbrances and restrictions in any such amendments, restatements, modifications, renewals, extensions, supplements, increases, refundings, replacements or refinancings are, in the reasonable good faith judgment of an Officer of the Company, no more restrictive, taken as a whole, than those in effect on the date of the acquisition; *provided further*, that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be incurred;

(6) customary non-assignment provisions in Hydrocarbon purchase and sale or exchange agreements or similar operational agreements or in licenses, easements or leases, in each case, entered into in the ordinary course of business;

(7) purchase money obligations for property acquired in the ordinary course of business and Finance Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of Section 4.08(a);

(8) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are, in the reasonable good faith judgment of an Officer of the Company, not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(10) Liens permitted to be incurred under the provisions of Section 4.12 that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets that are the subject of such agreements;

(12) encumbrances or restrictions applicable only to a Restricted Subsidiary that is not a Domestic Subsidiary;

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(13) encumbrances or restrictions on cash or other deposits or net worth imposed by customers or lessors under contracts or leases entered into in the ordinary course of business;

(14) customary encumbrances and restrictions contained in agreements of the types described in the definition of "Permitted Business Investments";

(15) agreements governing Hedging Obligations incurred in the ordinary course of business;

(16) any encumbrance or restriction with respect to an Unrestricted Subsidiary pursuant to or by reason of an agreement that the Unrestricted Subsidiary is a party to or entered into before the date on which such Unrestricted Subsidiary became a Restricted Subsidiary; *provided* that such agreement was not entered into in anticipation of the Unrestricted Subsidiary becoming a Restricted Subsidiary and any such encumbrance or restriction does not extend to any assets or property of the Company or any other Restricted Subsidiary other than the assets and property of such Unrestricted Subsidiary; and

(17) contractual encumbrances or restrictions in effect on the Issue Date and, in each case, any similar contractual encumbrances effected by any amendments, modifications, restatements, renewals, supplements, refundings, replacements or refinancings of such agreements or instruments.

In each case set forth above, notwithstanding any stated limitation on the assets or property that may be subject to such encumbrance or restriction, an encumbrance or restriction on a specified asset or property or group or type of assets or property may also apply to all improvements, additions, repairs, attachments or accessions thereto, assets and property affixed or appurtenant thereto, parts, replacements and substitutions therefor, and all products and proceeds thereof, including dividends, distributions, interest and increases in respect thereof.

Section 4.09 Incurrence of Indebtedness and Issuance of Preferred Stock.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur any Indebtedness (including Acquired Debt), and the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any Preferred Stock; *provided, however*, that the Company may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and any Guarantor may incur Indebtedness (including Acquired Debt) or issue Preferred Stock, if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such Preferred Stock is issued, as the case may be, would have been at least 2.0 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the Preferred Stock had been issued, as the case may be, at the beginning of such four-quarter period.

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(b) Section 4.09(a) will not prohibit the incurrence of any of the following items of Indebtedness or issuances of Disqualified Stock or Preferred Stock, as applicable (collectively, "*Permitted Debt*"):

(1) the incurrence by the Company and the Restricted Subsidiaries, of Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and its Restricted Subsidiaries thereunder) not to exceed the greatest of (i) \$325.0 million, (ii) the Borrowing Base in effect under the Credit Agreement at such time, and (iii) 32.5% of the Company's Adjusted Consolidated Net Tangible Assets determined on the date of such incurrence;

(2) the incurrence by the Company and its Restricted Subsidiaries of the Existing Indebtedness;

(3) the incurrence by the Company and the Guarantors of Indebtedness represented by the Notes to be issued on the date of this Indenture and the related Note Guarantees;

(4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Finance Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property, plant or equipment used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount outstanding, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of (i) \$30.0 million and (ii) 3.0% of the Company's Adjusted Consolidated Net Tangible Assets determined as of the date of such incurrence or issuance;

(5) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) of the Company or any of its Restricted Subsidiaries or any Disqualified Stock of the Company or any Preferred Stock of a Restricted Subsidiary, in each case that was permitted by this Indenture to be incurred under Section 4.09(a) or clauses (2), (3), (4), (5), (14), (15) or (16) of this Section 4.09(b);

(6) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries; *provided, however*, that:

(A) if the Company or any Guarantor is the obligor on such Indebtedness and the payee is not the Company or a Guarantor, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Company, or the Note Guarantee, in the case of a Guarantor; and

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(B) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary of the Company and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary of the Company,

will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any of the Company's Restricted Subsidiaries to the Company or to any of its Restricted Subsidiaries of any Preferred Stock; *provided, however*, that:

(A) any subsequent issuance or transfer of Equity Interests that results in any such Preferred Stock being held by a Person other than the Company or a Restricted Subsidiary of the Company; and

(B) any sale or other transfer of any such Preferred Stock to a Person that is not either the Company or a Restricted Subsidiary of the Company,

will be deemed, in each case, to constitute an issuance of such Preferred Stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations;

(9) the Guarantee by the Company or any of its Restricted Subsidiaries of Indebtedness of the Company or a Restricted Subsidiary of the Company to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this Section 4.09; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes, then the Guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(10) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in respect of self-insurance obligations or bid, plugging and abandonment, appeal, reimbursement, performance, surety and similar bonds and completion guarantees provided by the Company or a Restricted Subsidiary in the ordinary course of business or consistent with industry practice or past practice and any Guarantees or letters of credit functioning as or supporting any of the foregoing bonds or obligations and workers' compensation claims in the ordinary course of business or consistent with industry practice or past practice;

(11) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five Business Days;

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(12) the incurrence by the Company or any of its Restricted Subsidiaries of in-kind obligations relating to net oil, natural gas liquid or natural gas balancing positions arising in the ordinary course of business;

(13) any obligation arising from agreements of the Company or any Restricted Subsidiary of the Company providing for indemnification, adjustment of purchase price, earn outs, or similar obligations, in each case, incurred or assumed in connection with the disposition or acquisition of any business, assets or Capital Stock of a Restricted Subsidiary in a transaction permitted by this Indenture;

(14) any Permitted Acquisition Indebtedness; and

(15) the incurrence by the Company or any of its Restricted Subsidiaries of additional Indebtedness, the issuance by the Company of any Disqualified Stock or the issuance by any Restricted Subsidiary of Preferred Stock in an aggregate principal amount (or accreted value, as applicable) or liquidation preference at any time outstanding, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred or Disqualified Stock or Preferred Stock issued pursuant to this clause (15), not to exceed, at any one time outstanding, the greater of (a) \$50.0 million and (b) 5.0% of the Company's Adjusted Consolidated Net Tangible Assets determined as of the date of such incurrence or issuance.

For purposes of determining compliance with this Section 4.09, in the event that an item of Indebtedness, Disqualified Stock or Preferred Stock meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (15) above, or is entitled to be incurred or issued pursuant to Section 4.09(a), the Company will be permitted to divide, classify and reclassify such item of Indebtedness, Disqualified Stock or Preferred Stock on the date of its incurrence or issuance, or later redivide or reclassify all or a portion of such item of Indebtedness, Disqualified Stock or Preferred Stock, in any manner that complies with this Section 4.09. Indebtedness under the Credit Agreement outstanding on the date on which Notes are first issued and authenticated under this Indenture will initially be deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the definition of "Permitted Debt." The accrual of interest or Preferred Stock or Disqualified Stock dividends or distributions, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of Preferred Stock or Disqualified Stock as Indebtedness due to a change in accounting principles, and the payment of dividends or distributions on Preferred Stock or Disqualified Stock in the form of additional securities of the same class of Preferred Stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Preferred Stock or Disqualified Stock for purposes of this Section 4.09.

The amount of any Indebtedness outstanding as of any date will be:

(a) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

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(b) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(c) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

(1) the Fair Market Value of such assets at the date of determination; and

- (2) the amount of the Indebtedness of the other Person.

Section 4.10 Asset Sales.

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(a) the Company (or a Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (measured as of the date of the definitive agreement with respect to such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of; and

(b) at least 75% of the aggregate consideration received in the Asset Sale by the Company or a Restricted Subsidiary and all other Asset Sales since the Issue Date is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(1) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) that are assumed or novated by the transferee or that are otherwise cancelled, forgiven or terminated in connection with the transaction with such transfer;

(2) with respect to any Asset Sale of oil and natural gas properties by the Company or any Restricted Subsidiary where the Company or such Restricted Subsidiary retains an interest in such property, costs and expenses related to the exploration, development, completion or production of such properties and activities related thereto which the transferee (or an Affiliate thereof) agrees to pay;

(3) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are, within 180 days of the Asset Sale, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion;

(4) any Capital Stock or assets of the kind referred to in clause (2) or (4) of Section 4.10(c); and

(5) any Designated Non-cash Consideration received by the Company or such Restricted Subsidiary in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Non-cash Consideration received pursuant to this

clause (5), not to exceed an amount equal to 5.0% of the Company's Adjusted Consolidated Net Tangible Assets (determined at the time of receipt of such Designated Non-cash Consideration), with the Fair Market Value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value.

(c) Within 360 days after the receipt of any Net Proceeds from an Asset Sale, the Company (or any Restricted Subsidiary) may apply an amount equal to such Net Proceeds at its option to any combination of the following:

(1) to repay, repurchase or redeem any Indebtedness of the Company or a Restricted Subsidiary of the Company, other than (i) Indebtedness of the Company or a Guarantor that is subordinated in right of payment to the Notes or the Note Guarantees, (ii) Capital Stock or (iii) Indebtedness owed to an Affiliate of the Company;

(2) to acquire all or substantially all of the assets, or any Capital Stock, of one or more other Persons primarily engaged in the Oil and Gas Business, if, after giving effect to any such acquisition of Capital Stock, such Person becomes a Restricted Subsidiary of the Company;

(3) to make capital expenditures in respect of the Company's or any Restricted Subsidiaries' Oil and Gas Business; or

(4) to acquire other assets that are not classified as current assets under GAAP and that are used or useful in the Oil and Gas Business.

The requirement of clause (2) or (4) of Section 4.10(c) shall be deemed to be satisfied if a bona fide binding contract committing to make the investment, acquisition or expenditure referred to therein is entered into by the Company or any of its Restricted Subsidiaries within the time period specified in the preceding paragraph and such Net Proceeds are subsequently applied in accordance with such contract within 180 days following the date such agreement is entered into.

Pending the final application of any Net Proceeds, the Company (or any Restricted Subsidiary) may invest the Net Proceeds in any manner that is not prohibited by this Indenture.

The amount equal to the Net Proceeds from Asset Sales that are not applied or invested as provided in Section 4.10(c) will constitute "Excess Proceeds". When the aggregate amount of Excess Proceeds exceeds \$25.0 million, within five days thereof, the Company will make an offer (an "Asset Sale Offer") to all Holders of the Notes and all holders of other Indebtedness that is *pari passu* with the Notes containing provisions similar to those set forth in this Section 4.10 with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets to purchase, prepay or redeem, on a *pro rata* basis, the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The Company may satisfy the foregoing obligations with respect to any Net Proceeds from an Asset Sale by making an Asset Sale Offer with respect to such Net Proceeds or equivalent amount prior to the time period that

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may be required by this Indenture with respect to all or a part of the available Net Proceeds (the "Advance Portion") in advance of being required to do so by this Indenture (an "Advance Offer"). The offer price in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase, prepayment or redemption, subject to the rights of Holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds (or in the case of an Advance Offer, Advance Portion) remain after consummation of an Asset Sale Offer, the Company or any Restricted Subsidiary may use those Excess Proceeds (or Advance Portion) for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes tendered in such Asset Sale Offer exceeds the amount of Excess Proceeds (or in the case of an Advance Offer, the Advance Portion) allocated to the purchase of Notes, the Trustee will select the Notes to be purchased on a *pro rata* basis (except that any Notes represented by a Note in global form will be selected by such method as DTC or its nominee or successor may require), based on the amounts tendered (with such adjustments as may be deemed appropriate by the Trustee so that only Notes in minimum denominations of \$2,000, or an integral multiple of \$1,000 in excess thereof, will be purchased). Upon completion of each Asset Sale Offer (or Advance Offer), the amount of Excess Proceeds (or Advance Portion) will be reset at zero.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer or Advance Offer. To the extent that the provisions of any securities laws or regulations conflict with Section 3.09 or this Section 4.10, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under Section 3.09 or this Section 4.10 by virtue of such compliance.

Section 4.11 Transactions with Affiliates.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or Guarantee with, or for the benefit of, any Affiliate of the Company involving aggregate consideration in any single transaction or series of related transactions in excess of \$25.0 million (each, an "Affiliate Transaction"), unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person or, if in the good faith judgment of the Company, no comparable transaction is available with which to compare such Affiliate Transaction, such Affiliate Transaction is otherwise fair to the Company or the relevant Restricted Subsidiary from a financial point of view; and

(2) the Company delivers to the Trustee, with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$75.0 million, a resolution of the Board of Directors of the Company set

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forth in an Officers' Certificate certifying that such Affiliate Transaction or series of related Affiliate Transactions complies with this Section 4.11 and that such Affiliate Transaction or series of related Affiliate Transactions has been approved by the Board of Directors, including a majority of the disinterested members of the Board of Directors of the Company, if any.

(b) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 4.11(a) hereof:

(1) any employment or consulting agreement, employee benefit plan, officer or director indemnification, compensation or severance agreement or any similar arrangement entered into by the Company or any of its Restricted Subsidiaries or any direct or indirect parent of the Company in the ordinary course of business and payments pursuant thereto;

(2) transactions between or among the Company and/or its Restricted Subsidiaries;

(3) transactions with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company or IPOCo solely because the Company or IPOCo owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors, employees or consultants of the Company or any of its Restricted Subsidiaries or any direct or indirect parent of the Company;

(5) any issuance of Equity Interests (other than Disqualified Stock) of the Company to Affiliates of the Company;

(6) Permitted Investments or Restricted Payments that do not violate the provisions of Section 4.07 hereof or Permitted Payments to Parent;

(7) transactions effected in accordance with the terms of the agreements of the Company or any Restricted Subsidiary that are in effect on the date of this Indenture, and any amendment or replacement of any of such agreements so long as such amendment or replacement agreement is not materially less advantageous to the Company, taken as a whole, than the agreement so amended or replaced as determined in good faith by the Company;

(8) advances to or reimbursements of expenses incurred by employees for moving, entertainment and travel expenses and similar expenditures in the ordinary course of business;

(9) transactions between the Company or any of its Restricted Subsidiaries and any other Person, a director of which is also on the Board of Directors of the Company or any direct or indirect parent company of the Company, and such common

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director is the sole cause for such other Person to be deemed an Affiliate of the Company or any of its Restricted Subsidiaries; *provided, however*, that such director abstains from voting as a member of the Board of Directors of the Company or any direct or indirect parent company of the Company, as the case may be, on any transaction with such other Person;

(10) any transactions with or among the Company, IPOCo, their respective Restricted Subsidiaries and the Permitted Holders in connection with the IPOCo Transactions and the Qualified IPO, the transactions relating thereto, and the payment of all reasonable and customary fees and expenses related thereto, including fees to the Sponsors and the customary and reasonable expenses of the Sponsors;

(11) in the case of contracts for exploring for, producing, marketing, storing or otherwise handling Hydrocarbons, or activities or services reasonably related or ancillary thereto, or other operational contracts, any such contracts entered into in the ordinary course of business or in accordance with past practice or industry custom and otherwise in compliance with the terms of this Indenture which are fair to the Company and its Restricted Subsidiaries, in the reasonable determination of the Board of Directors of the Company or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party;

(12) payments to Affiliates on or with respect to debt securities or other Indebtedness of the Company or any Subsidiary on a similar basis as payments are made or offered to holders of such debt securities or Indebtedness held by Persons other than Affiliates; and

(13) any transaction in which the Company or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an accounting, appraisal or investment banking firm of national standing stating that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or that such transaction meets the requirements of Section 4.11(a)(1).

Section 4.12 *Liens.*

The Company will not and will not permit any of its Restricted Subsidiaries to, create, incur, assume or otherwise cause to exist or become effective any Lien (an "*Initial Lien*") of any kind (other than Permitted Liens) securing Indebtedness upon any of their property or assets, now owned or hereafter acquired, unless the Notes or any Note Guarantee of such Restricted Subsidiary, as applicable, are secured on an equal and ratable basis with the Indebtedness so secured until such time as such Indebtedness is no longer secured by a Lien. Any Lien created for the benefit of the Holders of the Notes pursuant to this paragraph shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien.

Section 4.13 *[Reserved].*

Section 4.14 *[Reserved].*

Section 4.15 Offer to Repurchase Upon Change of Control.

(a) Upon the occurrence of a Change of Control, the Company will make an offer (a “Change of Control Offer”) to each Holder to repurchase all or any part (equal to a minimum amount of \$2,000 or an integral multiple of \$1,000 in excess thereof) of that Holder’s Notes at a purchase price in cash equal to 101% of the aggregate principal amount of Notes repurchased, *plus* accrued and unpaid interest, if any, on the Notes repurchased to, but excluding, the date of purchase (the “Change of Control Payment Date”), subject to the rights of Holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date (the “Change of Control Payment”). Within 30 days following any Change of Control, the Company will send a notice to each Holder, with a copy to the Trustee, describing the transaction or transactions that constitute the Change of Control and stating:

(1) that the Change of Control Offer is being made pursuant to this Section 4.15 and that all Notes tendered will be accepted for payment;

(2) the purchase price and the expiration date of the Change of Control Offer, which shall be no earlier than 30 days and no later than 60 days from the date such notice is sent;

(3) that any Note not tendered will continue to accrue interest;

(4) that, unless the Company defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(5) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender the Notes, with the form entitled “Option of Holder to Elect Purchase” attached to the Notes completed, or transfer by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

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(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a telegram, electronic image scan, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion must be equal to a minimum amount of \$2,000 in principal amount or an integral multiple of \$1,000 in excess thereof.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.15, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.15 by virtue of such compliance.

(b) Promptly following the expiration of the Change of Control Offer, the Company will, to the extent lawful, accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer. Promptly after such acceptance, the Company will, on the Change of Control Payment Date:

(1) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(2) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

The Paying Agent will promptly mail (but in any case not later than five days after the Change of Control Payment Date) to each Holder of Notes properly tendered the Change of Control Payment for such Notes (or, if all the Notes are then in global form, it will make such payment through the facilities of DTC), and the Company will promptly issue a new Note, and, upon receipt of an Authentication Order in accordance with Section 2.02, the Trustee, upon the written request of the Company, will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Company will announce to the Holders of the Notes the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(c) Notwithstanding anything to the contrary in this Section 4.15, the Company will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the time and otherwise in compliance with the requirements set forth in this Section 4.15 and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, (2) notice of redemption of all outstanding Notes

has been given pursuant to Section 3.03 hereof, unless and until there is a default in payment of the applicable redemption price, or (3) in connection with or in contemplation of any Change of Control, the Company or a third party has made an offer to purchase (an "Alternate Offer") any and all Notes validly tendered at a cash price equal to or higher than the Change of Control Payment and has purchased all Notes properly tendered in accordance with the terms of the Alternate Offer.

(d) Notwithstanding anything to the contrary contained herein, a Change of Control Offer or Alternate Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer or Alternate Offer is made.

(e) In the event that Holders of not less than 90% of the aggregate principal amount of the outstanding Notes accept a Change of Control Offer or Alternate Offer and the Company (or a third party making the Change of Control Offer or Alternate Offer in lieu of the Company as described in paragraph (c) above) purchases all of the Notes held by such Holders, the Company will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer or Alternate Offer described above, to redeem all of the Notes that remain outstanding following such purchase at a redemption price equal to the Change of Control Payment *plus*, to the extent not included in the Change of Control Payment, accrued and unpaid interest, if any, on the Notes that remain outstanding, to, but excluding, the date of redemption (subject to the rights of Holders on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date).

Section 4.16 *Additional Note Guarantees.*

If the Company or any of its Restricted Subsidiaries acquires or creates another Restricted Subsidiary after the date of this Indenture that Guarantees any Indebtedness of the Company or any Restricted Subsidiary under a Credit Facility, then, in either case, that Subsidiary will become a Guarantor by executing a supplemental indenture in substantially the form of Exhibit D hereto and delivering an Opinion of Counsel and an Officers' Certificate to the Trustee within 30 days after the date that Subsidiary was acquired or created or on which it Guaranteed such Indebtedness.

Section 4.17 *Designation of Restricted and Unrestricted Subsidiaries.*

The Company may designate any Restricted Subsidiary of the Company to be an Unrestricted Subsidiary. If a Restricted Subsidiary of the Company is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be either an Investment made as of the time of the designation that will reduce the amount available for Restricted Payments under Section 4.07 hereof or represent a Permitted Investment under one or more clauses of the definition of "Permitted Investments", as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

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Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced by filing with the Trustee an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 4.07 hereof. If at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 4.09, the Company will be in default of such covenant.

The Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Company; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under Section 4.09 hereof, calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Event of Default would be in existence following such designation.

Section 4.18 *Covenant Suspension.*

Notwithstanding any provision of this Indenture or of the Notes to the contrary, if at any time following the date of this Indenture (a) the Notes are rated Baa3 or better by Moody's and BBB- or better by S&P (or, if either such entity ceases to rate the Notes for reasons outside of the control of the Company, the equivalent investment grade credit rating from any other "nationally recognized statistical rating organization" within the meaning of Section 3(a)(62) of the Exchange Act selected by the Company as a replacement agency) (an "*Investment Grade Rating*") and (b) no Default or Event of Default shall have occurred and is continuing under this Indenture then upon delivery by the Company to the Trustee of an Officers' Certificate certifying to such events, Sections 4.07, 4.08, 4.09, 4.10, 4.11, 4.17 and 5.01(a)(4) of this Indenture will be suspended with respect to the Notes.

During any period that the foregoing covenants have been suspended (the "*Suspension Period*"), the Company may not designate any of its Subsidiaries as Unrestricted Subsidiaries pursuant to Section 4.17 or the second paragraph of the definition of "Unrestricted Subsidiaries."

Notwithstanding the foregoing, if the Notes cease to have an Investment Grade Rating, the foregoing covenants will be reinstituted as of and from the date of such occurrence, except that no Default, Event of Default or breach of any kind shall be deemed to exist under this Indenture or the Notes with respect to the suspended covenants based on, and none of the Company or any of its Subsidiaries shall have any liability for, any action taken or events occurring during the Suspension Period, regardless of whether such actions or events would have been permitted if the applicable covenants had remained in effect during such period (or after the reinstatement date based solely on contractual obligations or other events arising during the Suspension Period). For purposes of calculations under the reinstated Section 4.07, Restricted Payments will be made during a Suspension Period will be disregarded. Furthermore, all Indebtedness incurred, or Disqualified Stock or Preferred Stock issued, during the Suspension Period will be deemed to have been incurred or issued pursuant to clause (2) of the definition of "Permitted Debt."

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In addition, for purposes of Section 4.11, all agreements and arrangements entered into by the Company or any Restricted Subsidiary with an Affiliate of the Company during the Suspension Period will be deemed to have been entered into prior to the date of this Indenture, and for purposes of Section 4.08, all contracts entered into during the Suspension Period that contain any of the restrictions contemplated by such covenant will be deemed to have been existing on the date of this Indenture.

The Company shall deliver to the Trustee an Officers' Certificate notifying it of a Suspension Period or termination thereof. The Trustee shall have no duty to (a) monitor the ratings of the Notes, (b) determine whether a Suspension Period or termination thereof has occurred, (c) notify Holders of any of the foregoing or (d) determine the consequences thereof, but may provide a copy of such Officers' Certificate to any Holder upon request.

ARTICLE 5 SUCCESSORS

Section 5.01 *Merger, Consolidation or Sale of Assets.*

(a) The Company may not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the survivor) or (2) sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to another Person, unless:

(1) either: (a) the Company is the surviving Person; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of the United States, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Company under the Notes and this Indenture pursuant to a supplemental indenture;

(3) immediately after such transaction, no Note Payment Default or Event of Default exists;

(4) immediately after giving effect to such transaction and any related financing transaction on a pro forma basis as if the same had occurred at the beginning of the applicable four-quarter period, either

(A) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made, would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a); or

(B) the Fixed Charge Coverage Ratio of the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made, is equal

to or greater than the Fixed Charge Coverage Ratio of the Company immediately prior to such transaction; and

(5) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or disposition and such supplemental indenture, if any, do not violate this Indenture.

(b) This Section 5.01 will not apply to (1) any statutory conversion of the Company to a corporation or another form of entity, (2) any sale, assignment, transfer, conveyance, lease or other disposition of properties or assets between or among the Company and its Restricted Subsidiaries or (3) IPOCo Transactions, the Qualified IPO and the transactions relating thereto. Clauses (3) and (4) of Section 5.01(a) will not apply to (1) any merger or consolidation of the Company with or into one of its Restricted Subsidiaries for any purpose or (2) with or into an Affiliate solely for the purpose of reorganizing the Company in another jurisdiction.

Section 5.02 *Successor Issuer Substituted.*

Upon any consolidation or merger, or any sale, assignment, transfer, conveyance, lease or other disposition of all or substantially all of the properties or assets of the Company in accordance with Section 5.01 in which the Company is not the surviving entity, the successor Person formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, conveyance, lease or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this Indenture referring to the "Company" shall refer instead to the successor Person and not to the predecessor Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the predecessor Company herein, and thereafter (except in the case of a lease of all or substantially all of the Company's properties or assets), the Company will be automatically released and relieved of all obligations and covenants under this Indenture and the Notes.

ARTICLE 6 DEFAULTS AND REMEDIES

Section 6.01 *Events of Default.*

Each of the following is an "Event of Default":

- (a) default for 30 days in the payment when due of interest, if any, on the Notes;
- (b) default in the payment when due (at Stated Maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;
- (c) failure by the Company to comply with the provisions of Article 5;
- (d) failure by the Company for 180 days after written notice to the Company by the Trustee or the Holders of at least 30% in aggregate principal amount of the Notes then outstanding to comply with Section 4.03 hereof;
- (e) failure by the Company for 60 days after written notice to the Company by the Trustee or the Holders of at least 30% in aggregate principal amount of the Notes then outstanding to comply with any of their other agreements in this Indenture;
- (f) failure by the Company or any Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary) to pay the principal on any Indebtedness for money borrowed (other than Indebtedness owing to the Company or a Restricted Subsidiary) within any applicable grace period after final maturity (a "Payment Default") or the acceleration of any such Indebtedness by the holders thereof because of a default, in each case, if the total amount of such Indebtedness unpaid or accelerated exceeds \$50.0 million and if, within 20 business

days of such Payment Default or acceleration, such Indebtedness has not been discharged or such Payment Default has not been cured or such acceleration has not been rescinded or annulled;

(g) failure by the Company or any Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary) to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of \$50.0 million (to the extent not covered by insurance by a reputable and creditworthy insurer as to which the insurer has not disclaimed coverage), which judgments are not paid, discharged or stayed, for a period of 60 days;

(h) except as permitted by this Indenture, any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Note Guarantee;

(i) the Company or any Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary) pursuant to or within the meaning of Bankruptcy Law;

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(1) commences a voluntary case;

(2) consents to the entry of an order for relief against it in an involuntary case;

(3) consents to the appointment of a custodian of it or for all or substantially all of its property;

(4) makes a general assignment for the benefit of its creditors, or

(5) announces publicly that it generally is not paying its debts as they become due; and

(j) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(1) is for relief against the Company or any Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary) in an involuntary case;

(2) appoints a custodian of the Company or any Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary) or for all or substantially all of the property of the Company or any Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary); or

(3) orders the liquidation of the Company or any Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary);

and in each case the order or decree remains unstayed and in effect for 60 consecutive days.

However, a default under Section 6.01(d) or Section 6.01(e) will not constitute an Event of Default until the Trustee or the Holders of 30% in principal amount of outstanding Notes notify the Company of the default and the Company does not cure such default within the time specified in Section 6.01(d) or Section 6.01(e) after receipt of such notice. Such notice must specify the Default, demand that it be remedied and state that such notice is a "Notice of Default".

Section 6.02 Acceleration.

In the case of an Event of Default specified in clause (i) or (j) of Section 6.01 hereof, with respect to the Company or any Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary), the principal of, and accrued and unpaid interest, if any, on all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 30% in aggregate principal amount of the then outstanding Notes may declare the principal of, and accrued and unpaid interest, if any, on all outstanding Notes to be due and payable immediately.

Section 6.03 *Other Remedies.*

If an Event of Default occurs and is continuing, and is actually known to the Trustee (as provided in Section 7.02(g)), the Trustee may pursue any available remedy to collect the payment of principal of, premium, if any, on, and interest, if any, on, the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04 *Waiver of Past Defaults.*

The Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of principal of, premium, if any, on, and interest, if any, on, the Notes (including in connection with an offer to purchase); *provided, however*, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05 *Control by Majority.*

Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such direction is unduly prejudicial to such Holders) or that may involve the Trustee in personal liability.

Section 6.06 *Limitation on Suits.*

No Holder of a Note may pursue any remedy with respect to this Indenture or the Notes unless:

- (a) such Holder has previously given to the Trustee written notice that an Event of Default is continuing;
- (b) Holders of at least 30% in aggregate principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(c) such Holder or Holders offer and, if requested, provide to the Trustee security or indemnity satisfactory to the Trustee against any loss, liability or expense;

(d) the Trustee does not comply with such request within 60 days after receipt of the request and the offer of security or indemnity; and

(e) during such 60-day period, Holders of a majority in aggregate principal amount of the then outstanding Notes do not give the Trustee a written direction inconsistent with such request.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not any such use by a Holder prejudices the rights of any other Holders or obtains preference or priority over such other Holders).

Section 6.07 *Rights of Holders of Notes to Receive Payment.*

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal of, premium, if any, on, and interest, if any, on, the Note, on or after the respective due dates expressed in the Note, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be amended or waived in a manner adverse to such Holder without the consent of such Holder.

Section 6.08 *Collection Suit by Trustee.*

If an Event of Default specified in Section 6.01(a) or (b) hereof occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal of, premium, if any, on, and interest, if any, remaining unpaid on, the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09 *Trustee May File Proofs of Claim.*

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses,

disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 *Priorities.*

If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 7.07 hereof, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders of the Notes for amounts due and unpaid on the Notes for principal, premium, if any, and interest, if any, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, and interest, if any, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of the Notes pursuant to this Section 6.10.

Section 6.11 *Undertaking for Costs.*

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in aggregate principal amount of the then outstanding Notes.

ARTICLE 7 TRUSTEE

Section 7.01 *Duties of Trustee.*

(a) If an Event of Default has occurred and is continuing and is actually known to the Trustee (as provided in Section 7.02(g)), the Trustee will exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a

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prudent person would use under similar circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the duties of the Trustee will be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee (it being agreed that the permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty); and

(2) the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. The Trustee shall be under no duty to make any investigation as to any statement contained in any such instance, but may accept the same as conclusive evidence of the truth and accuracy of such statement or the correctness of such opinions. However, in the case of certificates or opinions specifically required by any provision hereof to be provided to it, the Trustee will examine the form of certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liabilities for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was grossly negligent in ascertaining the pertinent facts; and

(3) the Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section 7.01.

(e) No provision of this Indenture will require the Trustee to expend or risk its own funds or incur any liability. The Trustee will be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders, unless such Holder has offered, and if requested, provided to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

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(f) The Trustee will not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee will be subject to the provisions of this Section 7.01.

Section 7.02 *Rights of Trustee.*

(a) The Trustee may conclusively rely upon and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, judgment, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper Person or Persons, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee will not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and will not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee will not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company will be sufficient if signed by an Officer of the Company.

(f) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders have offered, and if requested, provided to the Trustee indemnity or security satisfactory to it against the losses, liabilities and expenses that might be incurred by it in compliance with such request or direction.

(g) The Trustee shall not be deemed to have notice of a Default or an Event of Default unless a Responsible Officer of the Trustee has actual knowledge of such Default or Event of Default.

(h) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood or such loss or damage and regardless of the form of action.

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(i) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(j) The Trustee may request that the Company delivers an Officers' Certificate setting forth the names of individuals and/or titles of Officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any Person authorized to sign an Officers' Certificate, including any Person specified as so authorized in any such certificate previously delivered and not superseded.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the trusts and powers under this Indenture.

(l) Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Notes.

Section 7.03 *Individual Rights of Trustee.*

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest (as defined in the TIA) after a Default has occurred and is continuing it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as Trustee (if this Indenture has been qualified under the TIA) or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11 hereof.

Section 7.04 *Trustee's Disclaimer.*

The Trustee will not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it will not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it will not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication. In accepting the trust hereby created, the Trustee acts solely as Trustee under this Indenture and not in its individual capacity and all Persons, including without limitation, the Holders of Notes and the Company, having any

claim against the Trustee arising from this Indenture shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise provided herein.

Section 7.05 *Notice of Defaults.*

If a Default or Event of Default occurs and is continuing and if it is actually known to the Trustee (as provided in Section 7.02(g)), the Trustee will deliver to Holders of the Notes a notice of the Default or Event of Default within 90 days after the Trustee becomes aware of any such Default or Event of Default. Except in the case of a Default or Event of Default in payment of

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principal of, premium, if any, on, and interest, if any, on, any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

Section 7.06 *[Reserved].*

Section 7.07 *Compensation and Indemnity.*

(a) The Company will pay to the Trustee from time to time reasonable compensation for its acceptance of this Indenture and services hereunder. The Trustee's compensation will not be limited by any law on compensation of a trustee of an express trust. The Company will reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses will include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

(b) The Company and the Guarantors will jointly and severally indemnify, defend and protect the Trustee (in any capacity under this Indenture and other document or transaction entered into in connection with this Indenture) and its officers, directors, agents and employees, and hold the Trustee harmless against any and all losses, liabilities, damages or expenses (including taxes (other than taxes based upon, or measured by or determined by the income of the Trustee) and reasonable attorneys' fees and expenses and court costs) incurred or suffered by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Company and the Guarantors (including this Section 7.07) and defending itself against any claim (whether asserted by the Company, the Guarantors, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable to its gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final, non-appealable judgment. The Trustee will notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company will not relieve the Company or any of the Guarantors of their obligations hereunder. The Company or such Guarantor will defend the claim and the Trustee will cooperate in the defense. The Trustee may have separate counsel and the Company will pay the reasonable fees and expenses of such counsel. None of the Company or any Guarantor need pay for any settlement made without its consent, which consent will not be unreasonably withheld.

(c) The obligations of the Company and the Guarantors under this Section 7.07 will survive the satisfaction and discharge of this Indenture and the resignation or removal of the Trustee.

(d) To secure the Company's and the Guarantors' payment obligations in this Section 7.07, the Trustee will have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal of, premium, if any, on, and interest, if any, on, particular Notes. Such Lien will survive the satisfaction and discharge of this Indenture, any rejection or termination of this Indenture under any bankruptcy law and the resignation or removal of the Trustee.

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(e) Without prejudice to any other rights available to the Trustee under applicable law, when the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(i) or (j) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

Section 7.08 Replacement of Trustee.

(a) A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

(b) The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in aggregate principal amount of the then outstanding Notes may remove the Trustee by 30 days written notice to the Trustee and the Company. The Company may remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10 hereof;

(2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(3) a custodian or public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company will promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in aggregate principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

(d) If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee (at the Company's expense), the Company, or the Holders of at least 10% in aggregate principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.10 hereof, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) A successor Trustee will deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee will become effective, and the successor Trustee will have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee will mail a notice of its succession to Holders. The retiring Trustee will promptly transfer all property held by it as Trustee to the successor Trustee; *provided* all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of

the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 hereof will continue for the benefit of the retiring Trustee.

Section 7.09 Successor Trustee by Merger, etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act will be the successor Trustee.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of the Trustee shall have.

Section 7.10 Eligibility; Disqualification.

There will at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least \$50.0 million as set forth in its most recent published annual report of condition.

Section 7.11 Trustee's Application for Instruction from the Company.

Any application by the Trustee for written instructions from the Company may, at the option of the Trustee, set forth in writing any action proposed to be taken or omitted by the Trustee under this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective. The Trustee shall not be liable for any action taken by, or omission of, the Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than three (3) Business Days after the date any Officer of the Company actually receives such application, unless any such Officer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Trustee shall have received written instructions in response to such application specifying the action to be taken or omitted.

ARTICLE 8

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01 Option to Effect Legal Defeasance or Covenant Defeasance.

The Company may at any time, (a) at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, elect to have Section 8.02 hereof be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8 or (b) at

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its option, elect to have Section 8.03 hereof be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

Section 8.02 Legal Defeasance and Discharge.

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Company and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from their obligations with respect to all outstanding Notes (including the Note Guarantees) on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Company and the Guarantors will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes (including the Note Guarantees), which will thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in clauses (a) and (b) below, and to have satisfied all their other obligations under such Notes, the Note Guarantees and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which will survive until otherwise terminated or discharged hereunder:

- (a) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, premium, if any, on, and interest, if any, on, such Notes when such payments are due from the trust referred to in Section 8.04 hereof;
- (b) the Company's obligations with respect to such Notes under Sections 2.03, 2.04, 2.06, 2.07, 2.10, and 2.11 and Section 4.02 hereof;
- (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's and the Guarantors' obligations in connection therewith; and
- (d) this Article 8.

Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

Section 8.03 *Covenant Defeasance.*

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Company and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from each of their respective obligations under the covenants contained in Sections 4.03, 4.04, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.15, 4.16 and 4.17 hereof and clause (4) of Section 5.01(a) hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 hereof are satisfied (hereinafter, "Covenant Defeasance"), and the Notes will thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes will not be deemed outstanding for accounting purposes to the extent permitted by GAAP). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes and Note

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Guarantees, the Company and the Guarantors may omit to comply with and will have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes and Note Guarantees will be unaffected thereby. In addition, upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(c), (d), (e), (f), (g) and (j) hereof will not constitute Events of Default.

Section 8.04 *Conditions to Legal or Covenant Defeasance.*

In order to exercise either Legal Defeasance or Covenant Defeasance under either Section 8.02 or 8.03 hereof:

(a) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of an accounting, appraisal or investment banking firm of national standing, to pay the principal of, premium, if any, on, and interest, if any, on, the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date (*provided* that if such redemption is made as provided in Section 3.07(b), (x) the amount of cash in U.S. dollars, non-callable Government Securities, or a combination thereof, that must be irrevocably deposited will be determined using an assumed Applicable Premium calculated as of the date of such deposit and (y) the depositor must irrevocably deposit or cause to be deposited additional money (the “*Applicable Premium Deficit*”) in trust on the redemption date as necessary to pay the Applicable Premium as determined on such date (it being understood that any defeasance shall be subject to the condition subsequent that each Applicable Premium Deficit is in fact paid); *provided* any Applicable Premium Deficit shall be set forth in an Officers' Certificate delivered to the Trustee simultaneously with deposit of such Applicable Premium Deficit that confirms that such Applicable Premium Deficit shall be applied toward such redemption; *provided, further*, that the Trustee shall have no liability whatsoever in the event that such Applicable Premium Deficit is not in fact paid after any defeasance);

(b) in the case of an election under Section 8.02 hereof, the Company must deliver to the Trustee an Opinion of Counsel confirming that:

(1) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or

(2) since the date of this Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel will confirm that, the Beneficial Owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in

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the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of an election under Section 8.03 hereof, the Company must deliver to the Trustee an Opinion of Counsel confirming that the Beneficial Owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit (and any similar concurrent deposit relating to other Indebtedness), and the granting of Liens to secure such borrowings);

(e) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture and the agreements governing any other Indebtedness being defeased, discharged or replaced) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(f) the Company must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of the Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or others; and

(g) the Company must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Section 8.05 Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions.

Subject to Section 8.06 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of the outstanding Notes will be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, if any, but such money need not be segregated from other funds except to the extent required by law.

The Company will pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

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Notwithstanding anything in this Article 8 to the contrary, the Trustee will deliver or pay to the Company from time to time upon the request of the Company any money or non-callable Government Securities held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(a) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.06 *Repayment to Company.*

Subject to any applicable abandoned property law, any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, on, and interest, if any, on, any Note and remaining unclaimed for two years after such principal, premium, if any, or interest, if any, has become due and payable shall be paid to the Company on its request or (if then held by the Company) will be discharged from such trust; and the Holder of such Note will thereafter be permitted to look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, will thereupon cease.

Section 8.07 *Reinstatement.*

If the Trustee or Paying Agent is unable to apply any U.S. dollars or non-callable Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's and the Guarantors' obligations under this Indenture and the Notes and the Note Guarantees will be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money or Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be; *provided, however*, that, if the Company makes any payment of principal of, premium, if any, on, or interest, if any, on, any Note following the reinstatement of its obligations, the Company will be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

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ARTICLE 9
AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01 Without Consent of Holders of Notes.

Notwithstanding Section 9.02 of this Indenture, without the consent of any Holder of Notes, the Company, the Guarantors and the Trustee may amend or supplement this Indenture, the Notes or the Note Guarantees:

- (a) to cure any ambiguity, defect or inconsistency;
- (b) to provide for uncertificated Notes in addition to or in place of certificated Notes;
- (c) to provide for the assumption of the Company's or a Guarantor's obligations to Holders of the Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Company's or such Guarantor's properties or assets, as applicable;
- (d) to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights under this Indenture of any Holder, including to comply with requirements of the SEC or DTC in order to maintain the transferability of the Notes pursuant to Rule 144A or Regulation S;
- (e) to conform the text of this Indenture, the Notes or the Note Guarantees to any provision of the "Description of Notes" section of the Offering Memorandum;
- (f) to provide for the issuance of Additional Notes in accordance with the limitations set forth in this Indenture as of the date hereof;
- (g) to secure the Notes or the Note Guarantees pursuant to the requirements of Section 4.12 hereof or otherwise;
- (h) to add any additional Guarantee of the Notes as provided in this Indenture or otherwise, or to evidence the release of any Guarantor from its Note Guarantee as provided in this Indenture; or
- (i) to evidence or provide for the acceptance of appointment under this Indenture of a successor Trustee.

Section 9.02 With Consent of Holders of Notes.

Except as provided below in this Section 9.02, the Company, the Guarantors and the Trustee may amend or supplement this Indenture (including Sections 3.09, 4.10 and 4.15 hereof) and the Notes and the Note Guarantees with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including Additional Notes, if any) voting as a single class (including consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and any existing Default or Event of Default or compliance with any provision of this Indenture or the Notes or the Note Guarantees may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes

(including Additional Notes, if any) voting as a single class (including consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes). Section 2.08 hereof shall determine which Notes are considered to be "outstanding" for purposes of this Section 9.02. However, without the consent of each Holder affected, an amendment, supplement or waiver under this Section 9.02 may not (with respect to any Notes held by a non-consenting Holder):

- (a) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;
- (b) reduce the principal of or change the fixed maturity of any Note or alter or waive any of the provisions with respect to the redemption or repurchase of the Notes (other than provisions under Sections 3.09, 4.10 or 4.15 or the minimum notice required with respect to any redemption of Notes pursuant to Article 3);
- (c) reduce the rate of or change the time for payment of interest, including default interest, on any Note;
- (d) waive a Default or Event of Default in the payment of principal of, premium, if any, on, or interest, if any, on the Notes (except a rescission of acceleration of the Notes by the Holders of a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);
- (e) make any Note payable in money other than that stated in the Notes;
- (f) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of the Notes to receive payments of principal of, premium, if any, on, or interest, if any, on, the Notes (other than as permitted in clause (g) below);
- (g) waive a redemption or repurchase payment with respect to any Note (other than a payment required by Section 3.09, 4.10 or 4.15);
- (h) release any Guarantor from any of its obligations under its Note Guarantee or this Indenture, except in accordance with the terms of this Indenture; or
- (i) make any change in the preceding amendment, supplement and waiver provisions.

It is not necessary for the consent of the Holders of the Notes under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it is sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company will mail to the Holders of the Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver.

Section 9.03 *Revocation and Effect of Consents.*

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the amendment, supplement or waiver becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder unless it makes a change described in any of clauses (a) through (i) of the first paragraph of Section 9.02, in which case, the amendment, supplement or waiver shall bind only each Holder of a Note who has consented to such amendment, supplement or waiver and every subsequent Holder of a Note or portion of a Note that evidences the same indebtedness as the consenting Holder's Note.

Section 9.04 *Notation on or Exchange of Notes.*

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note will not affect the validity and effect of such amendment, supplement or waiver.

Section 9.05 *Trustee to Sign Amendments, etc.*

The Trustee will sign any amended or supplemental indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities, privileges, protections, benefits, indemnities or immunities of the Trustee. In executing any amended or supplemental indenture, the Trustee will be entitled to receive and (subject to Section 7.01 hereof) will be fully protected in relying upon, in addition to the documents required by Section 12.04 hereof, an Officers' Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture.

Section 9.06 *Effect of Supplemental Indentures.*

Upon the execution of any amended or supplemental indenture under this Article 9, this Indenture shall be modified in accordance therewith, and such amended or supplemental indenture shall form a part of this Indenture for all purposes and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby, unless such amended or supplemental indenture makes a change described in any of clauses (a) through (i) of the first paragraph of Section 9.02, in which case, such amended or supplemental indenture shall bind only each Holder of a Note who has consented to such amended or supplemental indenture and every subsequent Holder of a Note or portion of a Note that evidences the same indebtedness as the consenting Holder's Note.

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ARTICLE 10 NOTE GUARANTEES

Section 10.01 *Guarantee.*

(a) Subject to this Article 10, each of the Guarantors hereby, jointly and severally, unconditionally Guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the obligations of the Company hereunder or thereunder, that:

(1) the principal of, premium, if any, on, and interest, if any, on, the Notes will be promptly paid in full when due, whether at Stated Maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of, premium, if any, on, and interest, if any, on, the Notes, if lawful, and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder will be promptly paid in full, all in accordance with the terms hereof and thereof; and

(2) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise.

Failing payment when due of any amount so Guaranteed or any performance so Guaranteed for whatever reason, the Guarantors will be jointly and severally obligated to pay the same immediately. Each Guarantor agrees that this is a Guarantee of payment and not a Guarantee of collection.

(b) The Guarantors hereby agree that their obligations hereunder are unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. Each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenant that this Note Guarantee will not be discharged except by complete payment of all amounts due under the Notes and this Indenture.

(c) If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Guarantors or any custodian, trustee, liquidator or other similar official acting in relation to either the Company or the Guarantors, any amount paid by any of them to the Trustee or such Holder, this Note Guarantee, to the extent theretofore discharged, will be reinstated in full force and effect.

(d) Each Guarantor agrees that it will not be entitled to any right of subrogation in relation to the Holders in respect of any obligations Guaranteed hereby until payment in full of all obligations Guaranteed hereby. Each Guarantor further agrees that, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (1) the maturity

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of the obligations Guaranteed hereby may be accelerated as provided in Article 6 hereof for the purposes of this Note Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations Guaranteed hereby, and (2) in the event of any declaration of acceleration of such obligations as provided in Article 6 hereof, such obligations (whether or not due and payable) will forthwith become due and payable by the Guarantors for the purpose of this Note Guarantee. The Guarantors will have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Note Guarantee.

Section 10.02 *Limitation on Guarantor Liability.*

Each Guarantor and, by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Note Guarantee of such Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Note Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of such Guarantor will be limited to the maximum amount that will, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article 10, result in the obligations of such Guarantor under its Note Guarantee not constituting a fraudulent transfer or conveyance.

Section 10.03 *Execution and Delivery of Note Guarantee.*

The Note Guarantee of any Guarantor shall be evidenced solely by its execution and delivery of this Indenture (or, in the case of any Guarantor that is not party to this Indenture as of the date hereof, a supplemental indenture) and not by an endorsement on, or attachment to, any Note of any Note Guarantee or notation thereof. Each Guarantor hereby agrees that its Note Guarantee set forth in Section 10.01 shall be and remain in full force and effect notwithstanding any failure to endorse on any Note a notation of such Note Guarantee. The delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Note Guarantees set forth in this Indenture on behalf of each of the Guarantors.

Section 10.04 *Guarantors May Consolidate, etc., on Certain Terms.*

Except as otherwise provided in Section 10.05 hereof, no Guarantor may consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person, other than the Company or another Guarantor, unless:

(a) immediately after giving effect to such transaction or series of transactions, no Default or Event of Default exists;

(b) either:

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(i) the Person formed by or surviving any such consolidation or merger (if other than the Guarantor) unconditionally assumes all the obligations of that Guarantor under its Note Guarantee and this Indenture pursuant to a supplemental indenture; or

(ii) such transaction or series of transactions does not violate Section 4.10 hereof.

In case of any such consolidation or merger and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee, of the Note Guarantee of the Guarantor and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Guarantor, such successor Person will succeed to and be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor. All the Note Guarantees relating to Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee will in all respects have the same legal rank and benefit under this Indenture as the Note Guarantees theretofore and thereafter issued in accordance with the terms of this Indenture as though all of such Note Guarantees had been issued at the date of the execution hereof.

Except as set forth in Articles 4 and 5 hereof, and notwithstanding clauses (a) and (b) above, nothing contained in this Indenture or in any of the Notes will prevent any consolidation or merger of a Guarantor with or into the Company or another Guarantor, or will prevent any sale or other disposition of the properties or assets of a Guarantor as an entirety or substantially as an entirety to the Company or another Guarantor.

Section 10.05 Releases.

Notwithstanding Section 10.04, the Note Guarantee of a Guarantor shall be released:

(a) in connection with any sale or other disposition of all or substantially all of the properties or assets of that Guarantor, by way of merger, consolidation or otherwise, to a Person that is not (either before or after giving effect to such transaction) the Company or a Guarantor, if the sale or other disposition does not violate Section 4.10 hereof;

(b) in connection with any sale or other disposition of Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Guarantor, if the sale or other disposition does not violate Section 4.10 hereof and such Guarantor ceases to be a Restricted Subsidiary of the Company as a result of the sale or other disposition;

(c) upon designation of such Guarantor as an Unrestricted Subsidiary in accordance with the terms of this Indenture;

(d) if such Guarantor ceases to Guarantee any Indebtedness of the Company or another Guarantor under a Credit Facility; or

(e) upon the applicable Guarantor ceasing to be a Subsidiary as a result of any foreclosure of any pledge or security interest securing the Credit Agreement or other exercise of remedies in respect thereof.

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In addition, the Note Guarantees of all Guarantors will be released upon Legal Defeasance or Covenant Defeasance in accordance with Article 8 hereof or satisfaction and discharge of this Indenture in accordance with Article 11 hereof.

Any release pursuant to the foregoing shall be deemed to occur automatically, without further action by the Trustee or Holders of Notes, upon delivery by the Company of an Officers' Certificate stating that the conditions to such release have been satisfied. Any Guarantor not released from its obligations under its Note Guarantee as provided in this Section 10.05 will remain liable for the full amount of principal of, premium, if any, on, and interest, if any, on, the Notes and for the other obligations of any Guarantor under this Indenture as provided in this Article 10.

ARTICLE 11 SATISFACTION AND DISCHARGE

Section 11.01 *Satisfaction and Discharge.*

This Indenture will be satisfied and discharged and will cease to be of further effect as to all Notes issued hereunder (except as to surviving rights of registration of transfer or exchange of the Notes and as otherwise specified in this Article 11), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging such satisfaction and discharge of this Indenture, when:

(a) either:

(1) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid the Company, have been delivered to the Trustee for cancellation; or

(2) all Notes that have not been delivered to the Trustee for cancellation have become due and payable or will become due and payable within one year by reason of the mailing of a notice of redemption or otherwise and either the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, if any, and interest, if any, to the date of Stated Maturity or redemption (*provided* that if such redemption is made as provided Section 3.07(b), (x) the amount of cash in U.S. dollars, non-callable Government Securities, or a combination thereof, that must be irrevocably deposited will be determined using an assumed Applicable Premium calculated as of the date of such deposit and (y) the depositor must irrevocably deposit or cause to be deposited the Applicable Premium Deficit in trust on the redemption date as necessary to pay the Applicable Premium as determined by such date (it being understood that any satisfaction and discharge shall be subject to the condition subsequent that such Applicable Premium Deficit is in fact paid); *provided* any Applicable Premium Deficit shall be set forth in an Officers' Certificate delivered to the Trustee simultaneously with

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the deposit of such Applicable Premium Deficit that confirms that such Applicable Premium Deficit shall be applied toward such redemption; *provided, further*, that the Trustee shall have no liability whatsoever in the event that such Applicable Premium Deficit is not in fact paid after any satisfaction and discharge);

(b) the Company has paid or caused to be paid all other sums payable by the Company under this Indenture; and

(c) the Company has delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Notes at Stated Maturity or on the redemption date, as the case may be.

In addition, the Company must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Notwithstanding the satisfaction and discharge of this Indenture, if money has been deposited with the Trustee pursuant to subclause (2) of clause (a) of this Section 11.01, the provisions of Sections 11.02 and 8.06 hereof will survive. In addition, nothing in this Section 11.01 will be deemed to discharge those provisions of Section 7.07 hereof, that, by their terms, survive the satisfaction and discharge of this Indenture.

Section 11.02 *Application of Trust Money.*

Subject to the provisions of Section 8.06 hereof, all money deposited with the Trustee pursuant to Section 11.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal, premium, if any, interest, if any, for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any money or Government Securities in accordance with Section 11.01 hereof by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's and any Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 11.01 hereof; *provided* that if the Company has made any payment of principal of, premium, if any, on, and interest, if any, on, any Notes because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

Notwithstanding the above, the Trustee shall pay to the Company from time to time upon its written request any money or Government Securities held by the Trustee as provided in this Section 11.02 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification delivered to the Trustee, are in excess of the

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amount thereof that would then be required to be deposited to effect satisfaction and discharge under this Article 11.

Subject to any applicable abandoned property law, any money or Government Securities deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium or interest on any Note and remaining unclaimed for two years after such principal, and premium, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease.

ARTICLE 12 MISCELLANEOUS

Section 12.01 *[Reserved].*

Section 12.02 *Notices.*

Any notice or communication by the Company, any Guarantor or the Trustee to the others is duly given if in writing in the English language and delivered in Person or by first class mail (registered or certified, return receipt requested), electronic image scan, facsimile transmission or overnight air courier guaranteeing next day delivery, to the others' address:

If to any of the Company and the Guarantors:

Colgate Energy Partners III, LLC
300 N. Marienfeld Street, Suite 1000
Midland, Texas 79701
Facsimile No.: (432) 695-4063
Attention: General Counsel

If to the Trustee:

Wells Fargo Bank, National Association
CTSO Mail Operations
600 South 4th Street, 7th Floor
MAC N9300-070
Minneapolis, MN 55415

Attention: Corporate Trust Services – Colgate Energy Partners III, LLC Administrator

The Company, any Guarantor or the Trustee, by notice to the others, may designate additional or different addresses for subsequent notices or communications. Notices given by publication will be deemed given on the first date on which publication is made.

All notices and communications to the Company or a Guarantor will be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if transmitted by electronic image scan or facsimile; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery. Any

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notice or communication to the Trustee shall be deemed delivered upon receipt by a Responsible Officer of the Trustee.

Any notice or communication to a Holder will be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar, except that all notices and communications to the Depositary as a Holder shall be given in the manner it prescribes, notwithstanding anything to the contrary indication herein. Failure to send a notice or communication to a Holder or any defect in it will not affect its sufficiency with respect to other Holders.

If a notice or communication is given in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company sends a notice or communication to Holders, it will send a copy to the Trustee and each Agent at the same time.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by the Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 12.03 *[Reserved]*.

Section 12.04 *Certificate and Opinion as to Conditions Precedent.*

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

- (a) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 12.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and
- (b) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 12.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

Section 12.05 *Statements Required in Certificate or Opinion.*

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture must include:

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- (a) a statement that the person making such certificate or opinion has read such covenant or condition;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (c) a statement that, in the opinion of such person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and
- (d) a statement as to whether or not, in the opinion of such person, such condition or covenant has been satisfied.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an Officer with respect to any Person may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such Officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon certificates of public officials or upon a certificate or opinion of, or representations by, an Officer or Officers with respect to any Person stating that the information with respect to such factual matters is in the possession of such Person (or, if such Person is a limited partnership, such Person's general partner) unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

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Section 12.06 *Rules by Trustee and Agents.*

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 12.07 *No Personal Liability of Directors, Managers, Officers, Employees and Members.*

No director, manager, officer, member, partner, employee, incorporator or other owner of Capital Stock of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Notes, this Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

Section 12.08 *Governing Law; Consent to Jurisdiction; Waiver of Jury Trial.*

(a) THE LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE, THE NOTES AND THE NOTE GUARANTEES.

(b) EACH OF THE COMPANY, THE GUARANTORS AND THE TRUSTEE HEREBY (AND EACH HOLDER OF A NOTE BY ITS ACCEPTANCE THEREOF) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR THE TRANSACTION CONTEMPLATED HEREBY.

Section 12.09 *No Adverse Interpretation of Other Agreements.*

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

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Section 12.10 *Successors.*

All agreements of the Company in this Indenture and the Notes will bind its successors, except as provided in Section 5.02. All agreements of the Trustee in this Indenture will bind its successors. All agreements of each Guarantor in this Indenture will bind its successors, except as otherwise provided in Section 10.05 hereof.

Section 12.11 *Severability; Entire Agreement.*

In case any provision in this Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior written agreements and understandings, oral or written.

Section 12.12 *Counterpart Originals, Electronic Signature.*

The parties may sign any number of copies of this Indenture, and each party hereto may sign any number of separate copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes. This Indenture and any certificate, agreement or other document to be signed in connection with this Indenture and the transactions contemplated hereby shall be valid, binding, and enforceable against a party only when executed and delivered by an authorized individual on behalf of the party by means of (i) an original manual signature; (ii) a faxed, scanned, or photocopied manual signature; or (iii) in the case of this Indenture and any certificate, agreement or other document to be signed in connection with this Indenture and the transactions contemplated hereby, other than any Notes, any electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, and/or any other relevant electronic signatures law, including relevant provisions of the Uniform Commercial Code (collectively, "Signature Law"). Each electronic signature (except in the case of any Notes) or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each party hereto shall be entitled to conclusively rely upon, and shall have no liability with respect to, any faxed, scanned, or photocopied manual signature, or other electronic signature (except in the case of any Notes), of any party and shall have no duty to investigate, confirm or otherwise verify the validity or authenticity thereof. Notwithstanding the foregoing, original manual signatures shall be used for authentication by the Trustee of any Notes, and execution or indorsement of writings when required under the Uniform

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Commercial Code or other Signature Law due to the character or intended character of the writings.

Section 12.13 *Table of Contents, Headings, etc.*

The Table of Contents, Cross-Reference Table and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and will in no way modify or restrict any of the terms or provisions hereof.

Section 12.14 *Payment Date Other Than a Business Day.*

If any payment with respect to any principal of, premium, if any, on, or interest, if any, on any Note (including any payment to be made on any date fixed for redemption or purchase of any Note) is due on a day which is not a Business Day, then the payment need not be made on such date, but may be made on the next Business Day with the same force and effect as if made on such date, and no interest will accrue for the intervening period.

Section 12.15 *Evidence of Action by Holders.*

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given, made or taken by the Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing, and may be given, made or taken in connection with a purchase of, or tender offer or exchange offer for, outstanding Notes; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Company if made in the manner provided in this Section 12.15.

Without limiting the generality of this Section 12.15, unless otherwise provided in or pursuant to this Indenture, (i) a Holder, including a Depositary or its nominee that is a Holder of a Global Note, may give, make or take, by an agent or agents duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver or other Act provided in or pursuant to this Indenture to be given, made or taken by the Holders, and a Depositary or its nominee that is a Holder of a Global Note may duly appoint in writing as its agent or agents members of, or participants in, such Depositary holding interests in such Global Note in the records of such Depositary; and (ii) with respect to any Global Note the Depositary for which is DTC, any consent or other action given, made or taken by an "agent member" of DTC by electronic means in accordance with the Automated Tender Offer Procedures system or other customary procedures of, and pursuant to authorization by, DTC shall be deemed to constitute the "Act" of the Holder of such Global Note, and such Act shall be deemed to have been delivered to the Company and the Trustee upon the delivery by DTC of an "agent's message" or other notice of such consent or other action having been so given, made or taken in accordance with the customary procedures of DTC.

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(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to such witness, notary or officer the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) Notwithstanding anything to the contrary contained in this Section 12.15 or elsewhere in this Indenture, the principal amount and serial numbers of Notes held by any Holder, and the date of holding the same, shall be proved by the register of the Notes maintained by the Registrar as provided in Section 2.03.

(d) If the Company shall solicit from the Holders of the Notes any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, fix in advance a record date for the determination of the Holders entitled to give, make or take such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. Such record date shall be the record date specified in or pursuant to such resolution, which shall be a date not earlier than the date 30 days prior to the first solicitation of the Holders generally in connection therewith or the date of the most recent list of the Holders forwarded to the Trustee prior to such solicitation pursuant to Section 2.05 and not later than the date such solicitation is completed. If such a record date is fixed, then notwithstanding the second sentence of Section 9.03, any instrument embodying and evidencing such request, demand, authorization, direction, notice, consent, waiver or other Act may be executed before or after such record date, but only the Holders of record at the close of business on such record date (whether or not such Persons were Holders before, or continue to be Holders after, such record date) shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of the then outstanding Notes have given, made or taken such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the then outstanding Notes shall be computed as of such record date; *provided* that no such Act by the Holders of record on any record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than eleven months after such record date.

(e) Subject to Section 9.03, any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Note shall bind every future Holder of the same Note and the Holder of every Note issued upon the registration or transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Note.

(f) Without limiting the foregoing, a Holder entitled hereunder to give, make or take any action hereunder with regard to any particular Note may do so itself with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount.

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Section 12.16 *Benefit of Indenture.*

Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto, any Paying Agent, any Registrar and their successors hereunder, and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 12.17 *Language of Notices, Etc.*

Any request, demand, authorization, direction, notice, consent, waiver or Act required or permitted under this Indenture shall be in the English language, except that any published notice may be in an official language of the country of publication.

Section 12.18 *U.S.A. Patriot Act.*

The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

Section 12.19 *Force Majeure.*

In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, (i) any act or provision of present or future law or regulation or governmental authority, (ii) labor disputes, strikes or work stoppages, (iii) accidents, (iv) acts of war or terrorism, (v) civil or military disturbances or unrest, (vi) nuclear or natural catastrophes or acts of God, (vii) epidemics or pandemics, (viii) disease, (ix) quarantine, (x) national emergency, (xi) interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, (xii) communications system failure (xiii) malware or ransomware, (xiv) the unavailability of the Federal Reserve Bank wire, telex or other communication or wire facility, or (xv) unavailability of any securities clearing system; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 12.20 *Calculations.*

The Company will be responsible for making all calculations called for under this Indenture or the Notes. The Company will make all such calculations in good faith and, absent manifest error, its calculations will be final and binding on Holders. The Company will provide a schedule of its calculations to the Trustee and the Trustee is entitled to rely conclusively upon the accuracy of such calculations without independent verification.

[Signatures on following page]

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SIGNATURES

Dated as of January 27, 2021

COMPANY:

COLGATE ENERGY PARTNERS III, LLC

By: /s/ James Walter

James Walter

President & Co-Chief Executive Officer

GUARANTORS:

COLGATE PRODUCTION, LLC

By: /s/ James Walter

James Walter

President & Co-Chief Executive Officer

COLGATE II CORP, LLC

By: /s/ James Walter

James Walter

President & Co-Chief Executive Officer

COLGATE OPERATING, LLC

By: /s/ James Walter

James Walter

President & Co-Chief Executive Officer

COLGATE MINERALS, LLC

By: /s/ James Walter

James Walter

President & Co-Chief Executive Officer

COLGATE RANCH, LLC

By: /s/ James Walter

James Walter

[Signature page to Indenture]

President & Co-Chief Executive Officer

TUSKER MIDSTREAM, LLC

By: /s/ James Walter

James Walter

President & Co-Chief Executive Officer

COLGATE ENERGY, LLC

By: /s/ James Walter

James Walter

President & Co-Chief Executive Officer

COLGATE ROYALTIES, LP

By: /s/ James Walter

James Walter

President & Co-Chief Executive Officer

Colgate II Corp, LLC, its general partner

By: /s/ James Walter

James Walter

President & Co-Chief Executive Officer

TREE SHAKER MINERALS, LLC

By: /s/ James Walter

James Walter

President & Co-Chief Executive Officer

TREE SHAKER MINERALS, LLC

By: /s/ James Walter

James Walter

President & Co-Chief Executive Officer

[Signature page to Indenture]

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Trustee

By: /s/ Patrick Giordano
Patrick Giordano
Vice President

[Signature page to Indenture]

EXHIBIT A

[Face of Note]

CUSIP [●]

7.75% Senior Notes due 2026

[Insert the Global Note Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

[Insert Regulation S Temporary Legend, if applicable pursuant to the provisions of the Indenture]

No. _____ \$ _____

COLGATE ENERGY PARTNERS III, LLC

promises to pay to or registered assigns,

the principal sum of DOLLARS [or such greater or lesser amount as may be indicated on the attached Schedule of Exchanges of Interests in the Global Note] on February 15, 2026.

Interest Payment Dates: February 15 and August 15

Record Dates: February 1 and August 1

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COLGATE ENERGY PARTNERS III, LLC

By:

Name:

Title:

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This is one of the Notes referred to
in the within-mentioned Indenture:

Dated: _____

Wells Fargo Bank, National Association,
as Trustee

By:

Authorized Signatory

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[BACK OF NOTE]

7.75% SENIOR NOTES DUE 2026

Capitalized terms used herein have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

(1) *INTEREST*. Colgate Energy Partners III, LLC, a Delaware limited liability company (the “Company”), promises to pay interest on the unpaid principal amount of this Note at 7.75% per annum. The Company will pay interest, if any, semi-annually in arrears on February 15 and August 15 of each year, beginning August 15, 2021 (each, an “Interest Payment Date”). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; *provided* that, if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date. The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate that is equal to the then applicable

interest rate on the Notes to the extent lawful; they will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest, if any (without regard to any applicable grace period), from time to time on demand at the same rate to the extent lawful.

Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. If any payment with respect to any principal of, premium, if any, on, or interest, if any, on any Note (including any payment to be made on any date fixed for redemption or purchase of any Note) is due on a day which is not a Business Day, then the payment need not be made on such date, but may be made on the next Business Day with the same force and effect as if made on such date, and no interest will accrue for the intervening period.

(2) **METHOD OF PAYMENT.** The Company will pay interest on the Notes (except defaulted interest), if any, to the Persons who are registered Holders of Notes at the close of business on the February 1 and August 1 next preceding each Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium, if any, and interest, if any, at the office or agency of the Company maintained for such purpose or, at the option of the Company, payment of interest, if any, may be made by check mailed to the Holders at their addresses set forth in the register of Holders; *provided* that payment by wire transfer of immediately available funds will be required with respect to principal of, premium, if any, on, and interest, if any, on, all Global Notes and all other Notes the Holders of which will have provided wire transfer instructions to the Company or the Paying Agent to a United States dollar account maintained by the payee with a bank in the continental United States and such payee owns at least \$5.0 million or more in aggregate principal amount of the Notes. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

(3) **PAYING AGENT AND REGISTRAR.** Initially, Wells Fargo Bank, National Association, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Company may change the Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

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(4) **INDENTURE.** The Company issued the Notes under an Indenture dated as of January 27, 2021 (the "*Indenture*"), among the Company, the Guarantors and the Trustee. The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are unsecured obligations of the Company. The Indenture does not limit the aggregate principal amount of Notes that may be issued thereunder.

(5) **OPTIONAL REDEMPTION.**

(a) At any time prior to February 15, 2024, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under the Indenture, upon notice as provided in the Indenture, at a redemption price equal to 107.750% of the principal amount of the Notes redeemed, *plus* accrued and unpaid interest, if any, to, but excluding, the date of redemption (subject to the rights of Holders on the relevant record date to receive interest on the relevant Interest Payment Date), with an amount of cash not greater than the net cash proceeds of an Equity Offering, *provided* that:

(A) at least 65% of the aggregate principal amount of Notes originally issued on the date of the Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption (unless all Notes are redeemed substantially concurrently therewith); and

(B) the redemption occurs within 180 days after the date of the closing of such Equity Offering.

(b) At any time prior to February 15, 2024, the Company may on any one or more occasions redeem all or a part of the Notes, upon notice as provided in the Indenture, at a redemption price equal to 100% of the principal amount of the Notes redeemed, *plus* the Applicable Premium as of the redemption date, *plus* accrued and unpaid interest, if any, to, but excluding, the date of redemption, subject to the rights of Holders on the relevant record date to receive interest due on the relevant Interest Payment Date.

(c) The Company may redeem Notes when permitted by, and pursuant to the conditions in, Section 4.15(e) of the Indenture.

(d) Except pursuant to the preceding paragraphs, the Notes will not be redeemable at the Company's option prior to February 15, 2024.

(e) On or after February 15, 2024, the Company may on any one or more occasions redeem all or a part of the Notes, upon notice as provided in the Indenture, at the redemption prices (expressed as percentages of principal amount) set forth below, *plus* accrued and unpaid interest, if any, on the Notes redeemed, to, but excluding, the applicable redemption date, if redeemed during the twelve-month period beginning on February 15 of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest on the relevant Interest Payment Date:

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Year	Percentage
2024	103.875%
2025	100.000%

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

(6) **MANDATORY REDEMPTION.** The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

(7) **REPURCHASE AT THE OPTION OF HOLDER.**

(a) If there is a Change of Control, except as provided in the Indenture, the Company will be required to make an offer (a "Change of Control Offer") to each Holder to repurchase all or any part (equal to a minimum amount of \$2,000 or an integral multiple of \$1,000 in excess thereof) of each Holder's Notes at a purchase price in cash equal to 101% of the aggregate principal amount thereof *plus* accrued and unpaid interest, if any, thereon to the date of purchase, subject to the rights of Holders on the relevant record date to receive interest due on the relevant Interest Payment Date (the "Change of Control Payment"). Within 30 days following any Change of Control, the Company will mail a notice to each Holder, with a copy to the Trustee, setting forth the procedures governing the Change of Control Offer as required by the Indenture.

(b) If the Company or a Restricted Subsidiary of the Company consummates any Asset Sales, in certain circumstances, the Company may be required to make an Asset Sale Offer to all Holders of Notes and all holders of other Indebtedness that is *pari passu* with the Notes containing provisions similar to those set forth in the Indenture with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount, *plus* accrued and unpaid interest, if any, to the date of purchase, prepayment or redemption, subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant Interest Payment Date, and will be payable in cash. Holders of Definitive Notes that are the subject of an offer to purchase will receive an Asset Sale Offer from the Company prior to any related purchase date and may elect to have such Notes purchased by completing the form entitled "Option of Holder to Elect Purchase" attached to the Notes.

(8) **NOTICE OF REDEMPTION.** At least 10 days but not more than 60 days before a redemption date, the Company will mail or cause to be mailed by first class mail (or sent electronically if DTC is the recipient), a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture pursuant to Article 8 or 11 thereof. Notices of redemption may be subject to conditions precedent as set forth in the Indenture. Notes and portions of Notes selected will be in minimum amounts of \$2,000 or whole multiples of \$1,000 in excess thereof; except that if all of the Notes of a Holder are to be redeemed, the entire outstanding amount of Notes held by such Holder shall be redeemed.

(9) **DENOMINATIONS, TRANSFER, EXCHANGE.** The Notes are in registered form in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the next succeeding Interest Payment Date.

(10) **PERSONS DEEMED OWNERS.** The registered Holder of a Note may be treated as the owner of it for all purposes. Only registered Holders have rights under the Indenture.

(11) **AMENDMENT, SUPPLEMENT AND WAIVER.** Subject to certain exceptions, the Indenture, the Notes or the Note Guarantees may be amended or supplemented with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes including Additional Notes, if any, voting as a single class, and any existing Default or Event of Default or compliance with any provision of the Indenture or the Notes or the Note Guarantees may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes including Additional Notes, if any, voting as a single class. Without the consent of any Holder of Notes, the Indenture, the Notes or the Note Guarantees may be amended or supplemented for certain purposes set forth in the Indenture.

(12) **DEFAULTS AND REMEDIES.** In the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to the Company, any Restricted Subsidiary of the Company that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary, the principal of, and accrued and unpaid interest, if any, on, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 30% in aggregate principal amount of the then outstanding Notes may declare the principal of, and accrued and unpaid interest, if any, on, all outstanding Notes to be due and payable immediately. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal, premium, if any, on, and interest, if any, on the Notes) if it determines that withholding notice is in their interest. The Holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of all the Holders, rescind an acceleration and its consequences under the Indenture except a continuing Default or Event of Default in the payment of principal of, premium, if any, on, or interest, if any, on, the Notes (including in connection with an offer to purchase any Notes); *provided, however*, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration. The Company is required to deliver to the Trustee annually an Officers' Certificate regarding compliance with the Indenture, and the Company is required, upon becoming aware of any Default or Event of Default, to deliver to the Trustee a written statement specifying such Default or Event of Default.

(13) **TRUSTEE DEALINGS WITH COMPANY.** The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

(14) **NO RECOURSE AGAINST OTHERS.** No director, manager, officer, member, partner, employee, incorporator or other owner of Capital Stock of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Notes, the Indenture, the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

(15) **AUTHENTICATION.** This Note will not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

(16) **ABBREVIATIONS.** Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

(17) **CUSIP NUMBERS.** Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes, and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption, and reliance may be placed only on the other identification numbers placed thereon.

(18) **GOVERNING LAW.** THE LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THE INDENTURE, THIS NOTE AND THE NOTE GUARANTEES.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

Colgate Energy Partners III, LLC
300 N. Marienfeld Street, Suite 1000
Midland, Texas 79701
Attention: Chief Financial Officer

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ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to:

(Insert assignee's legal name)

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint
to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature:

(Sign exactly as your name appears on the face of this Note)

Tax Identification No.:

Signature Guarantee*:

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

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OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.15 of the Indenture, check the appropriate box below:

☐ Section 4.10 ☐ Section 4.15

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.15 of the Indenture, state the amount you elect to have purchased:

\$ _____

Date: _____

Your Signature:

(Sign exactly as your name appears on the face of this Note)

Tax Identification No.:

Signature Guarantee*:

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

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SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE *

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease (or increase)	Signature of authorized officer of Trustee or Custodian

* This schedule should be included only if the Note is issued in global form.

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EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

Colgate Energy Partners III, LLC
300 N. Marienfeld Street, Suite 1000
Midland, Texas 79701

Wells Fargo Bank, National Association
Corporate Trust – DAPS REORG
600 Fourth Street South, 7th Floor
MAC N9300-070
Minneapolis, MN 55415
Facsimile: (866) 969-1290
Email: dapsreorg@wellsfargo.com
Re: 7.75% Senior Notes due 2026

Reference is hereby made to the Indenture, dated as of January 27, 2021 (the “*Indenture*”), among Colgate Energy Partners III, LLC, a Delaware limited liability company (the “*Company*”), the Guarantors party thereto and Wells Fargo Bank, National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

[●], (the “*Transferor*”) owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of \$ [●] in such Note[s] or interests (the “*Transfer*”), to [●] (the “*Transferee*”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. ☐ **Check if Transferee will take delivery of a beneficial interest in the 144A Global Note or a Restricted Definitive Note pursuant to Rule 144A.** The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as amended (the “*Securities Act*”), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A, and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the

transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

2. ☐ Check if Transferee will take delivery of a beneficial interest in the Regulation S Temporary Global Note, the Regulation S Permanent Global Note or a Restricted Definitive

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Note pursuant to Regulation S. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Permanent Global Note, the Regulation S Temporary Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

3. ☐ Check and complete if Transferee will take delivery of a beneficial interest in a Restricted Definitive Note pursuant to any provision of the Securities Act other than Rule 144A or Regulation S. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) ☐ such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

OR

(b) ☐ such Transfer is being effected to the Company or a Subsidiary thereof;

OR

(c) ☐ such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act.

4. ☐ Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Note or of an Unrestricted Definitive Note.

(a) ☐ **Check if Transfer is pursuant to Rule 144.** (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

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(b) ☐ **Check if Transfer is Pursuant to Regulation S.** (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c) ☐ **Check if Transfer is Pursuant to Other Exemption.** (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit.

[Insert Name of Transferor]

By:

Name:

Title:

Dated: _____

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ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK (a) OR (b)]

(a) ☐ a beneficial interest in the [CHECK (i), (ii) OR (iii)]:

(i) ☐ 144A Global Note (CUSIP [•]),

(ii) ☐ Regulation S Temporary Global Note (CUSIP [•]), or

(iii) ☐ Regulation S Permanent Global Note (CUSIP [•]); or

(b) ☐ a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK (a), (b) OR (c)]

(a) ☐ a beneficial interest in the [CHECK (i), (ii) OR (iii)]:

- (i) ☐ 144A Global Note (CUSIP [•]), or
- (ii) ☐ Regulation S Global Note (CUSIP [•]), or
- (iii) ☐ Unrestricted Global Note (CUSIP [•]) or

(b) ☐ a Restricted Definitive Note; or

(c) ☐ an Unrestricted Definitive Note.

in accordance with the terms of the Indenture.

EXHIBIT C

FORM OF CERTIFICATE OF EXCHANGE

Double Eagle Partners III, LLC
300 N. Marienfeld Street, Suite 1000
Midland, Texas 79701

Wells Fargo Bank, National Association
Corporate Trust – DAPS REORG
600 Fourth Street South, 7th Floor
MAC N9300-070
Minneapolis, MN 55415
Facsimile: (866) 969-1290
Email: dapsreorg@wellsfargo.com
Re: 7.75% Senior Notes due 2026

(CUSIP [•])

Reference is hereby made to the Indenture, dated as of January 27, 2021 (the “*Indenture*”), among Colgate Energy Partners III, LLC, a Delaware limited liability company (the “*Company*”), the Guarantors party thereto and Wells Fargo Bank, National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

[•], (the “*Owner*”) owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of \$ [•] in such Note[s] or interests (the “*Exchange*”). In connection with the Exchange, the Owner hereby certifies that:

1. Exchange of Restricted Definitive Notes or Beneficial Interests in a Restricted Global Note for Unrestricted Definitive Notes or Beneficial Interests in an Unrestricted Global Note

(a) ☐ **Check if Exchange is from beneficial interest in a Restricted Global Note to beneficial interest in an Unrestricted Global Note.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the Securities Act of 1933, as amended (the “*Securities Act*”), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) ☐ **Check if Exchange is from beneficial interest in a Restricted Global Note to Unrestricted Definitive Note.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is

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being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c) ☐ **Check if Exchange is from Restricted Definitive Note to beneficial interest in an Unrestricted Global Note.** In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d) ☐ **Check if Exchange is from Restricted Definitive Note to Unrestricted Definitive Note.** In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. Exchange of Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes for Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes

(a) ☐ **Check if Exchange is from beneficial interest in a Restricted Global Note to Restricted Definitive Note.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act.

(b) ☐ **Check if Exchange is from Restricted Definitive Note to beneficial interest in a Restricted Global Note.** In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CHECK ONE] ☐ 144A Global Note, ☐ Regulation S Global Note with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

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This certificate and the statements contained herein are made for your benefit.

[Insert Name of Transferor]

By:

Name:

Title:

Dated: _____

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EXHIBIT D

[FORM OF SUPPLEMENTAL INDENTURE
TO BE DELIVERED BY SUBSEQUENT GUARANTORS]

SUPPLEMENTAL INDENTURE (this “*Supplemental Indenture*”), dated as of , among (the “*Guaranteeing Subsidiary*”), a subsidiary of Colgate Energy Partners III, LLC, a Delaware limited liability company (the “*Company*”), the other Guarantors (as defined in the Indenture referred to herein) and Wells Fargo Bank, National Association, as trustee under the Indenture referred to below (the “*Trustee*”).

WITNESSETH

WHEREAS, the Company has heretofore executed and delivered to the Trustee an indenture (the “*Indenture*”), dated as of January 27, 2021, providing for the issuance of 7.75% Senior Notes due 2026 (the “*Notes*”);

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally Guarantee all of the Company's Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the “*Note Guarantee*”); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary, the other Guarantors, the Company and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.
2. AGREEMENT TO GUARANTEE. The Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Note Guarantee and in the Indenture including but not limited to Article 10 thereof.
3. NO RECOURSE AGAINST OTHERS. No director, manager, officer, member, partner, employee, incorporator or unitholder or other owner of Capital Stock of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Notes, the Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.
5. NEW YORK LAW TO GOVERN. THE LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE.

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6. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

7. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

8. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary, the other Guarantors and the Company.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

Dated: _____

[GUARANTEEING SUBSIDIARY]

By:
Name:
Title:

COLGATE ENERGY PARTNERS III, LLC

By:
Name:
Title:

[EXISTING GUARANTORS]

By:
Name:
Title:

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WELLS FARGO BANK, NATIONAL ASSOCIATION,
As Trustee

By:
Name:
Title: Authorized Signatory

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COLGATE ENERGY PARTNERS III, LLC
AND EACH OF THE GUARANTORS PARTY HERETO
5.875% SENIOR NOTES DUE 2029
INDENTURE
Dated as of June 30, 2021
WELLS FARGO BANK, NATIONAL ASSOCIATION
Trustee

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Exhibit A FORM OF NOTE
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Exhibit D FORM OF SUPPLEMENTAL INDENTURE

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INDENTURE dated as of June 30, 2021, among Colgate Energy Partners III, LLC, a Delaware limited liability company (together with its successors as provided herein, the “Company”), the Guarantors party hereto from time to time (as defined herein) and Wells Fargo Bank, National Association, a national banking association, as Trustee.

The Company, the Guarantors and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders (as defined herein) of the 5.875% Senior Notes due 2029 (the “Notes”):

ARTICLE 1

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 Definitions.

“144A Global Note” means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes initially sold in reliance on Rule 144A.

“Acquired Debt” means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“Additional Notes” means additional Notes (other than the Initial Notes) issued under this Indenture in accordance with Sections 2.02 and 4.09 hereof, as part of the same series as the Initial Notes.

“Adjusted Consolidated Net Tangible Assets” means (without duplication), as of the date of determination, the remainder of:

(a) the sum of:

(i) estimated discounted future net revenues from proved oil, natural gas liquids and natural gas reserves of the Company and its Restricted Subsidiaries calculated in accordance with SEC guidelines before any provincial, territorial, state, federal or foreign income taxes, as estimated by the Company in a reserve report prepared as of the end of the Company's most recently completed fiscal year for which a reserve report is available, or at the Company's option, the Company's most recently completed fiscal quarter for which a reserve report is available, in

each case, which reserve report is prepared or audited by independent petroleum engineers, as increased by, as of the date of determination, the estimated discounted future net revenues from

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(A) estimated proved oil, natural gas liquids and natural gas reserves acquired since such year-end or quarter-end, which reserves were not reflected in such year-end or quarter-end reserve report, and

(B) estimated oil, natural gas liquids and natural gas reserves attributable to upward revisions of estimates of proved oil, natural gas liquids and natural gas reserves (including the impact to discounted future net revenues related to development costs previously estimated in the last year-end or quarter-end reserve report, but only to the extent such costs were actually incurred since the date of the last year-end or quarter-end reserve report) since such year-end or quarter-end due to exploration, development, exploitation or other activities, increased by the accretion of discount from the date of the last year-end or quarter-end reserve report to the date of determination;

and decreased by, as of the date of determination, the estimated discounted future net revenues from:

(C) estimated proved oil, natural gas liquids and natural gas reserves included in the last year-end or quarter-end reserve report that shall have been produced or disposed of since such year-end or quarter-end, and

(D) estimated oil, natural gas liquids and natural gas reserves included therein that are subsequently removed from the proved oil, natural gas liquids and natural gas reserves of the Company and its Restricted Subsidiaries as so calculated due to downward revisions of estimates of proved oil, natural gas liquids and natural gas reserves since such year-end or quarter-end due to changes in geological conditions or other factors which would, in accordance with standard industry practice, cause such revisions, *provided*, that (x) in the case of such year-end or quarter-end reserve report and any adjustments since such year-end or quarter-end pursuant to clauses (A), (B) and (D), the estimated discounted future net revenues from proved oil, natural gas liquids and natural gas reserves shall be determined in their entirety using oil, natural gas liquids and natural gas and other hydrocarbon prices and costs that are either (1) calculated in accordance with SEC guidelines and, with respect to such adjustments under clauses (A), (B) or (D), calculated with such prices and costs as if the end of the most recent fiscal quarter preceding the date of determination for which such information is available to the Company were year-end or quarter-end or (2) if the Company so elects at any time, calculated in accordance with the foregoing clause (1), except that when pricing of future net revenues of proved oil, natural gas liquids and natural gas reserves under SEC guidelines is not based on a contract price and is instead based upon benchmark, market or posted pricing, the pricing for each month of estimated future production from such proved oil, natural gas liquid and natural gas reserves not subject to contract pricing shall be based upon NYMEX (or successor) published forward prices for the most comparable hydrocarbon commodity applicable to such production month (adjusted for energy content, quality and basis differentials and giving application to the last sentence of such definition hereto), as such forward prices are published as of the year-end or quarter-end date of such reserve report or, with respect to post-year end or

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quarter-end adjustments under clauses (A), (B) or (D), the last day of the most recent fiscal quarter preceding the date of determination, (y) the pricing of estimated proved reserves that have been produced or disposed since year-end or quarter-end as set forth in clause (D) shall be based upon the applicable pricing elected for the prior year-end or quarter-end reserve report as provided in clause (x), and (z) in each case as estimated by the Company's petroleum engineers or any independent petroleum engineers engaged by the Company for that purpose;

(ii) the capitalized costs that are attributable to Oil and Gas Properties of the Company and its Restricted Subsidiaries to which no proved oil, natural gas liquids and natural gas reserves are attributable, based on the Company's books and records as of a date no earlier than the date of the Company's latest annual or quarterly consolidated financial statements;

(iii) the Consolidated Net Working Capital on a date no earlier than the date of the Company's latest annual or quarterly consolidated financial statements;

(iv) assets related to commodity risk management activities less liabilities related to commodity risk management activities, in each case to the extent that such assets and liabilities arise in the ordinary course of the Oil and Gas Business; and

(v) the greater of (A) the net book value of other tangible assets (including, without limitation, investments in unconsolidated Restricted Subsidiaries and mineral rights held under lease or other contractual arrangement) of the Company and its Restricted Subsidiaries, as of a date no earlier than the date of the Company's latest annual or quarterly consolidated financial statements, and (B) the Fair Market Value, as estimated in good faith by the Company, of other tangible assets (including, without limitation, investments in unconsolidated Restricted Subsidiaries and mineral rights held under lease or other contractual arrangement) of the Company and its Restricted Subsidiaries, as of a date no earlier than the date of the Company's latest audited consolidated financial statements (it being understood that the Company shall not be required to obtain any appraisal of any assets);

minus, to the extent not otherwise taken into account in the foregoing clause (a);

(b) the sum of:

(i) any amount included in (a)(i) through (a)(v) above that is attributable to minority interests;

(ii) any net natural gas balancing liabilities of the Company and its Restricted Subsidiaries reflected in the Company's latest audited consolidated financial statements;

(iii) to the extent included in (a)(i) above, the estimated discounted future net revenues, calculated in accordance with SEC guidelines (utilizing the prices and costs as provided in (a)(i)), attributable to reserves which are required to be delivered to third parties to fully satisfy the obligations of the Company and its Restricted Subsidiaries with respect to

Volumetric Production Payments (determined, if applicable, using the schedules specified with respect thereto); and

(iv) to the extent included in (a)(i) above, the estimated discounted future net revenues, calculated in accordance with SEC guidelines (utilizing prices and costs as provided in (a)(i)), attributable to reserves subject to Dollar-Denominated Production Payments which, based on the estimates of production and price assumptions included in determining the estimated discounted future net revenues specified in (a)(i) above, would

be necessary to fully satisfy the payment obligations of the Company and its Restricted Subsidiaries with respect to Dollar-Denominated Production Payments (determined, if applicable, using the schedules specified with respect thereto).

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings; *provided* that no Sponsor pursuant to clauses (1) and (2) of the definition thereof shall be deemed to be an Affiliate of any other such Sponsor or its Related Parties or respective Affiliates.

"Agent" means any Registrar or Paying Agent.

"Applicable Premium" means, with respect to any Note on any redemption date, the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Note at July 1, 2024 (such redemption price being set forth in the table appearing in Section 3.07 hereof) *plus* (ii) all required interest payments due on the Note through July 1, 2024 (in each case excluding accrued but unpaid interest to, but not including, the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date *plus* 50 basis points discounted to the redemption date on a semi-annual basis (assuming a 360 day year consisting of twelve 30 day months), *over*

(b) the principal amount of the Note.

"Applicable Procedures" means, with respect to any transfer, exchange, payment, redemption, offer, communications delivered or other activity of the Depositary, Euroclear and Clearstream on behalf of or for beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear and Clearstream that apply to such transfer, exchange, payment, redemption, offer, communications delivered or other activity.

"Asset Sale" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights by the Company or any of the Company's Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the properties or assets

of the Company and its Subsidiaries taken as a whole will be governed by Section 4.15 and/or by Section 5.01 and not by the provisions of Section 4.10; and

(2) the issuance of Equity Interests by any of the Company's Restricted Subsidiaries or the sale by the Company or any of the Company's Restricted Subsidiaries of Equity Interests in any of the Company's Subsidiaries (other than, in each case, Preferred Stock or Disqualified Stock of Restricted Subsidiaries issued in compliance with Section 4.09).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

- (1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than \$25.0 million;
- (2) a transfer of assets between or among the Company and its Restricted Subsidiaries;
- (3) an issuance or sale of Equity Interests by a Restricted Subsidiary of the Company to the Company or to a Restricted Subsidiary of the Company;

(4) the sale, lease or other transfer of products, services, accounts receivable or other assets in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets in the ordinary course of business (including the abandonment or other disposition of intellectual property that is, in the reasonable judgment of the Company, no longer economically practicable to maintain or useful in the conduct of the business of the Company and its Restricted Subsidiaries taken as whole);

(5) licenses and sublicenses by the Company or any of its Restricted Subsidiaries of software or intellectual property, including seismic data and interpretations thereof, in the ordinary course of business;

(6) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(7) the granting of Liens not prohibited by Section 4.12 and dispositions in connection with Permitted Liens;

(8) the sale or other disposition of cash, Cash Equivalents or other financial instruments;

(9) a Restricted Payment (or payment or transfer that would be a Restricted Payment but for an exception to the definition thereof) that does not violate Section 4.07 or a Permitted Investment;

(10) sale or other disposition of Hydrocarbons or other mineral products in the ordinary course of business;

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(11) an Asset Swap;

(12) dispositions of crude oil and natural gas properties, *provided* that at the time of any such disposition such properties do not have associated with them any proved reserves;

(13) any Production Payments and Reserve Sales; *provided* that any such Production Payments and Reserve Sales, other than incentive compensation programs on terms that are reasonably customary in the Oil and Gas Business for geologists, geophysicists and other providers of technical services to the Company or a Restricted Subsidiary, shall have been created, incurred, issued, assumed or Guaranteed in connection with the financing of, and within 60 days after the acquisition of, the property that is subject thereto;

(14) the abandonment, farmout (or comparable transaction), lease or sublease of developed or undeveloped Oil and Gas Properties in the ordinary course of business or which are usual and customary in the Oil and Gas Business generally or in the geographic region in which such activities occur, including pursuant to any agreement or arrangement described in the definition of "Permitted Business Investments";

(15) any sale or other disposition of Equity Interests in or Indebtedness of an Unrestricted Subsidiary; and

(16) the early termination or unwinding of any Hedging Obligations.

"Asset Swap" means any substantially contemporaneous (and in any event occurring within 180 days of each other) purchase and sale or exchange of any assets or properties used or useful in the Oil and Gas Business between the Company or any of its Restricted Subsidiaries and one or more other Persons; *provided*, that the Fair Market Value of the properties or assets traded or exchanged by the Company or such Restricted Subsidiary (together with any cash) is reasonably equivalent to the Fair Market Value of the properties or assets (together with any cash) to be received by the Company or such Restricted Subsidiary, and *provided further* that any net cash received must be applied in accordance with Section 4.10 if then in effect.

"Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficially Owns" and "Beneficially Owned" have corresponding meanings. For purposes of this definition, a Person shall be deemed not to Beneficially Own securities that are the subject of a stock purchase agreement, merger agreement, amalgamation agreement, arrangement agreement or similar agreement until consummation of the transactions or, as applicable, series of related transactions contemplated thereby.

"Board of Directors" means:

- (1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;
- (2) with respect to a partnership, the Board of Directors of the general partner of the partnership;
- (3) with respect to a limited liability company, the board of managers thereof, or if there is no such board, the managing member or members or any controlling committee of managing members thereof; and
- (4) with respect to any other Person, the board or committee of such Person serving a similar function.

For the avoidance of doubt, the Board of Directors of the Company shall initially be the board of managers of CEP III Holdings, LLC, its sole member.

"Borrowing Base" means, with respect to borrowings under the Credit Agreement and any amendment to and/or modification or replacement of the foregoing in the form of a reserve-based borrowing base credit facility, in each case with lenders that include commercial banks, the maximum amount determined or redetermined by the lenders thereunder as the aggregate lending value to be ascribed to the Oil and Gas Properties and other assets of the Company and its Restricted Subsidiaries against which such lenders are prepared to provide loans, letters of credit or other indebtedness to the credit parties, using customary practices and standards for determining reserve-based borrowing base loans and which are generally applied to borrowers in the Oil and Gas Business by commercial lenders, as determined annually and/or on such other occasions as may be required or provided for therein.

"Business Day" means each day that is not a Saturday, Sunday or other day on which banking institutions in Midland, Texas, New York, New York or another place of payment are authorized or required by law to close.

"Capital Stock" means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person,

but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"Capitalized Software Expenditures" means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by a Person and its Restricted Subsidiaries during such period in respect of licensed or purchased software or internally developed software and software enhancements that, in conformity with GAAP, are or are required to be reflected as capitalized costs on the consolidated balance sheet of such Person and such Restricted Subsidiaries.

"Cash Equivalents" means:

- (1) United States dollars;
- (2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (*provided* that the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than one year from the date of acquisition;
- (3) certificates of deposit and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case, with any lender party to the Credit Agreement or with any domestic commercial bank or any branch or agency of a non-U.S. bank licensed to conduct business in the United States, in each case having combined capital and surplus of at least \$250.0 million and a Thomson BankWatch rating of "B" or better;
- (4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;
- (5) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within one year after the date of acquisition; and
- (6) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition.

"Change of Control" means the occurrence of any of the following:

- (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole to any Person other than a Restricted Subsidiary or one or more Permitted Holders (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act)), which occurrence is followed by a Rating Decline within 60 days thereafter;

(2) the adoption of a plan relating to the liquidation or dissolution of the Company; or

(3) the consummation of any transaction (including any merger or consolidation), the result of which is that any Person (including any “person” (as defined above)), excluding the Permitted Holders, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares, units or the like, which occurrence is followed by a Rating Decline within 60 days thereafter.

Notwithstanding the preceding, (i)(a) a conversion of the Company or any of its Restricted Subsidiaries from a limited partnership, corporation, limited liability company or other form of entity to a limited liability company, corporation, limited partnership or other form of entity or (b) an exchange of all of the outstanding Equity Interests in one form of entity for Equity Interests in another form of entity shall not constitute a Change of Control, so long as immediately following such conversion or exchange the “persons” (as that term is used in Section 13(d)(3) of the Exchange Act) who Beneficially Owned the Capital Stock of the Company immediately prior to such transactions continue to Beneficially Own in the aggregate more than 50% of the Voting Stock of such entity, or continue to Beneficially Own sufficient Equity Interests in such entity to elect a majority of its directors, managers, trustees or other persons serving in a similar capacity for such entity or its general partner, as applicable, and, in either case no “person” (other than the Permitted Holders) Beneficially Owns more than 50% of the Voting Stock of such entity or its general partner, as applicable and (ii) a Change of Control shall not occur as a result of the IPOCo Transactions, the Qualified IPO, and the transactions relating thereto, including, without limitation, (x) the contribution of the Company to IPOCo and (y) any transaction in which the Company remains a Subsidiary of IPOCo but one or more intermediate holding companies between the Company and IPOCo are added, liquidated, merged or consolidated out of existence.

“Clearstream” means Clearstream Banking S.A.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commission” or “SEC” means the Securities and Exchange Commission.

“Company” means Colgate Energy Partners III, LLC, and any and all successors thereto.

“Consolidated Depreciation, Depletion and Amortization Expense” means, with respect to any Person for any period, the total amount of depreciation, depletion and amortization expense, including the amortization of intangible assets, deferred financing fees and Capitalized Software Expenditures and amortization of unrecognized prior service costs and actuarial gains and losses related to pensions and other post-employment benefits, of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP.

“Consolidated Interest Expense” means, with respect to any Person for any period, the sum, without duplication, of:

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(1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted in computing Consolidated Net Income (including amortization of original issue discount, the interest component of Finance Lease Obligations, and net payments and receipts (if any) pursuant to interest rate Hedging Obligations and excluding amortization of deferred financing fees, any interest attributable to Dollar-Denominated Production Payments, debt issuance costs, commissions, fees and expenses, expensing of any bridge, commitment or other financing fees and non-cash interest expense attributable to movement in mark to market valuation of Hedging Obligations or other derivatives (in each case permitted hereunder) under GAAP); plus

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued; minus

(3) interest income for such period.

For purposes of this definition, interest on a Finance Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by the Company to be the rate of interest implicit in such Finance Lease Obligation in accordance with GAAP.

"Consolidated Leverage Ratio" means, as of any date of determination, the ratio of (1) Consolidated Leverage Ratio Indebtedness of any specified Person and its Restricted Subsidiaries as of such date of determination to (2) the EBITDA of such Person and its Restricted Subsidiaries for the most recent four consecutive fiscal quarters ending prior to the date of determination for which quarterly financial statements in respect thereof are available. For purposes of this definition, Consolidated Leverage Ratio Indebtedness and EBITDA shall be determined on a pro forma basis to the same extent as set forth in the definition of "Fixed Charge Coverage Ratio."

"Consolidated Leverage Ratio Indebtedness" means, with respect to any specified Person, the aggregate principal amount of Indebtedness for borrowed money and Finance Lease Obligations.

"Consolidated Net Income" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis; *provided*, however, that:

(1) any net after-tax, non-cash extraordinary, nonrecurring or unusual gains or losses (less all fees and expenses relating thereto) or expenses or charges shall be excluded;

(2) effects of purchase accounting adjustments (including the effects of such adjustments pushed down to such Person and such Subsidiaries) in amounts required or permitted by GAAP, resulting from the application of purchase accounting or the amortization or write-off of any amounts thereof, net of taxes, shall be excluded;

(3) the Net Income for such period shall not include the cumulative effect of a change in accounting principles during such period;

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(4) any net after-tax gains or losses realized in connection with disposed, abandoned, transferred, closed or discontinued operations or fixed assets and any net after-tax gains or losses realized in connection with the disposal of disposed, abandoned, transferred, closed or discontinued operations or fixed assets shall be excluded;

(5) any net after-tax gains or losses (less all fees and expenses or charges relating thereto) attributable to business dispositions or asset dispositions other than in the ordinary course of business (as determined in good faith by management of the Company) shall be excluded;

(6) any net after-tax gains or losses (less all fees and expenses or charges relating thereto) attributable to the early extinguishment of indebtedness shall be excluded;

(7) the Net Income for such period of any Person that is not a Subsidiary of such Person, or is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, shall be included only to the extent of the amount of dividends or distributions or other payments paid in cash (or to the extent converted into cash) to the referent Person or a Restricted Subsidiary thereof in respect of such period;

(8) solely for the purpose of determining the amount available for Restricted Payments under clause (i) of the definition of "Cumulative Credit," the Net Income for such period of any Restricted Subsidiary (other than any Guarantor) shall be excluded to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of its Net Income is not at the date of determination permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless such restrictions with respect to the payment of dividends or similar distributions have been legally waived; *provided* that the Consolidated Net Income of

such Person shall be increased by the amount of dividends or other distributions or other payments actually paid in cash (or converted into cash) by any such Restricted Subsidiary to such Person, to the extent not already included therein;

(9) an amount equal to the amount of Permitted Tax Distributions actually made to any parent or equity holder of such Person in respect of such period in accordance with clause (10) of Section 4.07(b) shall be included as though such amounts had been paid as income taxes directly by such Person for such period;

(10) any impairment charges or asset write-offs, in each case pursuant to GAAP, the amortization of intangibles arising pursuant to GAAP, and any impairment charges, asset write-offs or write-down, including ceiling test write downs, on Oil and Gas Properties under GAAP or SEC guidelines shall be excluded;

(11) any non-cash expense realized or resulting from stock option plans, employee benefit plans or post-employment benefit plans, or grants or sales of stock, stock appreciation or similar rights, stock options, restricted stock, preferred stock or other rights shall be excluded;

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(12) any non-cash (a) compensation charges, (b) charges after the Start Date related to employment of terminated employees, or (c) charges realized in connection with or resulting from stock appreciation or similar rights, stock options or other rights existing on the Start Date of officers, directors, managers and employees, in each case of such Person or any Restricted Subsidiary, shall be excluded;

(13) accruals and reserves that are established or adjusted within 12 months after the Start Date and that are so required to be established or adjusted in accordance with GAAP or as a result of adoption or modification of accounting policies shall be excluded;

(14) (a) the Net Income of any Person and its Restricted Subsidiaries shall be calculated without deducting the income attributable to, or adding the losses attributable to, the minority equity interests of third parties in any non-Wholly Owned Restricted Subsidiary except to the extent of dividends declared or paid in respect of such period or any prior period on the shares of Capital Stock of such Restricted Subsidiary held by such third parties and (b) any ordinary course dividend, distribution or other payment paid in cash and received from any Person in excess of amounts included in clause (7) above shall be included;

(15) (a)(i) the non-cash portion of "straight-line" rent expense shall be excluded and (ii) the cash portion of "straight-line" rent expense which exceeds the amount expensed in respect of such rent expense shall be included and (b) non-cash gains, losses, income and expenses resulting from fair value accounting required by the applicable standard under GAAP and related interpretations, including unrealized gains or losses in respect of Hedging Obligations, shall be excluded;

(16) (a) to the extent covered by insurance and actually reimbursed, or, so long as such Person has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (a) not denied by the applicable carrier in writing within 180 days and (b) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), expenses with respect to liability or casualty events or business interruption shall be excluded and (b) amounts estimated in good faith to be received from insurance in respect of lost revenues or earnings in respect of liability or casualty events or business interruption shall be included (with a deduction for amounts actually received up to such estimated amount to the extent included in Net Income in a future period); and

(17) non-cash charges for deferred tax asset valuation allowances shall be excluded (except to the extent reversing a previously recognized increase to net income).

Notwithstanding the foregoing, for the purpose of Section 4.07 only, there shall be excluded from Consolidated Net Income any dividends, repayments of loans or advances or other transfers of assets from Unrestricted Subsidiaries or Restricted Subsidiaries to the extent such dividends,

repayments or transfers increase the amount of Restricted Payments permitted under Section 4.07 pursuant to clauses (iii), (iv) and (vi) of the definition of "Cumulative Credit".

"Consolidated Net Working Capital" means (a) all current assets of the Company and its Restricted Subsidiaries, except current assets from commodity price risk management activities

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arising in the ordinary course of the Oil and Gas Business less (b) all current liabilities of the Company and its Restricted Subsidiaries, except current liabilities (i) associated with asset retirement obligations relating to Oil and Gas Properties, (ii) included in Indebtedness and (iii) any current liabilities from commodity price risk management activities arising in the ordinary course of the Oil and Gas Business, in each case as set forth in the consolidated financial statements of the Company prepared in accordance with GAAP.

"Consolidated Non-Cash Charges" means, with respect to any Person for any period, the non-cash expenses (other than Consolidated Depreciation, Depletion and Amortization Expense) of such Person and its Restricted Subsidiaries reducing Consolidated Net Income of such Person for such period on a consolidated basis and otherwise determined in accordance with GAAP, provided that if any such non-cash expenses represent an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from EBITDA in such future period to the extent paid, but excluding from this proviso, for the avoidance of doubt, amortization of a prepaid cash item that was paid in a prior period.

"Consolidated Taxes" means, with respect to any Person for any period, the provision for taxes based on income, profits or capital, including, without limitation, state, franchise, property and similar taxes, foreign withholding taxes (including penalties and interest related to such taxes or arising from tax examinations) and any Permitted Tax Distributions taken into account in calculating Consolidated Net Income.

"Contingent Obligations" means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor,

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor;

or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"continuing" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

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"Corporate Trust Office of the Trustee" will be at the address of the Trustee specified in Section 12.02 hereof (except with respect to payments on the Notes and any exchange, transfer or surrender of the Notes, in which case this address will be Wells Fargo Bank, National Association, CTSO Mail Operations, 600 South 4th Street, 7th Floor, MAC N9300-070, Minneapolis, MN 55415, Attention: Corporate Trust Services – Colgate Energy Partners III, LLC Administrator or such other address as to which the Trustee may give notice to the Company).

"Credit Agreement" means that certain Credit Agreement, dated as of January 19, 2018, as amended to the Issue Date, among the Company, the guarantors party thereto, Wells Fargo Bank, National Association, as administrative agent, and the other banks, financial institutions and other lending institutions from time to time parties as lenders thereto, including any related notes, Guarantees, collateral documents, instruments and agreements executed in connection therewith, and, in each case, as amended, restated, modified, renewed, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

"Credit Facilities" means one or more debt facilities (including the Credit Agreement), indentures or commercial paper facilities, in each case, with banks or other institutional lenders or investors providing for revolving credit loans, term loans, capital market financings, debt securities, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales or exchanges of debt securities to or with institutional investors) in whole or in part from time to time.

"Cumulative Credit" means the sum, without duplication, of:

(i) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from January 1, 2021 to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); plus

(ii) 100% of the aggregate net cash proceeds and the Fair Market Value of property or securities other than cash (including Capital Stock of Persons, other than the Company or a Subsidiary of the Company, engaged primarily in the Oil and Gas Business or assets used in the Oil and Gas Business), in each case received by the Company since the Start Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than (x) Disqualified Stock and (y) net cash proceeds received from an issuance or sale of such Equity Interests to a Subsidiary of the Company or an employee stock ownership plan, option plan or similar trust to the extent such sale to an employee stock ownership plan, option plan or similar trust is financed by loans from or Guaranteed by the Company or any Restricted Subsidiary (unless such loans have been repaid with cash on or prior to the date of determination)); plus

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(iii) to the extent not already included in Consolidated Net Income for such period, if any Restricted Investment that was made by the Company or any of its Restricted Subsidiaries after the Start Date is sold (other than to the Company or any Subsidiary of the Company) or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of the property or assets received by the Company or any Restricted Subsidiary with respect to such Restricted Investment resulting from such sale, liquidation or repayment (less any out-of-pocket costs incurred in connection with any such sale); plus

(iv) the amount by which Indebtedness of the Company or its Restricted Subsidiaries, or the liquidation preference or maximum fixed repurchase price, as the case may be, of any Disqualified Stock of the Company or its Restricted Subsidiaries, is reduced on the Company's balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Start Date of any such Indebtedness or Disqualified Stock of the Company or its Restricted Subsidiaries convertible or exchangeable for Equity Interests (other than Disqualified Stock) of the Company or any parent thereof (less the amount of any cash, or the Fair Market Value of any other property (other than such Equity Interests), distributed by the Company upon such conversion or exchange and excluding the net cash proceeds from the conversion or exchange financed, directly or indirectly, using funds borrowed from the Company or any Subsidiary), together with the net proceeds, if any, received by the Company or any of its Restricted Subsidiaries upon such conversion or exchange; *plus*

(v) to the extent that any Unrestricted Subsidiary of the Company is redesignated as a Restricted Subsidiary pursuant to the terms of this Indenture or is merged or consolidated with or into, or transfers or otherwise disposes of all of substantially all of its properties or assets to or is liquidated into, the Company or a Restricted Subsidiary after the Start Date, the Fair Market Value of the Company's Investment (except to the extent the designation of such Subsidiary as an Unrestricted Subsidiary constituted a Permitted Investment) in such Subsidiary (or of the properties or assets disposed of, as applicable) as of the date of such redesignation, merger, consolidation, transfer, disposition or liquidation; *plus*

(vi) 100% of the aggregate amount received in cash and the Fair Market Value of property other than cash received by the Company or any Restricted Subsidiary from any dividend or distribution received after the Start Date from an Unrestricted Subsidiary of the Company, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Company for such period.

"Currency Exchange Agreements" means any currency exchange swap agreement, currency exchange cap agreement, currency exchange collar agreement or other agreement or arrangement designed to protect the Company or any of its Restricted Subsidiaries against or manage exposure to fluctuations in currency exchange prices and not for speculative purposes.

"Custodian" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

"Customary Recourse Exceptions" means, with respect to any Non-Recourse Debt of an Unrestricted Subsidiary, exclusions from the exculpation provisions with respect to such Non-Recourse Debt for the voluntary bankruptcy of such Unrestricted Subsidiary, fraud, misapplication of cash, environmental claims, waste, willful destruction and other circumstances

customarily excluded by lenders from exculpation provisions or included in separate indemnification agreements in non-recourse financings.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Definitive Note" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, substantially in the form of Exhibit A hereto except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"Depository" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depository with respect to the Notes, and any and all successors thereto appointed as depository hereunder and having become such pursuant to the applicable provision of this Indenture.

"Designated Non-cash Consideration" means the Fair Market Value of non-cash consideration received by the Company or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of or collection on such Designated Non-cash Consideration.

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature, in each case other than in exchange for Capital Stock of the Company (other than Disqualified Stock) or of any direct or indirect parent company. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Company to repurchase or redeem such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.07. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Indenture will be the maximum amount that the Company and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

"Dollar-Denominated Production Payments" means production payment obligations recorded as liabilities in accordance with GAAP, together with all undertakings and obligations in connection therewith.

"Domestic Subsidiary" means any Restricted Subsidiary of the Company that was formed under the laws of the United States or any state of the United States or the District of Columbia.

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"EBITDA" means, with respect to any Person for any period, the Consolidated Net Income of such Person and its Restricted Subsidiaries for such period *plus*, without duplication, to the extent the same was deducted in calculating Consolidated Net Income:

- (1) Consolidated Taxes; *plus*
- (2) Fixed Charges; *plus*
- (3) Consolidated Depreciation, Depletion and Amortization Expense; *plus*
- (4) Consolidated Non-Cash Charges; *plus*
- (5) any expenses or charges (other than Consolidated Depreciation, Depletion and Amortization Expense) related to any issuance of Equity Interests, Investment, acquisition, disposition, recapitalization or the incurrence or repayment of Indebtedness permitted to be incurred by this Indenture (including a refinancing thereof) (whether or not successful), including (i) such fees, expenses or charges related to the (a) IPOCo Transactions, the Qualified IPO and the transactions relating thereto, (b) the Notes or (c) any Credit Facilities, (ii) any amendment or other modification of the Notes or other Indebtedness and (iii) any additional interest in respect of the Notes; *plus*
- (6) business optimization expenses and other restructuring charges, reserves or expenses (which, for the avoidance of doubt, shall include, without limitation, the effect of inventory optimization programs, facility closures, facility consolidations, retention, severance, systems establishment costs, contract termination costs, future lease commitments and excess pension charges); *plus*
- (7) accretion of asset retirement obligations in accordance with FASB ASC 410-20 and under similar requirements for any other jurisdiction; *plus*
- (8) any costs or expense incurred pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of the Company or any Guarantor or net cash proceeds of an issuance of Equity Interests of the Company (other than Disqualified Stock) solely to the extent that such net cash proceeds are excluded from the calculation of the Cumulative Credit; *plus*

(9) the amount of any management, monitoring, consulting, transaction and advisory fees and related expenses paid to the Sponsors (or any accruals relating to such fees and related expenses) during such period to the extent otherwise permitted by Section 4.11; *plus*

(10) all adjustments of the nature used in connection with the calculation of "Adjusted EBITDAX" as set forth in "Summary—Summary Historical Financial Data—Reconciliation of Non-GAAP Financial Measures" in the Offering Memorandum to the extent such adjustments, without duplication, continue to be applicable to such period; *plus*

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(11) the amount of any loss attributable to a new plant or facility until the date that is 12 months after completing construction of or acquiring such plant or facility, as the case may be; *provided* that (A) such losses are reasonably identifiable and certified by a responsible officer of such Person and (B) losses attributable to such plant or facility after 12 months from the date of completing construction of or acquisition of such plant or facility, as the case may be, shall not be included in this clause (11), *plus*

(12) if such Person accounts for its oil and natural gas operations using successful efforts or a similar method of accounting, consolidated exploration expense of such Person and its Restricted Subsidiaries, and

less, without duplication, to the extent the same increased Consolidated Net Income,

(13) the *sum* of (x) the amount of deferred revenues that are amortized during such period and are attributable to reserves that are subject to Volumetric Production Payments and (y) amounts recorded in accordance with GAAP as repayments of principal and interest pursuant to Dollar-Denominated Production Payments; and

(14) non-cash items increasing Consolidated Net Income for such period (excluding the recognition of deferred revenue or any items which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges that reduced EBITDA in any prior period and any items for which cash was received in a prior period and excluding accruals of revenue in the ordinary course of business).

"*Equity Interests*" of any Person means (1) any and all Capital Stock of such Person and (2) all rights to purchase, warrants or options (whether or not currently exercisable), participations or other equivalents of or interests in (however designated) such Capital Stock of such Person, but excluding from all of the foregoing any debt securities that are by their terms convertible into Equity Interests, regardless of whether such debt securities include any right of participation with Equity Interests.

"*Equity Offering*" means a sale by the Company of Equity Interests of the Company (other than Disqualified Stock and other than to a Subsidiary of the Company) made for cash, or any cash contribution to the equity capital of the Company, in each case made after the date of this Indenture.

"*Euroclear*" means Euroclear Bank, S.A./N.V., as operator of the Euroclear system.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Existing Indebtedness*" means all Indebtedness of the Company and its Subsidiaries (other than Indebtedness under the Credit Agreement) in existence on the date of this Indenture (including the Existing Notes), until such amounts are repaid.

"*Existing Notes*" means the Company's 7.75% Senior Notes due 2026 issued on the Start Date.

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"Fair Market Value" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by the Board of Directors of the Company or by an officer of the Company.

"Finance Lease Obligation" means, at the time any determination is to be made, the amount of the liability in respect of a finance or capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty. Notwithstanding the foregoing, any lease (whether entered into before or after the date of this Indenture) that would have been classified as an operating lease pursuant to GAAP as in effect on the date of this Indenture will be deemed not to represent a Finance Lease Obligation.

"Fitch" means Fitch Ratings, Inc. or any successor to the rating agency business thereof.

"Fixed Charge Coverage Ratio" means, with respect to any Person for any four quarter period, the ratio of EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the Company or any of its Restricted Subsidiaries incurs, repays, repurchases or redeems any Indebtedness or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the event for which the calculation of the Fixed Charge Coverage Ratio is made (the **"Calculation Date"**), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period; *provided* that the Company may elect pursuant to an Officers' Certificate delivered to the Trustee to treat all or any portion of the commitment under any Indebtedness as being incurred at such time, in which case any subsequent incurrence of Indebtedness under such commitment shall not be deemed, for purposes of this calculation, to be an incurrence at such subsequent time.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations and discontinued operations (as determined in accordance with GAAP), in each case with respect to an operating unit of a business, and any operational changes that the Company or any Restricted Subsidiary has determined to make and/or made during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Calculation Date shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, discontinued operations and other operational changes (and the change of any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation, amalgamation, discontinued operation or operational change, in each case with respect to an operating unit of a business, that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment,

acquisition, disposition, discontinued operation, merger, amalgamation, consolidation or operational change had occurred at the beginning of the applicable four-quarter period. If since the beginning of such period any Restricted Subsidiary is designated an Unrestricted Subsidiary or any Unrestricted Subsidiary is designated a Restricted Subsidiary, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such designation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to any event, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Company. Any such pro forma calculation may include adjustments appropriate, in the reasonable good faith determination of the Company as set forth in an Officers' Certificate, to reflect (1) operating expense reductions and other operating improvements or synergies projected by the Company in good faith to result from or related to the applicable event which is being given pro forma effect and for which the actions necessary to realize such operating expense reductions and other operating improvements or synergies are taken or with respect to which substantial steps have been taken (including prior to the Issue Date) or are expected to be taken (in the good faith determination of the Company) within 12 months after the date of the applicable event and (2) all adjustments of the nature used in connection with the calculation of "Adjusted EBITDAX" as set forth in "Summary—Summary Historical Financial Data—Reconciliation of Non-GAAP Financial Measures" in the Offering Memorandum to the extent such adjustments, without duplication, continue to be applicable to such four-quarter period.

If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness if such Hedging Obligation has a remaining term in excess of 12 months). Interest on a Finance Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Finance Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a Eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Company may designate.

For purposes of this definition, any amount in a currency other than U.S. dollars will be converted to U.S. dollars based on the average exchange rate for such currency for the most recent twelve month period immediately prior to the date of determination in a manner consistent with that used in calculating EBITDA for the applicable period.

"Fixed Charges" means, with respect to any Person for any period, the sum, without duplication, of: (1) Consolidated Interest Expense (excluding amortization or write-off of deferred financing costs) of such Person for such period, and (2) all cash dividend payments (excluding items eliminated in consolidation) on any series of Disqualified Stock of such Person or Preferred Stock of its Restricted Subsidiaries.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time. For the purposes of this Indenture, the term "consolidated" with respect to any Person shall mean such Person consolidated with its Restricted Subsidiaries, and shall not include any Unrestricted Subsidiary, but the interest of such Person in an Unrestricted Subsidiary will be accounted for as an Investment.

"Global Note Legend" means the legend set forth in Section 2.06(g)(2) hereof, which is required to be placed on all Global Notes issued under this Indenture.

"Global Notes" means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes deposited with or on behalf of and registered in the name of the Depositary or its nominee, substantially in the form of Exhibit A hereto and that bears the Global Note

Legend and that has the “Schedule of Exchanges of Interests in the Global Note” attached thereto, issued in accordance with Section 2.01, 2.06(b)(3), 2.06(b)(4) or 2.06(d)(2) hereof.

“Government Securities” means securities that are:

- (1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged, or
- (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America,

which, in each case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any such Government Securities or a specific payment of principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of principal of or interest on the Government Securities evidenced by such depository receipt.

“Guarantee” means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise). When used as a verb, “Guarantee” has a correlative meaning.

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“Guarantors” means the Subsidiaries of the Company executing this Indenture on the date hereof as Guarantors, any Subsidiary of the Company that Guarantees the Notes in accordance with the provisions of this Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of this Indenture.

“Hedging Obligations” means, with respect to any specified Person, the obligations of such Person under any (a) Interest Rate Agreement, (b) Oil and Gas Hedging Contract and (c) Currency Exchange Agreement.

“Holder” means a Person in whose name a Note is registered.

“Hydrocarbons” means oil, natural gas, casing head gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all constituents, elements or compounds thereof and products refined or processed therefrom.

“incur” means issue, assume, guarantee, incur or otherwise become liable for; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, amalgamation, consolidation, acquisition or otherwise) shall be deemed to be incurred by such Person at the time it becomes a Subsidiary.

“Indebtedness” means, with respect to any Person:

- (1) the principal and premium (if any) of any indebtedness of such Person, whether or not contingent, (a) in respect of borrowed money, (b) evidenced by bonds, notes, debentures or similar instruments or letters of credit or bankers’ acceptances (or, without duplication, reimbursement agreements in respect thereof), (c) representing the deferred and unpaid purchase price of any property (except any such balance that (i) constitutes a trade payable or similar obligation to a trade creditor incurred in the ordinary course of business, (ii) any earn-out obligations until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP and (iii) liabilities accrued in the ordinary course of business), which purchase price is due more than six months after the date of placing the property in service or taking delivery and title thereto, (d) in respect of

Finance Lease Obligations, or (e) representing any Hedging Obligations, if and to the extent that any of the foregoing indebtedness would appear as a liability on a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP;

(2) to the extent not otherwise included, any obligation of such Person to be liable for, or to pay, as obligor, guarantor or otherwise, the obligations referred to in clause (1) of another Person (other than by endorsement of negotiable instruments for collection in the ordinary course of business); and

(3) to the extent not otherwise included, Indebtedness of another Person secured by a Lien on any asset owned by such Person (whether or not such Indebtedness is assumed by such Person); *provided, however*, that the amount of such Indebtedness will be the lesser of: (a) the Fair Market Value (as determined in good faith by the Company) of such asset at such date of determination, and (b) the amount of such Indebtedness of such other Person;

provided, however, that notwithstanding the foregoing, Indebtedness shall be deemed not to include (1) Contingent Obligations incurred in the ordinary course of business and not in respect of borrowed money; (2) deferred or prepaid revenues; (3) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller; (4) Production Payments and Reserve Sales; (5) any obligation of a Person in respect of a farm-in agreement or similar arrangement whereby such Person agrees to pay all or a share of the drilling, completion or other expenses of an exploratory or development well (which agreement may be subject to a maximum payment obligation, after which expenses are shared in accordance with the working or participation interest therein or in accordance with the agreement of the parties) or perform the drilling, completion or other operation on such well in exchange for an ownership interest in an oil or natural gas property; (6) indebtedness arising in whole or in part as a result of the disposition and reversion of Oil and Gas Properties where the counterparty to such disposition agrees to bear costs and expenses related to the exploration, development, completion or production of such properties and activities related thereto and upon the occurrence of a specified event or events all or a portion of such counterparty's interest in such Oil and Gas Properties reverts to the Company or any Restricted Subsidiary, (7) any obligations under Hedging Obligations; *provided* that such agreements are entered into for bona fide hedging purposes of the Company or its Restricted Subsidiaries (as determined in good faith by the Board of Directors or senior management of the Company, whether or not accounted for as a hedge in accordance with GAAP) and, in the case of any foreign exchange contract, currency swap agreement, futures contract, option contract or other similar agreement, such agreements are related to business transactions of the Company or its Restricted Subsidiaries entered into in the ordinary course of business and, in the case of any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement, such agreements substantially correspond in terms of notional amount, duration and interest rates, as applicable, to Indebtedness of the Company or its Restricted Subsidiaries incurred without violation of this Indenture; (8) obligations in respect of surety and bonding requirements of the Company and its Restricted Subsidiaries; (9) in-kind obligations relating to net oil, natural gas liquids or natural gas balancing positions arising in the ordinary course of business; (10) any indebtedness that has been defeased in accordance with GAAP or defeased pursuant to the deposit of cash or Cash Equivalents (in an amount sufficient to satisfy all such indebtedness obligations at maturity or redemption, as applicable, and all payments of interest and premium, if any) in a trust or account created or pledged for the sole benefit of the holders of such indebtedness, and subject to no other Liens; and (11) any repayment or reimbursement obligation of such Person or any of its Restricted Subsidiaries with respect to Customary Recourse Exceptions, unless and until an event or circumstance occurs that triggers the Person's or such Restricted Subsidiary's direct repayment or reimbursement obligation (as opposed to contingent or performance obligations) to the lender or other Person to whom such obligation is actually owed, in which case the amount of such direct payment or reimbursement obligation shall constitute Indebtedness.

Notwithstanding anything in this Indenture to the contrary, Indebtedness shall not include, and shall be calculated without giving effect to, the effects of Financial Accounting Standards Board Accounting Standards Codification 815 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under this Indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness; and any such amounts that would have constituted Indebtedness under this

Indenture but for the application of this sentence shall not be deemed an incurrence of Indebtedness under this Indenture.

"Indenture" means this Indenture, as amended or supplemented from time to time.

"Independent Assets or Operations" means, with respect to any direct or indirect parent of the Company, such parent's total assets, revenues, income from continuing operations before income taxes and cash flows from operating activities (excluding, in each case, amounts related to its investment in the Company and the Restricted Subsidiaries), determined in accordance with GAAP and as shown on the most recent balance sheet of such parent, is, in each case, more than 3.0% of such parent's corresponding consolidated amount.

"Indirect Participant" means a Person who holds a beneficial interest in a Global Note through a Participant.

"Initial Notes" means the Notes issued under this Indenture on the date hereof.

"Initial Purchasers" means Credit Suisse Securities (USA) LLC and Wells Fargo Securities, LLC, and the other initial purchasers party to the purchase agreement relating to the issuance of the Initial Notes.

"Interest Rate Agreement" means any interest rate swap agreement (whether from fixed to floating or from floating to fixed), interest rate cap agreement, interest rate collar agreement or other similar agreement or arrangement designed to protect the Company or any of its Restricted Subsidiaries against or manage exposure to fluctuations in interest rates and is not for speculative purposes.

"Investments" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business and excluding trade payables), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities (excluding any interest in an oil or natural gas leasehold to the extent constituting a security under applicable law), together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company's Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of Section 4.07 hereof. The acquisition by the Company or any Restricted Subsidiary of the Company of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the Section 4.07 hereof. Except as otherwise provided in this Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

"IPOCo" means a Person formed for the purpose of acquiring, directly or indirectly, Equity Interests of the Company in order to undertake an initial public offering of such Person's Equity Interests in connection with a Qualified IPO.

"IPOCo Transactions" means the transactions in connection with the formation and capitalization of IPOCo prior to and in connection with the consummation of the Qualified IPO, including, without limitation, (1) the legal formation of IPOCo and one or more Subsidiaries of the Permitted Holders to own interests therein, (2) the contribution, directly or indirectly, of the Equity Interest of the Company and other Subsidiaries of the Company to IPOCo, or the other acquisition by IPOCo thereof, (3) the conversion of the outstanding Equity Interest in the Company into a new class of Equity Interests in the Company, (4) the distribution by the Company to the Permitted Holders of any proceeds from the offering of the Notes and cash generated from operations, (5) the issuance of Capital Stock of IPOCo or the Company to the public and the use of proceeds therefrom to pay transaction expenses, distribute funds as a reimbursement for capital expenditures, and other purposes approved by a Permitted Holder, (6) the execution, delivery and performance of customary documentation (and amendments to existing documentation) governing the relations between and among the Company, IPOCo, the Permitted Holders and their respective Subsidiaries, including, without limitation, the execution, delivery and performance of a tax receivable agreement among IPOCo, the Company and the Permitted Holders on customary terms for similar transactions and (7) any other transactions and documentation related to the foregoing or necessary or appropriate in the view of the Permitted Holders or the Board of Directors of the Company or any direct or indirect parent of the Company in connection with the consummation of the Qualified IPO.

"Issue Date" means the date on which the Notes are originally issued.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"Management Group" means the group consisting of the directors, executive officers and other management personnel of the Company or any direct or indirect parent of the Company, as the case may be, on the Issue Date.

"Midstream Business" means the gathering, distributing, marketing, selling, treating, processing, transmission, compression, fractionation, dehydration, sourcing, disposal, stabilization, treatment, transporting of, or storage, disposal, or other handling of, Hydrocarbons, water, carbon dioxide, sand, minerals, chemicals or other products or substances commonly created, used, recovered, produced or processed in the conduct of the Oil and Gas Business.

"Moody's" means Moody's Investors Service, Inc., and any successor to the ratings business thereof.

"Net Income" means, with respect to any Person, the net income (loss) of such Person and its Restricted Subsidiaries, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends.

"Net Proceeds" means the aggregate cash proceeds and Cash Equivalents received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including any cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received in any Asset Sale but excluding any non-cash consideration deemed to be cash for purposes of Section 4.10 hereof), net of the direct costs relating to such Asset Sale, including legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable (including, for this purpose, any associated Permitted Tax Distributions) as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and amounts required to be applied to the

repayment of Indebtedness, secured by a Lien on the asset or assets that were the subject of such Asset Sale, amounts paid in connection with the termination of Hedging Obligations related to Indebtedness repaid with such proceeds or hedging oil, natural gas and natural gas liquid production in notional volumes corresponding to the Oil and Gas Properties subject to such Asset Sale and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with GAAP.

"Non-Recourse Debt" means Indebtedness:

(1) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable as a guarantor or otherwise, except for Customary Recourse Exceptions; and

(2) as to which the lenders will not have any contractual recourse to the Capital Stock or assets of the Company or any of its Restricted Subsidiaries (other than (a) the Equity Interests of an Unrestricted Subsidiary or (b) pursuant to customary Liens on related arrangements under any oil and natural gas royalty trust or master limited partnership), except for Customary Recourse Exceptions.

"Non-U.S. Person" means a Person who is not a U.S. Person.

"Note Guarantee" means any Guarantee by a Guarantor of the Company's obligations under this Indenture and the Notes, as provided in Article 10 hereof.

"Note Payment Default" means a Default relating to a failure by the Company to make any payment when due on the Notes.

"Notes" has the meaning assigned to it in the preamble to this Indenture. The Initial Notes and the Additional Notes shall be treated as a single class for all purposes under this Indenture, and unless the context otherwise requires, all references to the Notes shall include the Initial Notes and any Additional Notes.

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Offering Memorandum" means the Offering Memorandum of the Company, dated June 16, 2021, relating to the initial offering of the Notes.

"Officer" means, with respect to any Person, the Chairman of the Board, the Executive Chairman, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary or any Vice-President of such Person.

"Officers' Certificate" means a certificate signed on behalf of the Company by two of its Officers that meets the requirements of Section 12.05 hereof.

"Oil and Gas Business" means (i) the acquisition, exploration, development, production, operation and disposition of interests in oil, gas and other Hydrocarbon properties, (ii) the gathering, marketing, treating, processing, storage, selling and transporting of any production from such interests or properties, (iii) any business relating to exploration for or development, production, treatment, processing, storage, transportation or marketing of oil, gas and other minerals and products produced in association therewith, including the Midstream Business, and (iv) any activity that is ancillary to or necessary or appropriate for the activities described in clauses (i) through (iii) of this definition.

"Oil and Gas Hedging Contracts" means any puts, cap transactions, floor transactions, collar transactions, forward contract, commodity swap agreement, commodity option agreement or other similar agreement or arrangement in respect of Hydrocarbons to be used, produced, processed or

sold by the Company or any of its Restricted Subsidiaries that are customary in the Oil and Gas Business and designed to protect such Person against fluctuation in or manage exposure to Hydrocarbon prices and not for speculative purposes.

"Oil and Gas Properties" means all properties, including equity or other ownership interest therein, owned by such Person or any of its Restricted Subsidiaries which contain or are believed to contain "proved oil and gas reserves" as defined in Rule 4-10 of Regulation S-X of the Securities Act.

"Opinion of Counsel" means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 12.05 hereof. Such counsel may be an employee of or counsel to the Company, any Subsidiary of the Company or the Trustee.

"Oxy Acquisition" means the completion, in all material respects, of the acquisition of certain assets in Reeves and Ward Counties pursuant to the Oxy PSA.

"Oxy PSA" means that certain purchase and sale agreement by and among OXY USA Inc., OXY USA WTD LP, Occidental Permian Ltd., Colgate Energy Development, LLC and Colgate Energy, LLC, dated as of June 9, 2021, regarding the Oxy Acquisition.

"Participant" means, with respect to the Depository, Euroclear or Clearstream, a Person who has an account with the Depository, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

"Permitted Acquisition Indebtedness" means Indebtedness or Disqualified Stock of the Company or any of its Restricted Subsidiaries to the extent such Indebtedness or Disqualified Stock was Indebtedness or Disqualified Stock (a) of any other Person existing at the time such Person became a Restricted Subsidiary of the Company or such Person was merged or consolidated with or into the Company or any of its Restricted Subsidiaries, or (b) incurred in connection with or to finance the foregoing; *provided* that on the date such Person became a Restricted Subsidiary or the date such Person was merged or consolidated with or into the Company or any of its Restricted Subsidiaries, as applicable, either

(1) immediately after giving effect to such transaction and any related financing transaction on a pro forma basis as if the same had occurred at the beginning of the applicable four-quarter period, the Company or such Person (if the Company is not the survivor in the transaction) would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) hereof, or

(2) immediately after giving effect to such transaction and any related financing transaction on a pro forma basis as if the same had occurred at the beginning of the applicable four-quarter period, the Fixed Charge Coverage Ratio of the Company or such Person (if the Company is not the survivor in the transaction) is equal to or greater than the Fixed Charge Coverage Ratio of the Company immediately prior to such transaction.

"Permitted Business Investments" means Investments made in the ordinary course of, and of a nature that is or shall have become customary in, the Oil and Gas Business as a means of actively exploiting, exploring for, acquiring, developing, processing, gathering, marketing or transporting oil and gas through agreements, transactions, interests or arrangements which permit one to share risks or costs, comply with regulatory requirements regarding local ownership or satisfy other objectives customarily achieved through the conduct of Oil and Gas Business jointly with third parties, including (i) ownership interests in oil, natural gas, other Hydrocarbon properties or any interest therein or gathering, transportation, processing, storage or related systems or ancillary real property interests, (ii) Investments in the form of or pursuant to operating agreements, working interests, royalty interests, mineral interests, processing agreements, farm in agreements, farm-out agreements, developments agreements, area of mutual interest agreements, unitization agreements, pooling agreements, joint bidding agreements, service contracts, joint venture agreements, limited liability company agreements, partnership agreements (whether general or limited), subscription agreements, stock purchase agreements and other

similar agreements with third parties, and (iii) direct or indirect ownership interests or Investments in drilling rigs, fracturing units and other equipment used in the Oil and Gas Business or in Persons that own or provide such equipment.

"Permitted Holders" means, at any time, each of (i) the Sponsors, (ii) the Management Group (*provided* that if the Management Group holds more than 15% of the total voting power of the Voting Stock of the Company in the aggregate, the Management Group shall be treated as

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Permitted Holders of only 15% of the Voting Stock of the Company at such time), (iii) any Person that has no material assets other than the Capital Stock of the Company, any direct or indirect parent of the Company and other Permitted Holders, who directly or indirectly, hold or acquire 100% of the total voting power of the Voting Stock of the Company, and no other Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), other than any of the other Permitted Holders, holds more than 50% of the total voting power of the Voting Stock thereof and (iv) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision) the members of which include any of the Permitted Holders specified in clauses (i), (ii) and (iii) above and that such Permitted Holders, without giving effect to the existence of such group or any other group, directly or indirectly, hold or acquire beneficial ownership of at least 50% of the Voting Stock of the Company (a *"Permitted Holder Group"*), so long as (1) each member of the Permitted Holder Group has voting rights proportional to the percentage of ownership interests held or acquired by such member and (2) no Person or other "group" (other than Permitted Holders specified in clauses (i), (ii) and (iii) above) beneficially owns more than 50% on a fully diluted basis of the Voting Stock held by the Permitted Holder Group. Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of this Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"Permitted Investments" means:

- (1) any Investment in the Company or in a Restricted Subsidiary of the Company;
- (2) any Investment in Cash Equivalents;
- (3) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment:
 - (a) such Person becomes a Restricted Subsidiary of the Company; or
 - (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its properties or assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;
- (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale (or a disposition excluded from the definitions thereof) that was made pursuant to and in compliance with Section 4.10 hereof, including pursuant to an Asset Swap;
- (5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company or a direct or indirect parent of the Company;
- (6) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of

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reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes;

(7) Investments represented by Hedging Obligations;

(8) loans or advances to officers, directors or employees made in the ordinary course of business of the Company or any Restricted Subsidiary;

(9) any Guarantee of Indebtedness permitted to be incurred by Section 4.09 hereof;

(10) any Investment existing on, or made pursuant to binding commitments existing on, the date of this Indenture and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the date of this Indenture; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the date of this Indenture or (b) as otherwise permitted under this Indenture;

(11) Investments acquired after the date of this Indenture as a result of the acquisition by the Company or any Restricted Subsidiary of the Company of another Person, including by way of a merger, amalgamation or consolidation with or into the Company or any of its Restricted Subsidiaries in a transaction that is not prohibited by Section 5.01 hereof after the date of this Indenture to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(12) Permitted Business Investments;

(13) receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided, however*, that such trade terms may include such concessionary trade terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances;

(14) endorsements of negotiable instruments and documents in the ordinary course of business;

(15) such Investments consisting of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and other similar deposits made in the ordinary course of business by the Company or any Restricted Subsidiary;

(16) Guarantees of performance or other obligations (other than Indebtedness) arising in the ordinary course in the Oil and Gas Business, including obligations under oil and natural gas exploration, development, joint operating, and related agreements and licenses, concessions or operating leases related to the Oil and Gas Business;

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(17) Investments made in joint ventures, when taken together with all other Investments made pursuant to this clause (17) that are at the time outstanding that do not exceed the greater of (a) \$50.0 million and (b) 5.0% of Adjusted Consolidated Net Tangible Assets; and

(18) other Investments having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (18) that are at the time outstanding that do not exceed the greater of (a) \$50.0 million and (b) 5.0% of Adjusted Consolidated Net Tangible Assets, *plus* an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received in respect of any such Investment made pursuant to this clause (18); *provided, however*, that if any Investment pursuant to this clause (18) is made in any Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (18) for so long as such Person continues to be a Restricted Subsidiary.

"Permitted Liens" means:

(1) Liens securing Indebtedness and other Obligations under Credit Facilities that was permitted by the terms of this Indenture to be incurred pursuant to Section 4.09(b)(1) hereof;

(2) Liens in favor of the Company or a Restricted Subsidiary;

(3) Liens on property of a Person existing at the time such Person becomes a Restricted Subsidiary of the Company or is merged with or into or consolidated with the Company or any Restricted Subsidiary of the Company; *provided* that such Liens do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary of the Company or is merged with or into or consolidated with the Company or any Restricted Subsidiary of the Company (other than pursuant to after-acquired property clauses in effect with respect to such Lien at the time of acquisition on property of the type that would have been subject to such Lien notwithstanding the occurrence of such acquisition);

(4) Liens on property (including Capital Stock) existing at the time of acquisition of the property by the Company or any Subsidiary of the Company; *provided* that such Liens were in existence prior to such acquisition;

(5) Liens to secure the performance of statutory obligations, insurance, surety or appeal bonds, workers' compensation obligations, bid, plugging and abandonment and performance bonds or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);

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(6) Liens for the purpose of securing the payment of all or a part of the purchase price of, or Finance Lease Obligations, purchase money obligations or other payments incurred to finance the acquisition, lease, improvement or construction of or repairs or additions to, assets or property acquired or constructed by the Company or a Restricted Subsidiary in the ordinary course of business; *provided that*:

(A) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be incurred under this Indenture and does not exceed the cost of the assets or property so acquired or constructed; and

(B) such Liens are created within 180 days of the later of the acquisition, lease, completion of improvements, construction, repairs or additions or commencement of full operation of the assets or property subject to such Lien and do not encumber any other assets or property of the Company or any Restricted Subsidiary other than such assets or property and assets affixed or appurtenant thereto;

(7) Liens existing on the date of this Indenture (other than under or pursuant to the Credit Agreement);

(8) Liens created for the benefit of (or to secure) the Notes (or the Note Guarantees);

(9) Liens to secure any Indebtedness permitted to be incurred under this Indenture that refinances or replaces Indebtedness that was secured (or any Lien replacing or extending the foregoing Liens); *provided, however*, that:

(a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (*plus* improvements and accessions to, such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the *sum* of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(10) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(11) filing of Uniform Commercial Code financing statements as a precautionary measure in connection with operating leases;

(12) bankers' Liens, rights of setoff, Liens arising out of judgments or awards not constituting an Event of Default and notices of lis pendens and associated rights

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related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(13) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(14) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(15) grants of software and other technology licenses in the ordinary course of business;

(16) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods;

(17) Liens in respect of Production Payments and Reserve Sales; *provided*, that such Liens are limited to the property that is subject to such Production Payments and Reserve Sales;

(18) Liens arising under oil and gas leases or subleases, assignments, farm-out agreements, farm-in agreements, division orders, contracts for the sale, purchase, exchange, transportation, gathering or processing of Hydrocarbons, unitizations and pooling designations, declarations, orders and agreements, development agreements, joint venture agreements, partnership agreements, operating agreements, royalties, working interests, net profits interests, joint interest billing arrangements, participation agreements, production sales contracts, area of mutual interest agreements, gas balancing or deferred production agreements, injection, repressuring and recycling agreements, salt water or other disposal agreements, seismic or geophysical permits or agreements, licenses, sublicenses and other agreements which are customary in the Oil and Gas Business; *provided, however*, in all instances that such Liens are limited to the assets that are the subject of the relevant agreement, program, order or contract;

(19) Liens to secure performance of Hedging Obligations of the Company or any of its Restricted Subsidiaries;

(20) Liens incurred with respect to Indebtedness that does not exceed in aggregate principal amount, at any one time outstanding, the greater of (i) \$50.0 million and (ii) 5.0% of the Company's Adjusted Consolidated Net Tangible Assets determined as of the date of such incurrence or issuance;

(21) Liens on the Equity Interests of Unrestricted Subsidiaries; and

(22) any Lien renewing, extending, refinancing or refunding a Lien permitted by clauses (1) through (21) above; *provided* that (a) the principal amount of the Indebtedness secured by such Lien is not increased except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably

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incurred, in connection therewith and by an amount equal to any existing commitments unutilized thereunder and (b) no assets encumbered by any such Lien other than the assets permitted to be encumbered immediately prior to such renewal, extension, refinance or refund are encumbered thereby (other than improvements thereon, accessions thereto and proceeds thereof).

"Permitted Payments to Parent" means any Restricted Payment, if applicable:

(a) in amounts required for any direct or indirect parent of the Company or IPOCo to pay fees and expenses (including franchise or similar taxes) required to maintain its corporate existence, customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of any direct or indirect parent of the Company and general corporate operating and overhead expenses of any direct or indirect parent of the Company or IPOCo in each case to the extent such fees and expenses are attributable to the ownership or operation of the Company, if applicable, and its Subsidiaries;

(b) so long as no Note Payment Default or Event of Default has occurred and is continuing, in amounts required for any direct or indirect parent of the Company or IPOCo, if applicable, to pay interest and/or principal on Indebtedness, the proceeds of which have been contributed to the Company or any Restricted Subsidiary and that has been guaranteed by, or is otherwise considered Indebtedness of, the Company incurred in accordance with Section 4.09;

(c) in amounts required for any direct or indirect parent of the Company or IPOCo to pay fees and expenses related to any successful or unsuccessful equity or debt offering of such parent or IPOCo, as the case may be; and

(d) in amounts required for any direct or indirect parent of the Company or IPOCo to finance Investments or other acquisitions or investments otherwise permitted to be made pursuant to Section 4.07 if made by the Company; *provided* that (A) such Restricted Payment must be made within 120 days of the closing of such Investment, acquisition or investment, (B) such parent must, promptly following the closing thereof, cause (1) all property acquired (whether assets or, in the case of Equity Interests, either the Equity Interests or all of the assets of the entity for which the Equity Interests were acquired) to be contributed to the capital of the Company or one of its Restricted Subsidiaries or (2) the merger, amalgamation, consolidation, or sale of the Person formed or acquired into the Company or one of its Restricted Subsidiaries (to the extent not prohibited by Section 5.01) in order to consummate such Investment, acquisition or investment, (C) such parent and its Affiliates (other than the Company or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Company or a Restricted Subsidiary could have given such consideration or made such payment in compliance with this Indenture, (D) any property received by the Company may not increase amounts available for Restricted Payments pursuant to the definition of "Cumulative Credit" and (E) to the extent constituting an Investment, such Investment will be deemed to be made by the Company or such Restricted Subsidiary pursuant to any provision of Section 4.07 (other than clause (12) thereof) or pursuant to the definition of "Permitted Investments."

"Permitted Refinancing Indebtedness" means any Indebtedness of the Company or any of its Restricted Subsidiaries or any Disqualified Stock of the Company or Preferred Stock of a

Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness) or any Disqualified Stock of the Company or any Preferred Stock of a Restricted Subsidiary; *provided that*:

(1) the principal amount (or accreted value, if applicable), or in the case of Disqualified Stock, the amount thereof determined in accordance with the definition of "Disqualified Stock" or in the case of Preferred Stock, the amount thereof, of such Permitted Refinancing Indebtedness does not exceed the principal amount of the Indebtedness or the amount of the Disqualified Stock or Preferred Stock renewed, refunded, refinanced, replaced, defeased or discharged (*plus* all accrued interest on the Indebtedness or accrued and unpaid dividends on the Disqualified Stock or Preferred Stock, as the case may be, and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date or redemption date, as applicable, that is either (a) no earlier than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness or Disqualified Stock or Preferred Stock being renewed, refunded, refinanced, replaced, defeased or discharged or (b) more than 90 days after the final maturity date of the Notes;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Notes or the Note Guarantees, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or the Note Guarantees, as applicable, on terms at least as favorable to the Holders of the Notes as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged; and

(4) such Indebtedness is not incurred (other than by way of a Guarantee) by a Restricted Subsidiary of the Company (other than a Guarantor) if the Company is the issuer or other primary obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged.

"Permitted Tax Distributions" means (i) dividends or distributions by the Company or a Subsidiary to any direct or indirect parent of the Company in an amount required for any such direct or indirect parent to pay franchise, excise and similar taxes; (ii) with respect to any taxable period (or portion thereof) for which the Company and any of its Subsidiaries are members of a consolidated, combined, affiliated, unitary or similar income tax group for U.S. federal and/or applicable foreign, state or local income tax purposes (each, a "*Tax Group*") of which a direct or indirect parent of the Company is the common parent, or for which the Company is a partnership or disregarded entity for U.S. federal or applicable foreign, state or local income tax purposes that is wholly-owned (directly or indirectly) by an entity that is taxable as a corporation for such income tax purposes, dividends or distributions by the Company or an applicable Subsidiary, as may be relevant, to any direct or indirect parent of the Company in an amount not to exceed the *sum* of (A) the amount of any U.S. federal, foreign, state and/or local income taxes that the Company and/or its Subsidiaries that are members of the relevant Tax Group, as applicable, would have paid for such taxable period had the Company and/or such Subsidiaries, as applicable, been a stand-alone corporate taxpayer or a stand-alone corporate group and (B) such

amounts as are needed to pay any amounts owed by a direct or indirect parent of the Company under any tax receivable agreement entered into in connection with a Qualified IPO (or entered into in connection with any acquisition of property (whether assets or Equity Interests) by the Company or its Subsidiaries after a Qualified IPO) and that contains customary terms for similar transactions; or (iii) with respect to any taxable period or portion thereof during which the Company is a pass-through entity (including a partnership or disregarded entity) and is not wholly-owned (directly or indirectly) by an entity that is taxable as a corporation for U.S. federal income tax purposes, dividends or distributions by the Company to any member or partner of the Company, on or prior to each estimated tax payment date as well as each other applicable due date, on a pro rata basis, such that each such member or partner (or its direct or indirect members or partners, if applicable) receives, in the aggregate for such period, payments or distributions sufficient to equal the sum of (A) such member or partner's U.S. federal, state and/or local income taxes (as applicable) attributable to its direct or indirect ownership of the Company and its pass-through Subsidiaries with respect to such taxable period (assuming that such member or partner is subject to tax at the highest combined marginal U.S. federal, state, and/or local income tax rates (including any tax rate imposed on "net investment income" by Section 1411 of the Code) applicable to an individual or, if higher, a corporation, resident in New York, New York (for avoidance of doubt, regardless of the actual rate applicable to such member or partner)), determined by taking into account (I) the deductibility of state and local income taxes for U.S. federal income tax purposes (disregarding any deduction that is subject to a dollar limitation), (II) the alternative minimum tax, (III) the character (e.g., long-term or short-term capital gain or ordinary or exempt) of the applicable income, and (IV) any adjustment to such member or partner's taxable income attributable to its direct or indirect ownership of the Company and its Subsidiaries as a result of any tax examination, audit or adjustment with respect to any period or portion thereof, and (B) in the case of such member or partner that is a direct or indirect parent of the Company with an obligation under any tax receivable agreement entered into in connection with a Qualified IPO (or entered into in connection with any acquisition of property (whether assets or Equity Interests) by the Company or its Subsidiaries after a Qualified IPO) and that contains customary terms for similar transactions, such amounts as are needed by it during the relevant period to pay amounts owed by it under such tax receivable agreement.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"Preferred Stock" means, with respect to any Person, any and all preferred or preference stock or other similar Equity Interests (however designated) of such Person whether outstanding or issued after the date of this Indenture.

"Private Placement Legend" means the legend set forth in Section 2.06(g)(1) hereof to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

"Production Payments" means Dollar-Denominated Production Payments and Volumetric Production Payments, collectively.

"Production Payments and Reserve Sales" means the grant or transfer by the Company or any of its Restricted Subsidiaries to any Person of a royalty, overriding royalty, net profits

interest, Production Payment, partnership or other interest in Oil and Gas Properties, reserves or the right to receive all or a portion of the production or the proceeds from the sale of production attributable to such properties where the holder of such interest has recourse solely to such production or proceeds of production, subject to the obligation of the grantor or transferor to operate and maintain, or cause the subject interests to be operated and maintained, in a reasonably prudent manner or other customary standard or subject to the obligation of the grantor or transferor to indemnify for environmental, title or other matters customary in the Oil and Gas Business, including any such grants or transfers pursuant to incentive compensation programs on terms that are reasonably customary in the Oil and Gas Business for geologists, geophysicists or other providers of technical services to the Company or any of its Restricted Subsidiaries.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"Qualified IPO" means an initial offer and sale of Equity Interests of the Company, IPOCo or other direct or indirect parent of the Company in an underwritten public offering for cash pursuant to a registration statement that has been declared effective by the SEC pursuant to the Securities Act (other than a registration statement on Form S-4 or Form S-8 or otherwise relating to Equity Interests of IPOCo or such other parent issuable under any employee benefit plan).

"Rating Agencies" means Moody's, S&P and Fitch or, if Moody's, S&P or Fitch shall not make a rating of the Notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for Moody's, S&P or Fitch, as the case may be.

"Rating Category" means:

(1) with respect to S&P, any of the following categories: AAA, AA, A, BBB, BB, B, CCC, CC, C and D (or equivalent successor categories);

(2) with respect to Moody's, any of the following categories: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C and D (or equivalent successor categories); and

(3) with respect to Fitch, any of the following categories: AAA, AA, A, BBB, BB, B, CCC, CC, C and D (or equivalent successor categories).

"Rating Decline" means a decrease in the rating of the Notes by two Rating Agencies by one or more gradations (including gradations within Rating Categories as well as between Rating Categories) from the rating of the Notes on the date of the applicable occurrence referred to in clauses (1) or (3) of the definition of "Change of Control." In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories, namely + or - for S&P or Fitch, and 1, 2, and 3 for Moody's, will be taken into account; for example, in the case of S&P or Fitch, a rating decline either from BB+ to BB or BB- to B+ will constitute a decrease of one gradation.

"Regulation S" means Regulation S promulgated under the Securities Act.

"Regulation S Permanent Global Note" means a permanent Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Regulation S Temporary Global Note upon expiration of the Restricted Period.

"Regulation S Temporary Global Note" means a temporary Global Note substantially in the form of Exhibit A hereto and bearing the legend specified in Section 2.06(g)(3) deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes initially sold in reliance on Rule 903 of Regulation S.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the directors, officers, employees, agents, investment advisers or sub-advisers (and such investment advisers' and sub-advisers' directors, officers, employees, agents and members of such Person or such Person's Affiliates) and any Person that possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise.

"Responsible Officer" when used with respect to the Trustee, means any officer within the Corporate Trust Office of the Trustee (or any successor group of the Trustee), including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers who at the time shall

be such officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject, and who, in each case, shall have direct responsibility for the administration of this Indenture.

"Restricted Definitive Note" means a Definitive Note bearing the Private Placement Legend.

"Restricted Global Note" means a Global Note bearing the Private Placement Legend.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Period" means the 40-day distribution compliance period as defined in Regulation S.

"Restricted Subsidiary" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary. Except where expressly stated otherwise, all references to Restricted Subsidiaries refer to Restricted Subsidiaries of the Company.

"Rule 144" means Rule 144 promulgated under the Securities Act.

"Rule 144A" means Rule 144A promulgated under the Securities Act.

"Rule 903" means Rule 903 promulgated under the Securities Act.

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"Rule 904" means Rule 904 promulgated under the Securities Act.

"S&P" means S&P Global Ratings, and any successor to the ratings business thereof.

"Securities Act" means the Securities Act of 1933, as amended.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of this Indenture.

"Sponsors" means (1) Pearl Energy Investments, L.P., Pearl Energy Investments II, L.P., Pearl CIII Holdings, L.P. and any fund, investment account or other investment vehicle managed or sponsored by Pearl Energy Investments, L.P., Pearl Energy Investments II, L.P., Pearl CIII Holdings, L.P. or their respective Affiliates, (2) NGP XI US Holdings, L.P., NGP Pearl Holdings II, L.L.C., Luxe Energy and any fund, investment account or other investment vehicle managed or sponsored by NGP XI US Holdings, L.P., NGP Pearl Holdings II, L.L.C. or their respective Affiliates and (3) the respective Related Parties of the Persons described in the foregoing clauses (1) and (2) other than any operating portfolio companies.

"Start Date" means January 27, 2021.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subordinated Indebtedness" means (a) with respect to the Company, any Indebtedness of the Company which is by its terms expressly subordinated in right of payment to the Notes, and (b) with respect to any Guarantor, any Indebtedness of such Guarantor which is by its terms expressly subordinated in right of payment to its Note Guarantee.

"Subsidiary" means, with respect to any specified Person:

(1) any corporation, association or other business entity (other than a partnership or limited liability company) of which more than 50% of the total voting power of its Voting Stock is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership

interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"TIA" means the Trust Indenture Act of 1939, as amended (15 U.S.C. §§ 77aaa-77bbb).

"Treasury Rate" means, in respect of any redemption date, the yield to maturity as of the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 that has become publicly available at least two Business Days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to July 1, 2024; *provided, however*, that if the period from the redemption date to July 1, 2024, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. The Company will (1) calculate the Treasury Rate on the second Business Day preceding the applicable redemption date and (2) prior to such redemption date file with the Trustee an Officers' Certificate setting forth the Applicable Premium and the Treasury Rate and showing the calculation of each in reasonable detail. The Trustee shall have no duty to verify the Company's calculations of the Applicable Premium and Treasury Rate.

"Trustee" means Wells Fargo Bank, National Association, until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"Unrestricted Definitive Note" means a Definitive Note that does not bear and is not required to bear the Private Placement Legend.

"Unrestricted Global Note" means a Global Note that does not bear and is not required to bear the Private Placement Legend.

"Unrestricted Subsidiary" means any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger or consolidation or Investment therein) that is designated by the Company as an Unrestricted Subsidiary pursuant to an Officers' Certificate delivered to the Trustee, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt, except to the extent the foregoing would be treated as an Investment or Indebtedness permitted under this Indenture if incurred by the Company;

(2) except as permitted by Section 4.11, is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company; and

(3) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to

achieve any specified levels of operating results, except to the extent the foregoing would be treated as an Investment or Indebtedness permitted under this Indenture.

All Subsidiaries of an Unrestricted Subsidiary shall also be Unrestricted Subsidiaries.

"U.S. Person" means a U.S. person as defined in Rule 902(k) promulgated under the Securities Act.

"Volumetric Production Payments" means production payment obligations recorded as deferred revenue in accordance with GAAP, together with all undertakings and obligations in connection therewith.

"Voting Stock" of any specified Person as of any date means the Capital Stock of such Person entitling the holders thereof (whether at all times or only so long as no senior class of Capital Stock has voting power by reason of any contingency) to vote in the election of members of the Board of Directors of such Person; *provided* that with respect to a limited partnership or other entity which does not have a Board of Directors, Voting Stock means the Capital Stock of the general partner of such limited partnership or other business entity with the ultimate authority to manage the business and operations of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness or Disqualified Stock at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity or redemption, in respect of the Indebtedness or Disqualified Stock, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding aggregate amount of such Indebtedness or Disqualified Stock.

"Wholly Owned Restricted Subsidiary" means any Wholly Owned Subsidiary that is a Restricted Subsidiary.

"Wholly Owned Subsidiary" of any Person means a Subsidiary of such Person, 100% of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares or shares required pursuant to applicable law) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person

Section 1.02 Other Definitions.

<u>Term</u>	<u>Defined in Section</u>
"Advance Offer"	4.10
"Advance Portion"	4.10
"Affiliate Transaction"	4.11
"Alternate Offer"	4.15
"Applicable Premium Deficit"	8.04
"Asset Sale Offer"	4.10
"Authentication Order"	2.02
"Change of Control Offer"	4.15
"Change of Control Payment"	4.15
"Change of Control Payment Date"	4.15
"Covenant Defeasance"	8.03
"DTC"	2.03
"Event of Default"	6.01
"Excess Proceeds"	4.10
"Initial Lien"	4.12
"Investment Grade Rating"	4.18
"Legal Defeasance"	8.02
"Offer Amount"	3.09
"Offer Period"	3.09
"Outside Date"	3.08
"Paying Agent"	2.03
"Payment Default"	6.01
"Permitted Debt"	4.09
"Purchase Date"	3.09
"Registrar"	2.03
"Restricted Payments"	4.07
"Special Mandatory Redemption Date"	3.08
"Special Mandatory Redemption Event"	3.08
"Special Mandatory Redemption Notice"	3.08
"Special Mandatory Redemption Notice Date"	3.08
"Special Mandatory Redemption Price"	3.08
"Suspension Period"	4.18

Section 1.03 *Trust Indenture Act.*

This Indenture is not subject to the TIA except as expressly stated herein. Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

Section 1.04 *Rules of Construction.*

Unless the context otherwise requires:

- (a) a term has the meaning assigned to it;
- (b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (c) “or” is not exclusive;
- (d) words in the singular include the plural, and in the plural include the singular;
- (e) “will” shall be interpreted to express a command;
- (f) provisions apply to successive events and transactions;
- (g) “including” shall be interpreted to mean “including, without limitation,” and the use of the word “including” followed by specific examples shall not be construed as limiting the meaning of the general wording preceding it; and
- (h) references to sections or rules under the Securities Act will be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time.

ARTICLE 2 THE NOTES

Section 2.01 *Form and Dating.*

(a) *General.* The Notes and the Trustee’s certificate of authentication will be substantially in the form of Exhibit A hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note will be dated the date of its authentication. The Notes shall be in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The terms and provisions contained in the Notes will constitute, and are hereby expressly made, a part of this Indenture and the Company, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) *Global Notes.* Notes issued in global form will be substantially in the form of Exhibit A hereto (including the Global Note Legend thereon and the “Schedule of Exchanges of Interests in the Global Note” attached thereto). Notes issued in definitive form will be substantially in the form of Exhibit A hereto (but without the Global Note Legend thereon and without the “Schedule of Exchanges of Interests in the Global Note” attached thereto). Each Global Note will represent such of the outstanding Notes as will be specified therein and each shall provide that it represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby will be

made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

(c) *Temporary Global Notes.* Notes offered and sold in reliance on Regulation S will be issued initially in the form of the Regulation S Temporary Global Note, which will be deposited on behalf of the purchasers of the Notes represented thereby with the Trustee, as custodian for the Depositary, and registered in the name of the Depositary or the nominee of the Depositary for the accounts of designated agents holding on behalf of Euroclear or Clearstream, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The Restricted Period will terminate upon the delivery by the Company to the Trustee of a [written certificate from the Depositary]¹ as to the expiration of the Restricted Period, together with copies of certificates from Euroclear and Clearstream certifying that they have received certification of non-United States beneficial ownership of 100% of the aggregate principal amount of the Regulation S Temporary Global Note (except to the extent of any Beneficial Owners thereof who acquired an interest therein during the Restricted Period pursuant to another exemption from registration under the Securities Act and who will take delivery of a beneficial ownership interest in a 144A Global Note bearing a Private Placement Legend, all as contemplated by Section 2.06(b) hereof).

Following the termination of the Restricted Period, the Company shall instruct, which instructions shall be in writing and comply with Rule 9.03(b)(3)(ii)(B) of Regulation S, the

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Trustee to, and upon such instructions, the Trustee shall, exchange beneficial interests in the Regulation S Temporary Global Note for beneficial interests in the Regulation S Permanent Global Note, pursuant to the Applicable Procedures. Simultaneously with the exchange of such beneficial interests and in accordance with Section 2.06(h), the Trustee will (i) reduce and endorse the Regulation S Temporary Global Note accordingly and (ii) increase and endorse the Regulation S Permanent Global Note accordingly. The aggregate principal amount of the Regulation S Temporary Global Note and the Regulation S Permanent Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depositary or its nominee, as the case may be, in connection with transfers of interest as hereinafter provided.

(d) *Euroclear and Clearstream Procedures Applicable.* The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Clearstream Banking" and "Customer Handbook" of Clearstream will be applicable to transfers of beneficial interests in the Regulation S Temporary Global Note and the Regulation S Permanent Global Note that are held by Participants through Euroclear or Clearstream.

Section 2.02 Execution and Authentication.

At least one Officer must sign the Notes for the Company by manual or facsimile or signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note will nevertheless be valid.

A Note will not be valid until authenticated by the manual signature of the Trustee. The signature will be conclusive evidence that the Note has been authenticated under this Indenture. The Trustee will, upon receipt of a written order of the Company signed by an Officer of the Company (an "Authentication Order"), authenticate Notes for original issue (i) on the date hereof as Initial Notes in the aggregate principal amount of \$500.0 million and (ii) thereafter any Additional Notes that may be validly issued under this Indenture. The aggregate principal amount of Notes outstanding at any time may not exceed the aggregate principal amount of Notes authorized for issuance by the Company pursuant to one or more Authentication Orders, except as provided in Section 2.07 hereof.

The Trustee shall also authenticate and deliver Notes at the times and in the manner specified in Section 2.06, Section 2.07, Section 2.10, Section 3.06, Section 3.09, Section 4.15 and Section 9.04.

With respect to any Additional Notes, the Company shall set forth in an Officers' Certificate, a copy of which shall be delivered to the Trustee at or prior to original issuance thereof, the following information:

- (a) the aggregate principal amount of such Additional Notes to be authenticated and delivered pursuant to this Indenture;
- (b) the issue price, the issue date (and the corresponding date from which interest shall accrue thereon and the first interest payment date therefor) and the CUSIP and/or ISIN

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number of such Additional Notes; *provided that*, a separate CUSIP or ISIN will be issued for the Additional Notes if such Additional Notes are not treated as fungible for U.S. federal income tax purposes with the Initial Notes or any other Additional Notes bearing the same CUSIP or ISIN; and

- (c) whether such Additional Notes shall be subject to the restrictions on transfer set forth in Section 2.06 relating to Restricted Global Notes and Restricted Definitive Notes.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Company.

Section 2.03 Registrar and Paying Agent.

The Company will maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("*Registrar*") and an office or agency where Notes may be presented for payment ("*Paying Agent*"). The Registrar will keep a register of the Notes and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "*Registrar*" includes any co-registrar and the term "*Paying Agent*" includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company will notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of the Company's Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints The Depository Trust Company ("*DTC*") to act as Depositary with respect to the Global Notes.

The Company initially appoints the Trustee to act as the Registrar and Paying Agent (at its office indicated in the definition of "Corporate Trust Office of the Trustee" in Section 1.01 hereof) and to act as Custodian with respect to the Global Notes.

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Section 2.04 *Paying Agent to Hold Money in Trust.*

The Company will require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal of, premium, if any, on, and interest, if any, on, the Notes, and will notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) will have no further liability for the money. If the Company or a Subsidiary acts as Paying Agent, it will segregate and hold in a separate trust fund for the benefit of the Trustee and the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee will serve as Paying Agent for the Notes.

Section 2.05 *Holder Lists.*

The Trustee will preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Trustee is not the Registrar, the Company will furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of the Notes.

Section 2.06 *Transfer and Exchange.*

(a) *Transfer and Exchange of Global Notes.* A Global Note may not be transferred except as a whole by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes will be exchanged by the Company for Definitive Notes if:

- (1) the Depositary notifies the Company (A) that it is unwilling or unable to continue to act as Depositary or (B) that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 90 days after the date of such notice from the Depositary;
- (2) the Company, at its option but subject to the Depositary's requirements, notifies the Trustee in writing that it elects to cause the issuance of the Definitive Notes; *provided* that in no event shall the Regulation S Temporary Global Note be exchanged by the Company for Definitive Notes prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B) under the Securities Act; or
- (3) there has occurred and is continuing an Event of Default and the Depositary notifies the Trustee of its decision to exchange such Global Note for Definitive Notes.

Upon the occurrence of the preceding events in (1), (2) or (3) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a); *however*, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b) or (c) hereof. Whenever any provision herein refers to issuance by the Company and authentication and delivery by the Trustee of a new Note in exchange for the portion of a surrendered Note that has not been redeemed or repurchased, as the case may be, in lieu of the surrender of any Global Note and the issuance, authentication and delivery of a new Global Note in exchange therefor, the Trustee or the Depositary at the direction of

the Trustee may endorse such Global Note to reflect a reduction in the principal amount represented thereby in the amount of Notes so represented that have been so redeemed or repurchased.

(b) *Transfer and Exchange of Beneficial Interests in the Global Notes.* The transfer and exchange of beneficial interests in the Global Notes will be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Participants and Indirect Participants shall have no rights under this Indenture with respect to any Global Note held on their behalf by the Depositary or by the Trustee as the Custodian with respect to the Global Notes, and the Company, the Trustee and any agent of the Company or the Trustee shall be entitled to treat the Depositary as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or impair, as between the Depositary and its Participants or the Indirect Participants, the operation of customary practices of such Depositary governing the exercise of the rights of a holder of a beneficial interest in any Global Note. Subject to the provisions of this Section 2.06 and Section 12.16, the Holder of a Global Note shall be entitled to grant proxies and otherwise authorize any Person, including Participants and Indirect Participants and Persons that may hold interests through such Persons, to take any action that a Holder is entitled to take under this Indenture or the Notes. Beneficial interests in the Restricted Global Notes will be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Except for the transfer of beneficial interests in the Regulation S Temporary Global Note for beneficial interests in the Regulation S Permanent Global Note as provided in Section 2.01(c), transfers of beneficial interests in the Global Notes also will require compliance with either subparagraph (1) or (2) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(1) *Transfer of Beneficial Interests in the Same Global Note.* Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; *provided, however*, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Temporary Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted

Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(1).

(2) *All Other Transfers and Exchanges of Beneficial Interests in Global Notes.* In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(1) above, the transferor of such beneficial interest must deliver to the Registrar either:

(A) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(B) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above;

provided that in no event shall Definitive Notes be issued upon the transfer or exchange of beneficial interests in the Regulation S Temporary Global Note prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B) under the Securities Act.

Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(h) hereof.

(3) *Transfer of Beneficial Interests in a Restricted Global Note for Beneficial Interests in Another Restricted Global Note.* A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

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(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; and

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Temporary Global Note or the Regulation S Permanent Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof.

(4) *Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note.* A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(i) the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this Section 2.06(b)(4), if the Company so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to this Section 2.06(b)(4) at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to this Section 2.06(b)(4).

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) *Transfer or Exchange of Beneficial Interests for Definitive Notes.* The following provisions of this Section 2.06(c) shall apply to transfers or exchanges of beneficial interests in a

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Global Note for a Definitive Note pursuant to Section 2.06(a). Except as provided in Section 2.06(a), Holders shall not be entitled to effect such an exchange.

(1) *Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes.* If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(F) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof, the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such

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name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(2) *Beneficial Interests in Regulation S Temporary Global Note to Definitive Notes.* Notwithstanding Section 2.06(c)(1)(A) and (C) hereof, a beneficial interest in the Regulation S Temporary Global Note may not be exchanged for a Definitive Note or transferred to a Person who takes delivery thereof in the form of a Definitive Note prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B) under the Securities Act, except in the case of a transfer pursuant to an exemption from the registration requirements of the Securities Act other than Rule 903 or Rule 904.

(3) *Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes.* A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1) (b) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this Section 2.06(c)(3), if the Company so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(4) *Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes.* If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(2) hereof, the Trustee will cause the aggregate principal amount of the applicable Global Note to be reduced

accordingly pursuant to Section 2.06(h) hereof, and the Company will execute and the Trustee will authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(4) will be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest requests through instructions to the Registrar from or through the Depositary and the Participant or Indirect

Participant. The Trustee will deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(4) will not bear the Private Placement Legend.

(d) *Transfer and Exchange of Definitive Notes for Beneficial Interests.*

(1) *Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes.* If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such Restricted Definitive Note is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

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(F) if such Restricted Definitive Note is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof, the Trustee will cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Note, in the case of clause (B) above, the 144A Global Note, and in the case of clause (C) above, the Regulation S Global Note.

(2) *Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if the Registrar receives the following:

(i) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(ii) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto,

including the certifications in item (4) thereof;

and, in each such case set forth in this Section 2.06(d)(2), if the Company so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(2), the Trustee will cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(3) *Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee will cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

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If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to subparagraph (2) or (3) above at a time when an Unrestricted Global Note has not yet been issued, the Company will issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee will authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) *Transfer and Exchange of Definitive Notes for Definitive Notes.* Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar will register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder must present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder must provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(1) *Restricted Definitive Notes to Restricted Definitive Notes.* Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(2) *Restricted Definitive Notes to Unrestricted Definitive Notes.* Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if the Registrar receives the following:

(i) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(ii) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in

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the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this 2.06(e)(2), if the Company so requests, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) *Unrestricted Definitive Notes to Unrestricted Definitive Notes.* A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) [Intentionally omitted.]

(g) *Legends.* The following legends will appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(1) *Private Placement Legend.*

(A) Except as permitted by subparagraph (B) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A “QIB”), (B) IT IS NOT A U.S. PERSON, IS NOT ACQUIRING THIS NOTE FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (C) IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT) (AN “IAI”), (2) AGREES THAT IT WILL NOT, PRIOR TO THE DATE THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUER, OR ANY OF ITS RESPECTIVE AFFILIATES, WAS THE OWNER OF THIS NOTE (OR

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ANY PREDECESSOR OF SUCH NOTE), RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) TO A PERSON WHOM THE HOLDER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) TO AN IAI THAT, PRIOR TO SUCH TRANSFER, FURNISHES TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE REGISTRATION OF TRANSFER OF THIS NOTE (THE FORM OF WHICH LETTER WILL BE ATTACHED AS AN EXHIBIT TO THE INDENTURE) AND, IF SUCH TRANSFER IS IN RESPECT OF AN AGGREGATE PRINCIPAL AMOUNT OF NOTES AT THE TIME OF TRANSFER OF LESS THAN \$250,000, AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT OR (F) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS NOTE OR ANY INTEREST HEREIN WITHIN THE TIME PERIOD REFERRED TO ABOVE, THE HOLDER MUST COMPLETE AND SUBMIT TO THE TRUSTEE THE CERTIFICATE SPECIFIED IN THE INDENTURE RELATING TO THE MANNER OF SUCH TRANSFER (THE FORM OF WHICH CERTIFICATE WILL BE ATTACHED AS AN EXHIBIT TO THE INDENTURE). AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT."

(B) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraphs (b)(4), (c)(3), (c)(4), (d)(2), (d)(3), (e)(2) or (e)(3) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) will not bear the Private Placement Legend.

(2) *Global Note Legend.* Each Global Note will bear a legend in substantially the following form:

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER

ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF

THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

(3) *Regulation S Temporary Global Note Legend.* The Regulation S Temporary Global Note will bear a Legend in substantially the following form:

"THE RIGHTS ATTACHING TO THIS REGULATION S TEMPORARY GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR A REGULATION S PERMANENT GLOBAL NOTE, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN). NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS REGULATION S TEMPORARY GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON."

(h) *Cancellation and/or Adjustment of Global Notes.* At such time as all beneficial interests in a particular Global Note have been exchanged for beneficial interests in another Global Note or Definitive Notes, or a particular Global Note has been redeemed, repurchased or

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canceled in whole and not in part, each such Global Note will be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note will be reduced accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note will be increased accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) *General Provisions Relating to Transfers and Exchanges.*

(1) To permit registrations of transfers and exchanges, the Company will execute and the Trustee will authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.02 hereof or at the Registrar's request.

(2) No service charge will be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.06, 3.09, 4.10, 4.15 and 9.04 hereof).

(3) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes will be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(4) Neither the Registrar nor the Company will be required:

(A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of selection;

(B) to register the transfer of or to exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part; or

(C) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

(5) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any

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Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(6) The Trustee will authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

(7) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile or electronic image scan.

(8) The Trustee shall have no responsibility or obligation to any Beneficial Owner of a Global Note, a member of, or a participant in the Depositary or any other Person with respect to the accuracy of the records of the Depositary or its nominee or of any participant or member thereof, with respect to any ownership interest in the Notes or with respect to the delivery to any Participant, member, Beneficial Owner or other Person (other than the Depositary) of any notice (including any notice of redemption or repurchase) or the payment of any amount, under or with respect to such Notes. All notices and communications to be given to the Holders and all payments to be made to the Holders under the Notes shall be given or made only to the registered Holders (which shall be the Depositary or its nominee in the case of a Global Note). The rights of Beneficial Owners in any Global Note shall be exercised only through the Depositary subject to the Applicable Procedures of the Depositary. The Trustee may rely and shall be fully protected in relying upon information furnished by the Depositary with respect to its members, Participants and any Beneficial Owners.

(9) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Participants, members or Beneficial Owners in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

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Section 2.07 Replacement Notes.

If any mutilated Note is surrendered to the Trustee or the Company and the Trustee and the Company receive evidence to their satisfaction of the destruction, loss or theft of any Note, and such other reasonable requirements as may be imposed by the Company as permitted by Section 8-405 of the Uniform Commercial Code have been satisfied, then, in the absence of notice to the Company or the Trustee that such Note has been acquired by a “protected purchaser” within the meaning of Section 8-405 of the Uniform Commercial Code, the Company will issue and the Trustee, upon receipt of an Authentication Order, will authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee (with respect to the Trustee) and the Company (with respect to the Company) to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company may charge for its expenses in replacing a Note.

Every replacement Note is an additional obligation of the Company and will be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.08 Outstanding Notes.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note; however, Notes held by the Company or a Subsidiary of the Company shall not be deemed to be outstanding for purposes of Section 3.07(a) hereof.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a protected purchaser within the meaning of Section 8-405 of the Uniform Commercial Code.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, by 11:00 a.m. Eastern Time on a redemption date or other maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes will be deemed to be no longer outstanding and will cease to accrue interest.

Section 2.09 Treasury Notes.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company or any Guarantor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any Guarantor, will be considered as though not outstanding, except that for the purposes of determining whether the Trustee will be protected in relying on any such direction, waiver or consent, only Notes that a Responsible Officer of the Trustee actually knows are so owned will be so disregarded.

Section 2.10 Temporary Notes.

Until certificates representing Notes are ready for delivery, the Company may prepare and the Trustee, upon receipt of an Authentication Order, will authenticate temporary Notes. Temporary Notes will be substantially in the form of certificated Notes but may have variations that the Company considers appropriate for temporary Notes and as may be reasonably acceptable to the Trustee. Without unreasonable delay, the Company will prepare and the Trustee will authenticate definitive Notes in exchange for temporary Notes.

Holders of temporary Notes will be entitled to all of the benefits of this Indenture.

Section 2.11 Cancellation.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent will forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else will cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and will destroy canceled Notes (subject to the record retention requirement of the Exchange Act). Upon written request, certification of the destruction of all canceled Notes will be delivered to the Company. The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

Section 2.12 Defaulted Interest.

If the Company defaults in a payment of interest on the Notes, it will pay the defaulted interest in any lawful manner *plus*, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof, *provided* that no special record date shall be required with respect to defaulted interest paid within the applicable grace period. The Company will notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company will fix or cause to be fixed each such special record date and payment date; *provided* that no such special record date may be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) will mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid. The Trustee will have no duty whatsoever to determine whether any defaulted interest is payable or the amount thereof.

Section 2.13 Computation of Interest.

Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Section 2.14 CUSIP Numbers.

The Company in issuing the Notes may use "CUSIP" numbers (if then generally in use). The Trustee will not be responsible for the use of CUSIP numbers, and the Trustee makes no representation as to their correctness as printed on any Note or notice to Holders. The Company will promptly notify the Trustee in writing of any change in the "CUSIP" numbers.

ARTICLE 3 REDEMPTION AND PREPAYMENT

Section 3.01 *Notices to Trustee.*

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it must furnish to the Trustee, at least five Business Days (or such shorter time as may be acceptable to the Trustee) prior to the giving of notice of a redemption, an Officers' Certificate setting forth:

- (a) the clause of this Indenture pursuant to which the redemption shall occur;
- (b) the redemption date;
- (c) the principal amount of Notes to be redeemed; and
- (d) the redemption price (if then determined and otherwise the method of determination).

Section 3.02 *Selection of Notes to Be Redeemed.*

If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption on a *pro rata* basis (or, in the case of Notes issued in global form pursuant to Article 2 hereof, by such method as DTC or its nominee or successor may require or, where such nominee or successor is the Trustee, a method that most nearly approximates *pro rata* selection unless otherwise required by law) unless otherwise required by law or applicable stock exchange or depository requirements. Notwithstanding the foregoing, no Notes of \$2,000 or less can be redeemed in part.

The Trustee will promptly notify the Company in writing of the Notes selected for redemption and, in the case of any Note selected for partial redemption, the principal amount thereof to be redeemed. Notes and portions of Notes selected will be in minimum amounts of \$2,000 or whole multiples of \$1,000 in excess thereof; except that if all of the Notes of a Holder are to be redeemed, the entire outstanding amount of Notes held by such Holder shall be redeemed. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

Section 3.03 *Notice of Redemption.*

At least 10 days but not more than 60 days before an optional redemption date, the Company will mail or cause to be mailed by first class mail (or sent electronically if DTC is the recipient) a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, with a copy to the Trustee, except that redemption notices may be given more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Article 8 or 11 hereof.

The notice shall identify the Notes (including the series, issue date, CUSIP number, interest rate, maturity date and certificate number, if applicable) and state:

- (a) the redemption date;
- (b) the redemption price (if then determined and otherwise the method of determination);
- (c) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion will be issued in the name of the Holder thereof upon cancellation of the original Note;
- (d) the name and address of the Paying Agent;
- (e) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;
- (f) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;
- (g) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed;
- (h) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes; and
- (i) any conditions precedent to the redemption.

At the Company's request, the Trustee will give the notice of redemption in the Company's name and at the Company's expense; *provided, however*, that the Officers' Certificate delivered to the Trustee pursuant to Section 3.01 hereof requests that the Trustee give such notice and sets forth the information to be stated in such notice as provided in the preceding paragraph.

If such redemption is subject to the satisfaction of one or more conditions precedent, the related notice shall describe each such condition, and if applicable, shall state that, in the Company's discretion, the date of redemption may be delayed until such time as any or all such conditions shall be satisfied or waived (*provided* that in no event shall such date of redemption be delayed to a date later than 60 days after the date on which such notice was sent), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the date of redemption, or by the date of redemption as so delayed. The Company shall provide written notice of the delay of such date of redemption or the rescission of such notice of redemption to the Trustee no later than 10:00 a.m. Eastern Time (subject to DTC procedures) on the date of redemption. Upon receipt of such notice of the delay of such date of redemption or the rescission of such notice of redemption, such date of redemption shall be automatically delayed or such notice of redemption shall be

automatically rescinded, as applicable, and the redemption of the Notes to be redeemed shall be automatically delayed or rescinded and cancelled, as applicable, as provided in such notice.

Section 3.04 *Effect of Notice of Redemption.*

Once notice of redemption is mailed or given in accordance with Section 3.03 hereof, Notes called for redemption will become irrevocably due and payable (subject to Section 3.03) on the redemption date at the redemption price, subject to satisfaction of any condition specified with respect to such redemption.

Section 3.05 *Deposit of Redemption Price.*

No later than 11:00 a.m. Eastern Time on the redemption date, the Company will deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption price of, and accrued interest, if any, on all Notes to be redeemed on that date. The Trustee or the Paying Agent will promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption price of, and accrued interest, if any, on all Notes to be redeemed.

If the Company complies with the provisions of the preceding paragraph, on and after the redemption date, interest will cease to accrue on the Notes or the portions of Notes called for redemption. If a Note is redeemed on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest, if any, shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption is not so paid upon surrender for redemption because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

Section 3.06 *Notes Redeemed in Part.*

Upon surrender of a Note that is redeemed in part, the Company will issue and, upon receipt of an Authentication Order, the Trustee will authenticate for the Holder at the expense of the Company a new Note equal in principal amount to the unredeemed portion of the Note surrendered.

Section 3.07 *Optional Redemption.*

(a) At any time prior to July 1, 2024, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under this Indenture, upon notice as provided in this Indenture, at a redemption price equal to 105.875% of the principal amount of the Notes redeemed, *plus* accrued and unpaid interest, to, but not including, the date of redemption (subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date), with an amount of cash not greater than the net cash proceeds of one or more Equity Offerings; *provided that*:

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(1) at least 65% of the aggregate principal amount of Notes originally issued on the date of this Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption (unless all Notes are redeemed substantially concurrently therewith); and

(2) the redemption occurs within 180 days after the date of the closing of such Equity Offering.

(b) At any time prior to July 1, 2024, the Company may on any one or more occasions redeem all or a part of the Notes, upon notice as provided in this Indenture, at a redemption price equal to:

(1) 100% of the principal amount thereof, *plus*

(2) the Applicable Premium as of the redemption date, *plus* accrued and unpaid interest, to, but not including, the redemption date (subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date).

(c) The Company may redeem the Notes when permitted by, and pursuant to the conditions in, Section 4.15(e) hereof.

(d) Except pursuant to Section 3.07(a), (b) or (c), the Notes will not be redeemable at the Company's option prior to July 1, 2024.

(e) On or after July 1, 2024, the Company may on any one or more occasions redeem all or a part of the Notes, upon notice as provided in this Indenture, at the redemption prices (expressed as percentages of principal amount) set forth below, *plus* accrued and unpaid interest, to, but not

including, the applicable redemption date, if redeemed during the twelve-month period beginning on July 1 of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2024	102.938%
2025	101.469%
2026 and thereafter	100.000%

- (f) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

Section 3.08 *Special Mandatory Redemption.*

(a) If (i) the Oxy Acquisition has not been completed on or prior to October 7, 2021 (the “*Outside Date*”), or (ii) prior to the Outside Date, (a) the Oxy PSA is terminated or (b) the Company has decided that it will not pursue the consummation of the Oxy Acquisition or has determined in its sole discretion that the consummation of the Oxy Acquisition cannot or is not

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reasonably likely to be satisfied by the Outside Date (the earlier to occur of the events described in clauses (i) and (ii) of this sentence, a “*Special Mandatory Redemption Event*”), the Company will redeem all of the outstanding Notes on the Special Mandatory Redemption Date (as defined below) at a redemption price equal to 100% of the initial issue price of such Notes, plus accrued and unpaid interest from the date of initial issuance of such Notes to, but not including, the Special Mandatory Redemption Date (the “*Special Mandatory Redemption Price*”).

(b) Upon the occurrence of a Special Mandatory Redemption Event, the Company shall promptly (but in no event later than five Business Days following such Special Mandatory Redemption Event) notify (the “*Special Mandatory Redemption Notice*”) the Trustee and the Holders of the Notes of such event (such date of notification to the holders, the “*Special Mandatory Redemption Notice Date*”), and that the Notes will be redeemed no later than five Business Days (and no sooner than two Business Days) after the Special Mandatory Redemption Notice Date (such date, the “*Special Mandatory Redemption Date*”), in each case in accordance with the provisions of this Article 3. At the Company’s written request, the Trustee shall give the Special Mandatory Redemption Notice in the Company’s name and at the Company’s expense; provided, however, that the Company shall have delivered to the Trustee, at least three Business Days prior to the date of the giving of the Special Mandatory Redemption Notice (or such shorter period as is acceptable to the Trustee), an Officers’ Certificate requesting that the Trustee give such notice and setting forth the information to be stated in the notice. At or prior to 10:00 a.m., New York City time, on the Special Mandatory Redemption Date, the Company shall deposit with the Trustee funds sufficient to pay the Special Mandatory Redemption Price for all of the Notes to be redeemed. If such deposit is made as provided above, the Notes will cease to bear interest on and after the Special Mandatory Redemption Date. Upon the consummation of the Oxy Acquisition, this Section 3.08 will cease to apply and, for the avoidance of doubt, the Company will not otherwise be required to make mandatory redemptions or sinking fund payments with respect to the Notes.

Section 3.09 *Offer to Purchase by Application of Excess Proceeds.*

In the event that, pursuant to Section 4.10 hereof, the Company is required to commence an Asset Sale Offer to all Holders to purchase Notes, it will follow the procedures specified below.

The Asset Sale Offer shall be made to all Holders and all holders of other Indebtedness that is *pari passu* with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets. The Asset Sale Offer will remain open for a period of at least 20 Business Days following its commencement and not more than 30 Business Days, except to the

extent that a longer period is required by applicable law (the “Offer Period”). No later than three Business Days after the termination of the Offer Period (the “Purchase Date”), the Company will apply all Excess Proceeds (the “Offer Amount”) to the purchase of Notes and such other *pari passu* Indebtedness (on a *pro rata* basis based on the principal amount of Notes and such other *pari passu*

Indebtedness surrendered, if applicable) or, if less than the Offer Amount has been tendered, all Notes and other Indebtedness tendered in response to the Asset Sale Offer.

If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest, if any, will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Company will send, by first class mail, a notice to the Trustee and each of the Holders. The notice will contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The notice, which will govern the terms of the Asset Sale Offer, will state:

(a) that the Asset Sale Offer is being made pursuant to this Section 3.09 and Section 4.10 hereof and the length of time the Asset Sale Offer will remain open;

(b) the Offer Amount, the purchase price and the Purchase Date;

(c) that any Note not tendered or accepted for payment will continue to accrue interest;

(d) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer will cease to accrue interest on and after the Purchase Date;

(e) that Holders electing to have a Note purchased pursuant to an Asset Sale Offer may elect to have Notes purchased in minimum denominations of \$2,000 or an integral multiple of \$1,000 in excess thereof;

(f) that Holders electing to have Notes purchased pursuant to any Asset Sale Offer will be required to surrender the Note, with the form entitled “Option of Holder to Elect Purchase” attached to the Notes completed, or transfer by book-entry transfer, to the Company, a depositary, if appointed by the Company, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

(g) that Holders will be entitled to withdraw their election if the Company, the Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, electronic image scan, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(h) that, if the aggregate principal amount of Notes surrendered by Holders thereof exceeds the Offer Amount allocated to the purchase of Notes in the Asset Sale Offer, the Trustee will select the Notes and the Company will select other *pari passu* Indebtedness to be purchased on a *pro rata* basis (except that any Notes represented by a Global Note shall be selected by such method as DTC or its nominee or successor may require), based on the principal amount of Notes surrendered (with such adjustments as may be deemed appropriate by the Trustee so that

only Notes in minimum denominations of \$2,000, or an integral multiple of \$1,000 in excess thereof, will be purchased); and

(i) that Holders whose Notes were purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

On or before the Purchase Date, the Company will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Notes or portions thereof tendered pursuant to the Asset Sale Offer and required to be purchased pursuant to this Section 3.09 and Section 4.10 hereof, or if Notes in an aggregate principal amount less than the Offer Amount allocated to the purchase of Notes in the Asset Sale Offer have been tendered, all Notes tendered, and will deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 3.09. The Company, the depositary for the Asset Sale Offer or the Paying Agent, as the case may be, will promptly (but in any case not later than five days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Company for purchase (or, if such Notes are then in global form, it will make such payment thereon through the facilities of DTC), and the Company will promptly issue a new Note, and, upon receipt of an Authentication Order in accordance with Section 2.02, the Trustee, upon the written request of the Company, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered. Any Note not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company will publicly announce the results of the Asset Sale Offer on the Purchase Date.

ARTICLE 4 COVENANTS

Section 4.01 *Payment of Notes.*

The Company will pay or cause to be paid the principal of, premium, if any, on, and interest, if any, on, the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest, if any, will be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary of the Company, holds as of 11:00 a.m. Eastern Time on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest, if any, then due.

The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at a rate that is equal to the then applicable interest rate on the Notes to the extent lawful; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest, if any (without regard to any applicable grace period), at the same rate to the extent lawful.

The Company may at any time, for the purpose of obtaining satisfaction and discharge with respect to the Notes or for any other purpose, pay, or direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the

Trustee upon the same terms as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Subject to any applicable abandoned property law, any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on any Note and remaining unclaimed for two years after such principal, and premium, if any, or interest has become due and payable shall be paid to the Company on its request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease.

Section 4.02 Maintenance of Office or Agency.

The Company will maintain, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee) where Notes may be surrendered for registration of transfer or for exchange. If the Definitive Notes are issued and outstanding, such office must be in the contiguous United States. The Company initially designates the Corporate Trust Office of the Trustee for such purposes. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company fails to maintain any such required office or agency or fail to furnish the Trustee with the address thereof, such presentations and surrenders may be made or served at the Corporate Trust Office of the Trustee; *provided that*, no office of the Trustee shall be an office or agency of the Company for the purposes of service of legal process on the Company or any Guarantor.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided, however*, that no such designation or rescission will in any manner relieve the Company of its obligation to maintain an office or agency in the contiguous United States for such purposes if required. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

With respect to any Global Notes, the Corporate Trust Office of the Trustee shall be the office or agency where such Global Notes may be presented or surrendered for payment or for registration of transfer or exchange, or where successor Notes may be delivered in exchange therefor; *provided, however*, that any such presentation, surrender or delivery effected pursuant to the Applicable Procedures of the Depositary shall be deemed to have been effected at such office or agency in accordance with the provisions of this Indenture.

Section 4.03 Reports.

(a) So long as any Notes are outstanding, the Company will furnish to the Holders of the Notes or the Trustee:

(1) no later than 120 days after the end of each fiscal year, (a) audited financial statements prepared in accordance with GAAP (with footnotes to such financial

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statements), including the audit report on such financial statements issued by the Company's certified independent accountants and (b) a "Management's Discussion and Analysis of Financial Condition and Results of Operations" consistent with the presentation thereof in the Offering Memorandum;

(2) no later than 60 days after the end of each of the first three calendar quarters of each fiscal year, (a) unaudited quarterly financial statements prepared in accordance with GAAP (with condensed footnotes to such financial statements consistent with past practice) and (b) a "Management's Discussion and Analysis of Financial Condition and Results of Operations" consistent with the presentation thereof in the Offering Memorandum; and

(3) within ten business days after the occurrence of any of the following events, a current report that contains a brief summary of the material terms, facts and/or circumstances involved to the extent not otherwise publicly disclosed: (i) entry by the Company or a Restricted Subsidiary into an agreement outside the ordinary course of business that is material (as determined by the Company in its sole discretion) to

the Company and its Subsidiaries, taken as a whole, any material amendment thereto or termination of any such agreement other than in accordance with its terms (excluding, for the avoidance of doubt, employee compensatory or benefit agreements or plans), (ii) completion of a merger of the Company with or into another Person or a material acquisition or disposition of assets by the Company or a Restricted Subsidiary outside the ordinary course of business, (iii) the institution of, or material development under, bankruptcy proceedings under the U.S. Bankruptcy Code or similar proceedings under state or federal law with respect to the Company or a Significant Subsidiary, (iv) the Company's incurring Indebtedness outside the ordinary course of business that is material to the Company (other than under a Credit Facility or other arrangement which has been described in the Offering Memorandum or borrowings under a Credit Facility that has otherwise been disclosed previously), or a triggering event that causes the increase or acceleration of any such obligation and, in any such case, the consequences thereof are material to the Company or any Restricted Subsidiary.

(b) Notwithstanding the foregoing, the financial statements, information and other documents required to be provided as described in Section 4.03(a) above may be those of (i) the Company or (ii) IPOCo or any other direct or indirect parent of the Company; *provided* that in the case of clause (ii), if and so long as such direct or indirect parent of the Company has Independent Assets or Operations, the same is accompanied by consolidating information (which need not be audited) that summarizes the differences between the information relating to such parent, on the one hand, and the information relating to the Company and its Restricted Subsidiaries on a stand-alone basis, on the other hand.

(c) For the avoidance of doubt, the information provided pursuant to Section 4.03(a) above (i) will not be required to contain the separate financial information required Rule 3-09, Rule 3-10 or Rule 3-16 of Regulation S-X or any schedules required by Regulation S-X, or in each case any successor provisions, (ii) shall not be required to comply with Regulation G under the Exchange Act or Item 10(e) of Regulation S-K with respect to any non-GAAP financial measures contained therein and (iii) will not be required to comply with Section 302 or Section 404 of the Sarbanes-Oxley Act of 2002, or related Items 307 or 308 of Regulation S-K.

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(d) If the Company has designated any of its Subsidiaries as an Unrestricted Subsidiary and if any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, would constitute a Significant Subsidiary of the Company, then the annual and quarterly information required by Section 4.03(a)(1) and Section 4.03(a)(2) shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of such Unrestricted Subsidiaries.

(e) While IPOCo is in registration with respect to a Qualified IPO, the Company will not be required to disclose any information or take any actions that, in the view of the Company, would violate the securities laws or the SEC's "gun jumping" rules or otherwise have an adverse effect on the Qualified IPO.

(f) Any and all Defaults or Events of Default arising from a failure to furnish in a timely manner any information required by this Section 4.03 shall be deemed cured (and the Company shall be deemed to be in compliance with this covenant) upon furnishing such information as contemplated by this covenant (but without regard to the date on which such information or report is so furnished); *provided* that such cure shall not otherwise affect the rights of the Holders in Section 6.01 if the principal of, premium, if any, on, and interest, if any, on, the Notes have been accelerated in accordance with the terms of this Indenture and such acceleration has not been rescinded or cancelled prior to such cure.

(g) The Company will hold and participate in conference calls with the Holders of the Notes, Beneficial Owners of the Notes, bona fide prospective investors, securities analysts and market makers with respect to the financial information required to be furnished pursuant to Section 4.03(a)(1) and Section 4.03(a)(2) no later than ten Business Days after distribution of such financial information, unless, in each case, the Company reasonably determines that to do so would conflict with applicable securities laws, including in connection with any pending offering of securities. The Company shall be permitted to combine this conference call with any other conference call for other debt or equity holders or lenders. The Company

shall, no later than three Business Days prior to the date of the conference calls required to be held in accordance with this paragraph, announce the date and time of such conference calls and all information necessary to enable Holders of Notes and security analysts to obtain access to such calls.

(h) So long as any Notes are outstanding, the Company will also maintain a website to which Holders, prospective investors, broker-dealers and securities analysts are given access (which may be password protected) and to which all of the reports required by this Section 4.03 are posted, unless they are otherwise publicly filed with the SEC.

(i) The Company shall furnish to the Holders and Beneficial Owners of the Notes, prospective investors, broker-dealers and securities analysts, upon their request, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the Notes are not freely transferable under the Securities Act.

(j) Delivery of such reports, information and documents to the Trustee is for informational purposes only, and the Trustee's receipt of such shall not constitute actual or

constructive knowledge or notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates). The Trustee shall have no duty to monitor or confirm, on a continuing basis or otherwise, the Company's or any other Person's compliance with any of the covenants under this Indenture, to determine whether such reports, information or documents are available on the SEC's website, the Company's website or otherwise, to examine such reports, information, documents and other reports to ensure compliance with the provisions of this Indenture, to ascertain the correctness or otherwise of the information or the statements contained therein or to participate in any conference calls.

Section 4.04 *Compliance Certificate.*

(a) The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year ending after the date of this Indenture, an Officers' Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge the Company has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and are not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default has occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or propose to take with respect thereto).

(b) So long as any of the Notes are outstanding, the Company will deliver to the Trustee, forthwith upon any Officer of the Company becoming aware of any Default or Event of Default, a written statement specifying such Default or Event of Default and what action the Company is taking or propose to take with respect thereto.

Section 4.05 *[Reserved].*

Section 4.06 *[Reserved].*

Section 4.07 *Restricted Payments.*

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their

capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company and other than dividends or distributions payable to the Company or a Restricted Subsidiary of the Company);

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(2) repurchase, redeem or otherwise acquire or retire for value (including in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect parent of the Company;

(3) make any payment on or with respect to, or repurchase, redeem, defease or otherwise acquire or retire for value any Subordinated Indebtedness of the Company or any Guarantor (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), except any such payment at or within one year of the Stated Maturity of such Subordinated Indebtedness; or

(4) make any Restricted Investment (all such payments and other actions set forth in clauses (1) through (4) of this Section 4.07(a) being collectively referred to as "*Restricted Payments*").

unless, at the time of and after giving effect to such Restricted Payment:

(A) no Note Payment Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(B) the Company would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) hereof; and

(C) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the Start Date (excluding Restricted Payments permitted by clauses (2) through (15)), is less than the amount equal to the Cumulative Credit.

(b) The provisions of Section 4.07(a) hereof will not prohibit:

(1) the payment of any dividend or distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or distribution or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend, distribution or redemption payment would have complied with the provisions of this Indenture;

(2) any Restricted Payment in exchange for, or out of the proceeds of, the substantially concurrent sale of, Equity Interests of the Company or contributions to the equity capital of the Company (other than any Disqualified Stock or any Equity Interests sold to a Subsidiary of the Company); *provided* that any such issuance of Equity Interests shall be disregarded for purposes of determining Cumulative Credit under the definition of "Cumulative Credit";

(3) the payment of any dividend or distribution by a Restricted Subsidiary of the Company to the holders of its Equity Interests on a pro rata basis;

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(4) the repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Guarantor in exchange for or with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness;

(5) repurchases of Subordinated Indebtedness of the Company or any Guarantor at a purchase price not greater than (i) 101% of the principal amount of such Subordinated Indebtedness in the event of a Change of Control or (ii) 100% of the principal amount of such Subordinated Indebtedness in the event of an Asset Sale, in each case *plus* accrued and unpaid interest thereon, to the extent required by the terms of such Indebtedness, but only if:

(A) in the case of a Change of Control, the Company has first complied with and fully satisfied its obligations under the provisions described in Section 4.15; or

(B) in the case of an Asset Sale, the Company has complied with and fully satisfied its obligations in accordance with the covenant in Section 4.10;

(6) so long as no Note Payment Default or Event of Default has occurred and is continuing, the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company or any direct or indirect parent thereof held by any current or former officer, director or employee of the Company or any of its Restricted Subsidiaries or any direct or indirect parent thereof pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement, compensation agreement or arrangement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed \$7.5 million in any calendar year (with any portion of such \$7.5 million amount that is unused in any calendar year to be carried forward to successive calendar years and added to such amount);

(7) the repurchase of Equity Interests deemed to occur upon the exercise of stock or other equity options to the extent such Equity Interests represent a portion of the exercise price of those stock or other equity options and any repurchase or other acquisition of Equity Interests made in lieu of withholding taxes in connection with any exercise or exchange of stock options, warrants, incentives or other rights to acquire Equity Interests;

(8) so long as no Note Payment Default or Event of Default has occurred and is continuing, the declaration and payment of regularly scheduled or accrued dividends or distributions to holders of any class or series of Disqualified Stock of the Company or any Preferred Stock of any Restricted Subsidiary of the Company issued on or after the date of this Indenture in accordance with Section 4.09 hereof;

(9) payments of cash, dividends, distributions, advances or other Restricted Payments by the Company or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (i) the exercise of options or warrants or (ii) the conversion or exchange of Capital Stock of any such Person;

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(10) Permitted Tax Distributions;

(11) Permitted Payments to Parent;

(12) the IPOCo Transactions, the Qualified IPO and the transactions relating thereto, and the payment of all reasonable and customary fees and expenses incurred in connection therewith or owed by the Company or any direct or indirect parent of the Company or Restricted Subsidiaries of the Company to Affiliates, and any other payments made, including any such payments made to the Permitted Holders or any direct or indirect parent of the Company in connection with the consummation of IPOCo Transactions, the Qualified IPO and the transactions relating thereto, in each case to the extent permitted by Section 4.11;

(13) Restricted Payments made in connection with the issuance of the Existing and the use of proceeds therefrom;

(14) payments or distributions to dissenting stockholders pursuant to applicable law, pursuant to or in connection with a consolidation, amalgamation, merger or transfer of all or substantially all of the assets of the Company and the Restricted Subsidiaries, taken as a whole, that complies with Section 5.01; *provided* that as a result of such consolidation, amalgamation, merger or transfer of assets, the Company shall have made a Change of Control Offer (if required by this Indenture) and that all Notes tendered by Holders in connection with such Change of Control Offer have been repurchased, redeemed or acquired for value;

(15) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, other Restricted Payments in an aggregate amount not to exceed \$50.0 million; and

(16) so long as no Event of Default has occurred and is continuing or would be caused thereby, (a) other Restricted Payments in an aggregate amount not to exceed \$25.0 million per calendar year, *provided* the Company's Consolidated Leverage Ratio immediately prior to such payment is less than or equal to 2.0 to 1.0; or (b) other Restricted Payments, *provided* the Company's Consolidated Leverage Ratio immediately prior to such payment is less than or equal to 1.00 to 1.00, in the case of each of clauses (a) and (b), determined on a *pro forma* basis after giving effect to any such Restricted Payment.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment (or, in the case of a dividend or distribution, on the date of declaration) of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. For purposes of determining compliance with the foregoing covenant, in the event that a Restricted Payment or Investment (or portion thereof) meets the criteria of more than one of the categories of Restricted Payments described in Section 4.07(b)(1) through (16), or is permitted pursuant to Section 4.07(a) or meets the criteria of one or more clauses contained in the definition of "Permitted Investments", the Company will be permitted to divide or classify (or later divide or classify or reclassify in whole or in part in its sole discretion) such Restricted Payment, Investment or other

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such transaction (or portion thereof) on the date made or later divide or reclassify such Restricted Payment, Investment or other such transaction (or portion thereof) in any manner that complies with this Section 4.07.

Section 4.08 Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any of its Restricted Subsidiaries; *provided* that the priority that any series of Preferred Stock of a Restricted Subsidiary has in receiving dividends, distributions or liquidating distributions before dividends, distributions or liquidating distributions are paid in respect of common stock of such Restricted Subsidiary shall not constitute a restriction on the ability to make dividends or distributions on Capital Stock for purposes of this Section 4.08;

(2) make loans or advances to the Company or any of its Restricted Subsidiaries (it being understood that the subordination of loans or advances made to the Company or any of its Restricted Subsidiaries to other Indebtedness incurred by the Company or any of its Restricted Subsidiaries shall not be deemed a restriction on the ability to make loans or advances); or

(3) sell, lease or transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

(b) The restrictions in Section 4.08(a) hereof will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Existing Indebtedness and the Credit Agreement as in effect on the date of this Indenture and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the encumbrances or restrictions contained in the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not in the good faith judgment of an Officer of the Company materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the date of this Indenture;

(2) this Indenture, the Notes and the Note Guarantees;

(3) agreements governing other Indebtedness permitted to be incurred under the provisions of Section 4.09 hereof and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the encumbrances or restrictions contained therein are in the reasonable good faith judgment of an Officer of the Company, either (a) not materially more

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restrictive, taken as a whole, than those contained in this Indenture, the Notes and the Note Guarantees or the Credit Agreement as in effect on the date of this Indenture or (b) not reasonably likely to have a material adverse effect on the ability of the Company to make required payments on the Notes;

(4) applicable law, rule, regulation or order;

(5) any agreement or other instrument of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such agreement or instrument was created in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired, and any amendments, restatements, modifications, renewals, extensions, supplements, increases, refundings, replacements or refinancings thereof; *provided*, that the encumbrances and restrictions in any such amendments, restatements, modifications, renewals, extensions, supplements, increases, refundings, replacements or refinancings are, in the reasonable good faith judgment of an Officer of the Company, no more restrictive, taken as a whole, than those in effect on the date of the acquisition; *provided further*, that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be incurred;

(6) customary non-assignment provisions in Hydrocarbon purchase and sale or exchange agreements or similar operational agreements or in licenses, easements or leases, in each case, entered into in the ordinary course of business;

(7) purchase money obligations for property acquired in the ordinary course of business and Finance Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of Section 4.08(a);

(8) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are, in the reasonable good faith judgment of an Officer of the Company, not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(10) Liens permitted to be incurred under the provisions of Section 4.12 that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets that are the subject of such agreements;

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(12) encumbrances or restrictions applicable only to a Restricted Subsidiary that is not a Domestic Subsidiary;

(13) encumbrances or restrictions on cash or other deposits or net worth imposed by customers or lessors under contracts or leases entered into in the ordinary course of business;

(14) customary encumbrances and restrictions contained in agreements of the types described in the definition of "Permitted Business Investments";

(15) agreements governing Hedging Obligations incurred in the ordinary course of business;

(16) any encumbrance or restriction with respect to an Unrestricted Subsidiary pursuant to or by reason of an agreement that the Unrestricted Subsidiary is a party to or entered into before the date on which such Unrestricted Subsidiary became a Restricted Subsidiary; *provided* that such agreement was not entered into in anticipation of the Unrestricted Subsidiary becoming a Restricted Subsidiary and any such encumbrance or restriction does not extend to any assets or property of the Company or any other Restricted Subsidiary other than the assets and property of such Unrestricted Subsidiary; and

(17) contractual encumbrances or restrictions in effect on the Issue Date and, in each case, any similar contractual encumbrances effected by any amendments, modifications, restatements, renewals, supplements, refundings, replacements or refinancings of such agreements or instruments.

In each case set forth above, notwithstanding any stated limitation on the assets or property that may be subject to such encumbrance or restriction, an encumbrance or restriction on a specified asset or property or group or type of assets or property may also apply to all improvements, additions, repairs, attachments or accessions thereto, assets and property affixed or appurtenant thereto, parts, replacements and substitutions therefor, and all products and proceeds thereof, including dividends, distributions, interest and increases in respect thereof.

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Section 4.09 Incurrence of Indebtedness and Issuance of Preferred Stock.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur any Indebtedness (including Acquired Debt), and the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any Preferred Stock; *provided, however*, that the Company may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and any Guarantor may incur Indebtedness (including Acquired Debt) or issue Preferred Stock, if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such Preferred Stock is issued, as the case may be, would have been at least 2.0 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the Preferred Stock had been issued, as the case may be, at the beginning of such four-quarter period.

(b) Section 4.09(a) will not prohibit the incurrence of any of the following items of Indebtedness or issuances of Disqualified Stock or Preferred Stock, as applicable (collectively, "*Permitted Debt*"):

(1) the incurrence by the Company and the Restricted Subsidiaries, of Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and its Restricted Subsidiaries thereunder) not to exceed the greatest of (i) \$500.0 million, (ii) the Borrowing Base in effect under the Credit Agreement at such time, and (iii) 32.5% of the Company's Adjusted Consolidated Net Tangible Assets determined on the date of such incurrence;

(2) the incurrence by the Company and its Restricted Subsidiaries of the Existing Indebtedness;

(3) the incurrence by the Company and the Guarantors of Indebtedness represented by the Notes to be issued on the date of this Indenture and the related Note Guarantees;

(4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Finance Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property, plant or equipment used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount outstanding, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of (i) \$45.0 million and (ii) 3.0% of the Company's Adjusted Consolidated Net Tangible Assets determined as of the date of such incurrence or issuance;

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(5) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) of the Company or any of its Restricted Subsidiaries or any Disqualified Stock of the Company or any Preferred Stock of a Restricted Subsidiary, in each case that was permitted by this Indenture to be incurred under Section 4.09(a) or clauses (2), (3), (4), (5), (14), (15) or (16) of this Section 4.09(b);

(6) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries; *provided, however*, that:

(A) if the Company or any Guarantor is the obligor on such Indebtedness and the payee is not the Company or a Guarantor, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Company, or the Note Guarantee, in the case of a Guarantor; and

(B) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary of the Company and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary of the Company,

will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any of the Company's Restricted Subsidiaries to the Company or to any of its Restricted Subsidiaries of any Preferred Stock; *provided, however*, that:

(A) any subsequent issuance or transfer of Equity Interests that results in any such Preferred Stock being held by a Person other than the Company or a Restricted Subsidiary of the Company; and

(B) any sale or other transfer of any such Preferred Stock to a Person that is not either the Company or a Restricted Subsidiary of the Company,

will be deemed, in each case, to constitute an issuance of such Preferred Stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations;

(9) the Guarantee by the Company or any of its Restricted Subsidiaries of Indebtedness of the Company or a Restricted Subsidiary of the Company to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of

this Section 4.09; *provided that* if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes, then the Guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(10) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in respect of self-insurance obligations or bid, plugging and abandonment, appeal, reimbursement, performance, surety and similar bonds and completion guarantees provided by the Company or a Restricted Subsidiary in the ordinary course of business or consistent with industry practice or past practice and any Guarantees or letters of credit functioning as or supporting any of the foregoing bonds or obligations and workers' compensation claims in the ordinary course of business or consistent with industry practice or past practice;

(11) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five Business Days;

(12) the incurrence by the Company or any of its Restricted Subsidiaries of in-kind obligations relating to net oil, natural gas liquid or natural gas balancing positions arising in the ordinary course of business;

(13) any obligation arising from agreements of the Company or any Restricted Subsidiary of the Company providing for indemnification, adjustment of purchase price, earn outs, or similar obligations, in each case, incurred or assumed in connection with the disposition or acquisition of any business, assets or Capital Stock of a Restricted Subsidiary in a transaction permitted by this Indenture;

(14) any Permitted Acquisition Indebtedness; and

(15) the incurrence by the Company or any of its Restricted Subsidiaries of additional Indebtedness, the issuance by the Company of any Disqualified Stock or the issuance by any Restricted Subsidiary of Preferred Stock in an aggregate principal amount (or accreted value, as applicable) or liquidation preference at any time outstanding, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred or Disqualified Stock or Preferred Stock issued pursuant to this clause (15), not to exceed, at any one time outstanding, the greater of (a) \$75.0 million and (b) 5.0% of the Company's Adjusted Consolidated Net Tangible Assets determined as of the date of such incurrence or issuance.

For purposes of determining compliance with this Section 4.09, in the event that an item of Indebtedness, Disqualified Stock or Preferred Stock meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (15) above, or is entitled to be incurred or issued pursuant to Section 4.09(a), the Company will be permitted to divide, classify and reclassify such item of Indebtedness, Disqualified Stock or Preferred Stock on the date of its incurrence or issuance, or later redivide or reclassify all or a portion of such item of Indebtedness, Disqualified Stock or Preferred Stock, in any manner that complies with this

Section 4.09. Indebtedness under the Credit Agreement outstanding on the date on which Notes are first issued and authenticated under this Indenture will initially be deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the definition of "Permitted Debt." The accrual of interest or Preferred Stock or Disqualified Stock dividends or distributions, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of Preferred Stock or Disqualified Stock as Indebtedness due to a change in accounting principles, and the payment of dividends or distributions on Preferred Stock or Disqualified Stock in the form of additional securities of the same class of Preferred Stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Preferred Stock or Disqualified Stock for purposes of this Section 4.09.

The amount of any Indebtedness outstanding as of any date will be:

- (a) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;
- (b) the principal amount of the Indebtedness, in the case of any other Indebtedness; and
- (c) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:
 - (1) the Fair Market Value of such assets at the date of determination; and
 - (2) the amount of the Indebtedness of the other Person.

Section 4.10 Asset Sales.

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

- (a) the Company (or a Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (measured as of the date of the definitive agreement with respect to such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of; and
- (b) at least 75% of the aggregate consideration received in the Asset Sale by the Company or a Restricted Subsidiary and all other Asset Sales since the Start Date is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(1) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) that are assumed or novated by the transferee or that are otherwise cancelled, forgiven or terminated in connection with the transaction with such transfer;

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(2) with respect to any Asset Sale of oil and natural gas properties by the Company or any Restricted Subsidiary where the Company or such Restricted Subsidiary retains an interest in such property, costs and expenses related to the exploration, development, completion or production of such properties and activities related thereto which the transferee (or an Affiliate thereof) agrees to pay;

(3) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are, within 180 days of the Asset Sale, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion;

(4) any Capital Stock or assets of the kind referred to in clause (2) or (4) of Section 4.10(c); and

(5) any Designated Non-cash Consideration received by the Company or such Restricted Subsidiary in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (5), not to exceed an amount equal to 5.0% of the Company's Adjusted Consolidated Net Tangible Assets (determined at the time of receipt of such Designated Non-cash Consideration), with the Fair Market Value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value.

(c) Within 360 days after the receipt of any Net Proceeds from an Asset Sale, the Company (or any Restricted Subsidiary) may apply an amount equal to such Net Proceeds at its option to any combination of the following:

(1) to repay, repurchase or redeem any Indebtedness of the Company or a Restricted Subsidiary of the Company, other than (i) Indebtedness of the Company or a Guarantor that is subordinated in right of payment to the Notes or the Note Guarantees, (ii) Capital Stock or (iii) Indebtedness owed to an Affiliate of the Company;

(2) to acquire all or substantially all of the assets, or any Capital Stock, of one or more other Persons primarily engaged in the Oil and Gas Business, if, after giving effect to any such acquisition of Capital Stock, such Person becomes a Restricted Subsidiary of the Company;

(3) to make capital expenditures in respect of the Company's or any Restricted Subsidiaries' Oil and Gas Business; or

(4) to acquire other assets that are not classified as current assets under GAAP and that are used or useful in the Oil and Gas Business.

The requirement of clause (2) or (4) of Section 4.10(c) shall be deemed to be satisfied if a bona fide binding contract committing to make the investment, acquisition or expenditure referred to therein is entered into by the Company or any of its Restricted Subsidiaries within the time period specified in the preceding paragraph and such Net Proceeds are subsequently applied

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in accordance with such contract within 180 days following the date such agreement is entered into.

Pending the final application of any Net Proceeds, the Company (or any Restricted Subsidiary) may invest the Net Proceeds in any manner that is not prohibited by this Indenture.

The amount equal to the Net Proceeds from Asset Sales that are not applied or invested as provided in Section 4.10(c) will constitute “Excess Proceeds”. When the aggregate amount of Excess Proceeds exceeds \$25.0 million, within five days thereof, the Company will make an offer (an “Asset Sale Offer”) to all Holders of the Notes and all holders of other Indebtedness that is *pari passu* with the Notes containing provisions similar to those set forth in this Section 4.10 with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets to purchase, prepay or redeem, on a *pro rata* basis, the maximum principal amount of Notes and such other *pari passu* Indebtedness (*plus* all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The Company may satisfy the foregoing obligations with respect to any Net Proceeds from an Asset Sale by making an Asset Sale Offer with respect to such Net Proceeds or equivalent amount prior to the time period that may be required by this Indenture with respect to all or a part of the available Net Proceeds (the “Advance Portion”) in advance of being required to do so by this Indenture (an “Advance Offer”). The offer price in any Asset Sale Offer will be equal to 100% of the principal amount, *plus* accrued and unpaid interest, to, but not including, the date of purchase, prepayment or redemption, subject to the rights of Holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds (or in the case of an Advance Offer, Advance Portion) remain after consummation of an Asset Sale Offer, the Company or any Restricted Subsidiary may use those Excess Proceeds (or Advance Portion) for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes tendered in such Asset Sale Offer exceeds the amount of Excess Proceeds (or in the case of an Advance Offer, the Advance Portion) allocated to the purchase of Notes, the Trustee will select the Notes to be purchased on a *pro rata* basis (except that any Notes represented by a Note in global form will be selected by such method as DTC or its nominee or successor may require), based on the amounts tendered (with such adjustments as may be deemed appropriate by the Trustee so that only Notes in minimum denominations of \$2,000, or an integral multiple of \$1,000 in excess thereof, will be purchased). Upon completion of each Asset Sale Offer (or Advance Offer), the amount of Excess Proceeds (or Advance Portion) will be reset at zero.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer or Advance Offer. To the extent that the provisions of any securities laws or regulations conflict with Section 3.09 or this Section 4.10, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under Section 3.09 or this Section 4.10 by virtue of such compliance.

Section 4.11 Transactions with Affiliates.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or Guarantee with, or for the benefit of, any Affiliate of the Company involving aggregate consideration in any single transaction or series of related transactions in excess of \$25.0 million (each, an “Affiliate Transaction”), unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person or, if in the good faith judgment of the Company, no comparable transaction is available with which to compare such Affiliate Transaction, such Affiliate Transaction is otherwise fair to the Company or the relevant Restricted Subsidiary from a financial point of view; and

(2) the Company delivers to the Trustee, with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$75.0 million, a resolution of the Board of Directors of the Company set forth in an Officers' Certificate certifying that such Affiliate Transaction or series of related Affiliate Transactions complies with this Section 4.11 and that such Affiliate Transaction or series of related Affiliate Transactions has been approved by the Board of Directors, including a majority of the disinterested members of the Board of Directors of the Company, if any.

(b) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 4.11(a) hereof:

(1) any employment or consulting agreement, employee benefit plan, officer or director indemnification, compensation or severance agreement or any similar arrangement entered into by the Company or any of its Restricted Subsidiaries or any direct or indirect parent of the Company in the ordinary course of business and payments pursuant thereto;

(2) transactions between or among the Company and/or its Restricted Subsidiaries;

(3) transactions with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company or IPOCo solely because the Company or IPOCo owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors, employees or consultants of the Company or any of its Restricted Subsidiaries or any direct or indirect parent of the Company;

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(5) any issuance of Equity Interests (other than Disqualified Stock) of the Company to Affiliates of the Company;

(6) Permitted Investments or Restricted Payments that do not violate the provisions of Section 4.07 hereof or Permitted Payments to Parent;

(7) transactions effected in accordance with the terms of the agreements of the Company or any Restricted Subsidiary that are in effect on the date of this Indenture, and any amendment or replacement of any of such agreements so long as such amendment or replacement agreement is not materially less advantageous to the Company, taken as a whole, than the agreement so amended or replaced as determined in good faith by the Company;

(8) advances to or reimbursements of expenses incurred by employees for moving, entertainment and travel expenses and similar expenditures in the ordinary course of business;

(9) transactions between the Company or any of its Restricted Subsidiaries and any other Person, a director of which is also on the Board of Directors of the Company or any direct or indirect parent company of the Company, and such common director is the sole cause for such other Person to be deemed an Affiliate of the Company or any of its Restricted Subsidiaries; *provided, however*, that such director abstains from voting as a member of the Board of Directors of the Company or any direct or indirect parent company of the Company, as the case may be, on any transaction with such other Person;

(10) any transactions with or among the Company, IPOCo, their respective Restricted Subsidiaries and the Permitted Holders in connection with the IPOCo Transactions and the Qualified IPO, the transactions relating thereto, and the payment of all reasonable and customary fees and expenses related thereto, including fees to the Sponsors and the customary and reasonable expenses of the Sponsors;

(11) in the case of contracts for exploring for, producing, marketing, storing or otherwise handling Hydrocarbons, or activities or services reasonably related or ancillary thereto, or other operational contracts, any such contracts entered into in the ordinary course of business or in accordance with past practice or industry custom and otherwise in compliance with the terms of this Indenture which are fair to the Company and its Restricted Subsidiaries, in the reasonable determination of the Board of Directors of the Company or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party;

(12) payments to Affiliates on or with respect to debt securities or other Indebtedness of the Company or any Subsidiary on a similar basis as payments are made or offered to holders of such debt securities or Indebtedness held by Persons other than Affiliates; and

(13) any transaction in which the Company or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an accounting,

appraisal or investment banking firm of national standing stating that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or that such transaction meets the requirements of Section 4.11(a)(1).

Section 4.12 *Liens.*

The Company will not and will not permit any of its Restricted Subsidiaries to, create, incur, assume or otherwise cause to exist or become effective any Lien (an “*Initial Lien*”) of any kind (other than Permitted Liens) securing Indebtedness upon any of their property or assets, now owned or hereafter acquired, unless the Notes or any Note Guarantee of such Restricted Subsidiary, as applicable, are secured on an equal and ratable basis with the Indebtedness so secured until such time as such Indebtedness is no longer secured by a Lien. Any Lien created for the benefit of the Holders of the Notes pursuant to this paragraph shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien.

Section 4.13 *[Reserved].*

Section 4.14 *[Reserved].*

Section 4.15 *Offer to Repurchase Upon Change of Control.*

(a) Upon the occurrence of a Change of Control, the Company will make an offer (a “*Change of Control Offer*”) to each Holder to repurchase all or any part (equal to a minimum amount of \$2,000 or an integral multiple of \$1,000 in excess thereof) of that Holder’s Notes at a purchase price in cash equal to 101% of the aggregate principal amount of Notes repurchased, *plus* accrued and unpaid interest, on the Notes repurchased to, but not including, the date of purchase (the “*Change of Control Payment Date*”), subject to the rights of Holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date (the “*Change of Control Payment*”). Within 30 days following any Change of Control, the Company will send a notice to each Holder, with a copy to the Trustee, describing the transaction or transactions that constitute the Change of Control and stating:

(1) that the Change of Control Offer is being made pursuant to this Section 4.15 and that all Notes tendered will be accepted for payment;

(2) the purchase price and the expiration date of the Change of Control Offer, which shall be no earlier than 30 days and no later than 60 days from the date such notice is sent;

(3) that any Note not tendered will continue to accrue interest;

(4) that, unless the Company defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(5) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender the Notes, with the form entitled "Option of

Holder to Elect Purchase" attached to the Notes completed, or transfer by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a telegram, electronic image scan, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion must be equal to a minimum amount of \$2,000 in principal amount or an integral multiple of \$1,000 in excess thereof.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.15, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.15 by virtue of such compliance.

(b) Promptly following the expiration of the Change of Control Offer, the Company will, to the extent lawful, accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer. Promptly after such acceptance, the Company will, on the Change of Control Payment Date:

(1) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(2) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

The Paying Agent will promptly mail (but in any case not later than five days after the Change of Control Payment Date) to each Holder of Notes properly tendered the Change of Control Payment for such Notes (or, if all the Notes are then in global form, it will make such payment through the facilities of DTC), and the Company will promptly issue a new Note, and, upon receipt of an Authentication Order in accordance with Section 2.02, the Trustee, upon the written request of the Company, will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Company will announce to the Holders of the Notes the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(c) Notwithstanding anything to the contrary in this Section 4.15, the Company will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the time and otherwise in compliance with the requirements set forth in this Section 4.15 and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, (2) notice of redemption of all outstanding Notes has been given pursuant to Section 3.03 hereof, unless and until there is a default in payment of the applicable redemption price, or (3) in connection with or in contemplation of any Change of Control, the Company or a third party has made an offer to purchase (an "Alternate Offer") any and all Notes validly tendered at a cash price equal to or higher than the Change of Control Payment and has purchased all Notes properly tendered in accordance with the terms of the Alternate Offer.

(d) Notwithstanding anything to the contrary contained herein, a Change of Control Offer or Alternate Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer or Alternate Offer is made.

(e) In the event that Holders of not less than 90% of the aggregate principal amount of the outstanding Notes accept a Change of Control Offer or Alternate Offer and the Company (or a third party making the Change of Control Offer or Alternate Offer in lieu of the Company as described in paragraph (c) above) purchases all of the Notes held by such Holders, the Company will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer or Alternate Offer described above, to redeem all of the Notes that remain outstanding following such purchase at a redemption price equal to the Change of Control Payment *plus*, to the extent not included in the Change of Control Payment, accrued and unpaid interest, if any, on the Notes that remain outstanding, to, but not including, the date of redemption (subject to the rights of Holders on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date).

Section 4.16 *Additional Note Guarantees.*

If the Company or any of its Restricted Subsidiaries acquires or creates another Restricted Subsidiary after the date of this Indenture that Guarantees any Indebtedness of the Company or any Restricted Subsidiary under a Credit Facility, then, in either case, that Subsidiary will become a Guarantor by executing a supplemental indenture in substantially the form of Exhibit D hereto and delivering an Opinion of Counsel and an Officers' Certificate to the Trustee within 30 days after the date that Subsidiary was acquired or created or on which it Guaranteed such Indebtedness.

Section 4.17 *Designation of Restricted and Unrestricted Subsidiaries.*

The Company may designate any Restricted Subsidiary of the Company to be an Unrestricted Subsidiary. If a Restricted Subsidiary of the Company is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be either an Investment made as of the time of the designation that will reduce the amount available for Restricted Payments under Section 4.07 hereof or represent a Permitted Investment under one or more clauses of the definition of "Permitted Investments", as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced by filing with the Trustee an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 4.07 hereof. If at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 4.09, the Company will be in default of such covenant.

The Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Company; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under Section 4.09 hereof, calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Event of Default would be in existence following such designation.

Section 4.18 *Covenant Suspension.*

Notwithstanding any provision of this Indenture or of the Notes to the contrary, if at any time following the date of this Indenture (a) the Notes are rated Baa3 or better by Moody's and BBB- or better by S&P (or, if either such entity ceases to rate the Notes for reasons outside of the control of the Company, the equivalent investment grade credit rating from any other "nationally recognized statistical rating organization" within the meaning of Section 3(a)(62) of the Exchange Act selected by the Company as a replacement agency) (an "*Investment Grade*

Rating") and (b) no Default or Event of Default shall have occurred and is continuing under this Indenture then upon delivery by the Company to the Trustee of an Officers' Certificate certifying to such events, Sections 4.07, 4.08, 4.09, 4.10, 4.11, 4.17 and 5.01(a)(4) of this Indenture will be suspended with respect to the Notes.

During any period that the foregoing covenants have been suspended (the "*Suspension Period*"), the Company may not designate any of its Subsidiaries as Unrestricted Subsidiaries pursuant to Section 4.17 or the second paragraph of the definition of "Unrestricted Subsidiaries."

Notwithstanding the foregoing, if the Notes cease to have an Investment Grade Rating, the foregoing covenants will be reinstituted as of and from the date of such occurrence, except that no Default, Event of Default or breach of any kind shall be deemed to exist under this Indenture or the Notes with respect to the suspended covenants based on, and none of the Company or any of its Subsidiaries shall have any liability for, any action taken or events occurring during the Suspension Period, regardless of whether such actions or events would have been permitted if the applicable covenants had remained in effect during such period (or after the reinstatement date based solely on contractual obligations or other events arising during the Suspension Period). For purposes of calculations under the reinstated Section 4.07, Restricted Payments will be made during a Suspension Period will be disregarded. Furthermore, all Indebtedness incurred, or Disqualified Stock or Preferred Stock issued, during the Suspension Period will be deemed to have been incurred or issued pursuant to clause (2) of the definition of "Permitted Debt."

In addition, for purposes of Section 4.11, all agreements and arrangements entered into by the Company or any Restricted Subsidiary with an Affiliate of the Company during the Suspension Period will be deemed to have been entered into prior to the date of this Indenture, and for purposes of

Section 4.08, all contracts entered into during the Suspension Period that contain any of the restrictions contemplated by such covenant will be deemed to have been existing on the date of this Indenture.

The Company shall deliver to the Trustee an Officers' Certificate notifying it of a Suspension Period or termination thereof. The Trustee shall have no duty to (a) monitor the ratings of the Notes, (b) determine whether a Suspension Period or termination thereof has occurred, (c) notify Holders of any of the foregoing or (d) determine the consequences thereof, but may provide a copy of such Officers' Certificate to any Holder upon request.

ARTICLE 5 SUCCESSORS

Section 5.01 *Merger, Consolidation or Sale of Assets.*

(a) The Company may not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the survivor) or (2) sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to another Person, unless:

(1) either: (a) the Company is the surviving Person; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which

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such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of the United States, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Company under the Notes and this Indenture pursuant to a supplemental indenture;

(3) immediately after such transaction, no Note Payment Default or Event of Default exists;

(4) immediately after giving effect to such transaction and any related financing transaction on a pro forma basis as if the same had occurred at the beginning of the applicable four-quarter period, either

(A) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made, would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a); or

(B) the Fixed Charge Coverage Ratio of the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made, is equal to or greater than the Fixed Charge Coverage Ratio of the Company immediately prior to such transaction; and

(5) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or disposition and such supplemental indenture, if any, do not violate this Indenture.

(b) This Section 5.01 will not apply to (1) any statutory conversion of the Company to a corporation or another form of entity, (2) any sale, assignment, transfer, conveyance, lease or other disposition of properties or assets between or among the Company and its Restricted Subsidiaries or (3) IPOCo Transactions, the Qualified IPO and the transactions relating thereto. Clauses (3) and (4) of Section 5.01(a) will not apply to (1) any merger or consolidation of the Company with or into one of its Restricted Subsidiaries for any purpose or (2) with or into an Affiliate solely for the purpose of reorganizing the Company in another jurisdiction.

Section 5.02 *Successor Issuer Substituted.*

Upon any consolidation or merger, or any sale, assignment, transfer, conveyance, lease or other disposition of all or substantially all of the properties or assets of the Company in accordance with Section 5.01 in which the Company is not the surviving entity, the successor Person formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, conveyance, lease or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale,

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assignment, transfer, lease, conveyance or other disposition, the provisions of this Indenture referring to the "Company" shall refer instead to the successor Person and not to the predecessor Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the predecessor Company herein, and thereafter (except in the case of a lease of all or substantially all of the Company's properties or assets), the Company will be automatically released and relieved of all obligations and covenants under this Indenture and the Notes.

ARTICLE 6 DEFAULTS AND REMEDIES

Section 6.01 *Events of Default.*

Each of the following is an "Event of Default":

- (a) default for 30 days in the payment when due of interest, if any, on the Notes;
- (b) default in the payment when due (at Stated Maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;
- (c) failure by the Company to comply with the provisions of Article 5;
- (d) failure by the Company for 180 days after written notice to the Company by the Trustee or the Holders of at least 30% in aggregate principal amount of the Notes then outstanding to comply with Section 4.03 hereof;
- (e) failure by the Company for 60 days after written notice to the Company by the Trustee or the Holders of at least 30% in aggregate principal amount of the Notes then outstanding to comply with any of their other agreements in this Indenture;
- (f) failure by the Company or any Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary) to pay the principal on any Indebtedness for money borrowed (other than Indebtedness owing to the Company or a Restricted Subsidiary) within any applicable grace period after final maturity (a "Payment Default") or the acceleration of any such Indebtedness by the holders thereof because of a default, in each case, if the total amount of such Indebtedness unpaid or accelerated exceeds \$50.0 million and if, within 20 business days of such Payment Default or acceleration, such Indebtedness has not been discharged or such Payment Default has not been cured or such acceleration has not been rescinded or annulled;
- (g) failure by the Company or any Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary) to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of \$50.0 million (to the extent not covered by insurance by a reputable and creditworthy insurer as to which the insurer has not disclaimed coverage), which judgments are not paid, discharged or stayed, for a period of 60 days;

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(h) except as permitted by this Indenture, any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Note Guarantee;

(i) the failure to consummate the redemption of the Notes, to the extent required, under Section 3.08;

(j) the Company or any Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary) pursuant to or within the meaning of Bankruptcy Law:

(1) commences a voluntary case;

(2) consents to the entry of an order for relief against it in an involuntary case;

(3) consents to the appointment of a custodian of it or for all or substantially all of its property;

(4) makes a general assignment for the benefit of its creditors; or

(5) announces publicly that it generally is not paying its debts as they become due; and

(k) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(1) is for relief against the Company or any Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary) in an involuntary case;

(2) appoints a custodian of the Company or any Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary) or for all or substantially all of the property of the Company or any Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary); or

(3) orders the liquidation of the Company or any Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary);

and in each case the order or decree remains unstayed and in effect for 60 consecutive days.

However, a default under Section 6.01(d) or Section 6.01(e) will not constitute an Event of Default until the Trustee or the Holders of 30% in principal amount of outstanding Notes notify the Company of the default and the Company does not cure such default within the time specified in Section 6.01(d) or Section 6.01(e) after receipt of such notice. Such notice must specify the Default, demand that it be remedied and state that such notice is a "Notice of Default".

Section 6.02 *Acceleration.*

In the case of an Event of Default specified in clause (i) or (j) of Section 6.01 hereof, with respect to the Company or any Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary), the principal of, and accrued and unpaid interest, on all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 30% in aggregate principal amount of the then outstanding Notes may declare the principal of, and accrued and unpaid interest, if any, on all outstanding Notes to be due and payable immediately.

Section 6.03 *Other Remedies.*

If an Event of Default occurs and is continuing, and is actually known to the Trustee (as provided in Section 7.02(g)), the Trustee may pursue any available remedy to collect the payment of principal of, premium, if any, on, and interest, on, the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04 *Waiver of Past Defaults.*

The Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of principal of, premium, if any, on, and interest, if any, on, the Notes (including in connection with an offer to purchase); *provided, however*, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05 *Control by Majority.*

Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such direction is unduly prejudicial to such Holders) or that may involve the Trustee in personal liability.

Section 6.06 *Limitation on Suits.*

No Holder of a Note may pursue any remedy with respect to this Indenture or the Notes unless:

- (a) such Holder has previously given to the Trustee written notice that an Event of Default is continuing;
- (b) Holders of at least 30% in aggregate principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(c) such Holder or Holders offer and, if requested, provide to the Trustee security or indemnity satisfactory to the Trustee against any loss, liability or expense;

(d) the Trustee does not comply with such request within 60 days after receipt of the request and the offer of security or indemnity; and

(e) during such 60-day period, Holders of a majority in aggregate principal amount of the then outstanding Notes do not give the Trustee a written direction inconsistent with such request.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not any such use by a Holder prejudices the rights of any other Holders or obtains preference or priority over such other Holders).

Section 6.07 *Rights of Holders of Notes to Receive Payment.*

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal of, premium, if any, on, and interest, if any, on, the Note, on or after the respective due dates expressed in the Note, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be amended or waived in a manner adverse to such Holder without the consent of such Holder.

Section 6.08 *Collection Suit by Trustee.*

If an Event of Default specified in Section 6.01(a) or (b) hereof occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal of, premium, if any, on, and interest, if any, remaining unpaid on, the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

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Section 6.09 *Trustee May File Proofs of Claim.*

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 *Priorities.*

If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 7.07 hereof, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders of the Notes for amounts due and unpaid on the Notes for principal, premium, if any, and interest, if any, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, and interest, if any, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of the Notes pursuant to this Section 6.10.

Section 6.11 *Undertaking for Costs.*

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in aggregate principal amount of the then outstanding Notes.

ARTICLE 7 TRUSTEE

Section 7.01 *Duties of Trustee.*

(a) If an Event of Default has occurred and is continuing and is actually known to the Trustee (as provided in Section 7.02(g)), the Trustee will exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would use under similar circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the duties of the Trustee will be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee (it being agreed that the permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty); and

(2) the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. The Trustee shall be under no duty to make any investigation as to any statement contained in any such instance, but may accept the same as conclusive evidence of the truth and accuracy of such statement or the correctness of such opinions. However, in the case of certificates or opinions specifically required by any provision hereof to be provided to it, the Trustee will examine the form of certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liabilities for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01.

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(2) the Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was grossly negligent in ascertaining the pertinent facts; and

(3) the Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section 7.01.

(e) No provision of this Indenture will require the Trustee to expend or risk its own funds or incur any liability. The Trustee will be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders, unless such Holder has offered, and if requested, provided to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee will not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee will be subject to the provisions of this Section 7.01.

Section 7.02 *Rights of Trustee.*

(a) The Trustee may conclusively rely upon and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, judgment, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper Person or Persons, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee will not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and will not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee will not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

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(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company will be sufficient if signed by an Officer of the Company.

(f) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders have offered, and if requested, provided to the Trustee indemnity or security satisfactory to it against the losses, liabilities and expenses that might be incurred by it in compliance with such request or direction.

(g) The Trustee shall not be deemed to have notice of a Default or an Event of Default unless a Responsible Officer of the Trustee has actual knowledge of such Default or Event of Default.

(h) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(i) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(j) The Trustee may request that the Company delivers an Officers' Certificate setting forth the names of individuals and/or titles of Officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any Person authorized to sign an Officers' Certificate, including any Person specified as so authorized in any such certificate previously delivered and not superseded.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the trusts and powers under this Indenture.

(l) Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Notes.

Section 7.03 *Individual Rights of Trustee.*

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest (as defined in the TIA) after a Default has occurred and is continuing it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as Trustee (if this Indenture has been qualified under the TIA) or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11 hereof.

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Section 7.04 *Trustee's Disclaimer.*

The Trustee will not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it will not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it will not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the

Notes or pursuant to this Indenture other than its certificate of authentication. In accepting the trust hereby created, the Trustee acts solely as Trustee under this Indenture and not in its individual capacity and all Persons, including without limitation, the Holders of Notes and the Company, having any claim against the Trustee arising from this Indenture shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise provided herein.

Section 7.05 *Notice of Defaults.*

If a Default or Event of Default occurs and is continuing and if it is actually known to the Trustee (as provided in Section 7.02(g)), the Trustee will deliver to Holders of the Notes a notice of the Default or Event of Default within 90 days after the Trustee becomes aware of any such Default or Event of Default. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, on, and interest, if any, on, any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

Section 7.06 *[Reserved].*

Section 7.07 *Compensation and Indemnity.*

(a) The Company will pay to the Trustee from time to time reasonable compensation for its acceptance of this Indenture and services hereunder. The Trustee's compensation will not be limited by any law on compensation of a trustee of an express trust. The Company will reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses will include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

(b) The Company and the Guarantors will jointly and severally indemnify, defend and protect the Trustee (in any capacity under this Indenture and other document or transaction entered into in connection with this Indenture) and its officers, directors, agents and employees, and hold the Trustee harmless against any and all losses, liabilities, damages or expenses (including taxes (other than taxes based upon, or measured by or determined by the income of the Trustee) and reasonable attorneys' fees and expenses and court costs) incurred or suffered by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Company and the Guarantors (including this Section 7.07) and defending itself against any claim (whether asserted by the Company, the Guarantors, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to

the extent any such loss, liability or expense may be attributable to its gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final, non-appealable judgment. The Trustee will notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company will not relieve the Company or any of the Guarantors of their obligations hereunder. The Company or such Guarantor will defend the claim and the Trustee will cooperate in the defense. The Trustee may have separate counsel and the Company will pay the reasonable fees and expenses of such counsel. None of the Company or any Guarantor need pay for any settlement made without its consent, which consent will not be unreasonably withheld.

(c) The obligations of the Company and the Guarantors under this Section 7.07 will survive the satisfaction and discharge of this Indenture and the resignation or removal of the Trustee.

(d) To secure the Company's and the Guarantors' payment obligations in this Section 7.07, the Trustee will have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal of, premium, if any, on, and interest, if any, on, particular Notes. Such Lien will survive the satisfaction and discharge of this Indenture, any rejection or termination of this Indenture under any bankruptcy law and the resignation or removal of the Trustee.

(e) Without prejudice to any other rights available to the Trustee under applicable law, when the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(j) or (k) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

Section 7.08 Replacement of Trustee.

(a) A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

(b) The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in aggregate principal amount of the then outstanding Notes may remove the Trustee by 30 days written notice to the Trustee and the Company. The Company may remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10 hereof;

(2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(3) a custodian or public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

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(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company will promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in aggregate principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

(d) If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee (at the Company's expense), the Company, or the Holders of at least 10% in aggregate principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.10 hereof, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) A successor Trustee will deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee will become effective, and the successor Trustee will have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee will mail a notice of its succession to Holders. The retiring Trustee will promptly transfer all property held by it as Trustee to the successor Trustee; *provided* all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 hereof will continue for the benefit of the retiring Trustee.

Section 7.09 Successor Trustee by Merger, etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act will be the successor Trustee.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of

authentication of any predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of the Trustee shall have.

Section 7.10 Eligibility; Disqualification.

There will at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least \$50.0 million as set forth in its most recent published annual report of condition.

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Section 7.11 Trustee's Application for Instruction from the Company.

Any application by the Trustee for written instructions from the Company may, at the option of the Trustee, set forth in writing any action proposed to be taken or omitted by the Trustee under this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective. The Trustee shall not be liable for any action taken by, or omission of, the Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than three (3) Business Days after the date any Officer of the Company actually receives such application, unless any such Officer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Trustee shall have received written instructions in response to such application specifying the action to be taken or omitted.

ARTICLE 8

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01 Option to Effect Legal Defeasance or Covenant Defeasance.

The Company may at any time, (a) at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, elect to have Section 8.02 hereof be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8 or (b) at its option, elect to have Section 8.03 hereof be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

Section 8.02 Legal Defeasance and Discharge.

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Company and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from their obligations with respect to all outstanding Notes (including the Note Guarantees) on the date the conditions set forth below are satisfied (hereinafter, "*Legal Defeasance*"). For this purpose, Legal Defeasance means that the Company and the Guarantors will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes (including the Note Guarantees), which will thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in clauses (a) and (b) below, and to have satisfied all their other obligations under such Notes, the Note Guarantees and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which will survive until otherwise terminated or discharged hereunder:

(a) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, premium, if any, on, and interest, if any, on, such Notes when such payments are due from the trust referred to in Section 8.04 hereof;

(b) the Company's obligations with respect to such Notes under Sections 2.03, 2.04, 2.06, 2.07, 2.10, and 2.11 and Section 4.02 hereof;

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(c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's and the Guarantors' obligations in connection therewith; and

(d) this Article 8.

Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

Section 8.03 *Covenant Defeasance.*

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Company and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from each of their respective obligations under the covenants contained in Sections 4.03, 4.04, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.15, 4.16 and 4.17 hereof and clause (4) of Section 5.01(a) hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 hereof are satisfied (hereinafter, "*Covenant Defeasance*"), and the Notes will thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes will not be deemed outstanding for accounting purposes to the extent permitted by GAAP). For this purpose, *Covenant Defeasance* means that, with respect to the outstanding Notes and Note Guarantees, the Company and the Guarantors may omit to comply with and will have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes and Note Guarantees will be unaffected thereby. In addition, upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(c), (d), (e), (f), (g), (j) and (k) hereof will not constitute Events of Default.

Section 8.04 *Conditions to Legal or Covenant Defeasance.*

In order to exercise either Legal Defeasance or Covenant Defeasance under either Section 8.02 or 8.03 hereof:

(a) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of an accounting, appraisal or investment banking firm of national standing, to pay the principal of, premium, if any, on, and interest, if any, on, the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date (*provided* that if such redemption is made as provided in Section 3.07(b), (x) the amount of cash in U.S. dollars, non-callable Government Securities, or a combination thereof, that must be irrevocably deposited will be determined using an assumed Applicable Premium calculated as of the date of such deposit

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and (y) the depositor must irrevocably deposit or cause to be deposited additional money (the “Applicable Premium Deficit”) in trust on the redemption date as necessary to pay the Applicable Premium as determined on such date (it being understood that any defeasance shall be subject to the condition subsequent that each Applicable Premium Deficit is in fact paid); *provided* any Applicable Premium Deficit shall be set forth in an Officers’ Certificate delivered to the Trustee simultaneously with deposit of such Applicable Premium Deficit that confirms that such Applicable Premium Deficit shall be applied toward such redemption; *provided, further*, that the Trustee shall have no liability whatsoever in the event that such Applicable Premium Deficit is not in fact paid after any defeasance);

(b) in the case of an election under Section 8.02 hereof, the Company must deliver to the Trustee an Opinion of Counsel confirming that:

(1) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or

(2) since the date of this Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel will confirm that, the Beneficial Owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of an election under Section 8.03 hereof, the Company must deliver to the Trustee an Opinion of Counsel confirming that the Beneficial Owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit (and any similar concurrent deposit relating to other Indebtedness), and the granting of Liens to secure such borrowings);

(e) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture and the agreements governing any other Indebtedness being defeased, discharged or replaced) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(f) the Company must deliver to the Trustee an Officers’ Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of the Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or others; and

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(g) the Company must deliver to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Section 8.05 Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions.

Subject to Section 8.06 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of the outstanding Notes will be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, if any, but such money need not be segregated from other funds except to the extent required by law.

The Company will pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Notwithstanding anything in this Article 8 to the contrary, the Trustee will deliver or pay to the Company from time to time upon the request of the Company any money or non-callable Government Securities held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(a) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.06 *Repayment to Company.*

Subject to any applicable abandoned property law, any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, on, and interest, if any, on, any Note and remaining unclaimed for two years after such principal, premium, if any, or interest, if any, has become due and payable shall be paid to the Company on its request or (if then held by the Company) will be discharged from such trust; and the Holder of such Note will thereafter be permitted to look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, will thereupon cease.

Section 8.07 *Reinstatement.*

If the Trustee or Paying Agent is unable to apply any U.S. dollars or non-callable Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's and the Guarantors' obligations under this Indenture and the Notes and the Note Guarantees will be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money or Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be; *provided, however*, that, if the Company makes any payment of principal of, premium, if any, on, or interest, if any, on, any Note following the reinstatement of its obligations, the Company will be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

ARTICLE 9 AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01 *Without Consent of Holders of Notes.*

Notwithstanding Section 9.02 of this Indenture, without the consent of any Holder of Notes, the Company, the Guarantors and the Trustee may amend or supplement this Indenture, the Notes or the Note Guarantees:

- (a) to cure any ambiguity, defect or inconsistency;
- (b) to provide for uncertificated Notes in addition to or in place of certificated Notes;
- (c) to provide for the assumption of the Company's or a Guarantor's obligations to Holders of the Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Company's or such Guarantor's properties or assets, as applicable;
- (d) to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights under this Indenture of any Holder, including to comply with requirements of the SEC or DTC in order to maintain the transferability of the Notes pursuant to Rule 144A or Regulation S;
- (e) to conform the text of this Indenture, the Notes or the Note Guarantees to any provision of the "Description of Notes" section of the Offering Memorandum;
- (f) to provide for the issuance of Additional Notes in accordance with the limitations set forth in this Indenture as of the date hereof;
- (g) to secure the Notes or the Note Guarantees pursuant to the requirements of Section 4.12 hereof or otherwise;

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- (h) to add any additional Guarantee of the Notes as provided in this Indenture or otherwise, or to evidence the release of any Guarantor from its Note Guarantee as provided in this Indenture; or
 - (i) to evidence or provide for the acceptance of appointment under this Indenture of a successor Trustee.

Section 9.02 With Consent of Holders of Notes.

Except as provided below in this Section 9.02, the Company, the Guarantors and the Trustee may amend or supplement this Indenture (including Sections 3.09, 4.10 and 4.15 hereof) and the Notes and the Note Guarantees with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including Additional Notes, if any) voting as a single class (including consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and any existing Default or Event of Default or compliance with any provision of this Indenture or the Notes or the Note Guarantees may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including Additional Notes, if any) voting as a single class (including consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes). Section 2.08 hereof shall determine which Notes are considered to be "outstanding" for purposes of this Section 9.02. However, without the consent of each Holder affected, an amendment, supplement or waiver under this Section 9.02 may not (with respect to any Notes held by a non-consenting Holder):

- (a) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;
- (b) reduce the principal of or change the fixed maturity of any Note or alter or waive any of the provisions with respect to the redemption or repurchase of the Notes (other than provisions under Sections 3.09, 4.10 or 4.15 or the minimum notice required with respect to any redemption of Notes pursuant to Article 3);
- (c) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(d) waive a Default or Event of Default in the payment of principal of, premium, if any, on, or interest, if any, on the Notes (except a rescission of acceleration of the Notes by the Holders of a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(e) make any Note payable in money other than that stated in the Notes;

(f) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of the Notes to receive payments of principal of, premium, if any, on, or interest, if any, on, the Notes (other than as permitted in clause (g) below);

(g) waive a redemption or repurchase payment with respect to any Note (other than a payment required by Section 3.09, 4.10 or 4.15);

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(h) release any Guarantor from any of its obligations under its Note Guarantee or this Indenture, except in accordance with the terms of this Indenture; or

(i) make any change in the preceding amendment, supplement and waiver provisions.

It is not necessary for the consent of the Holders of the Notes under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it is sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company will mail to the Holders of the Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver.

Section 9.03 *Revocation and Effect of Consents.*

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the amendment, supplement or waiver becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder unless it makes a change described in any of clauses (a) through (i) of the first paragraph of Section 9.02, in which case, the amendment, supplement or waiver shall bind only each Holder of a Note who has consented to such amendment, supplement or waiver and every subsequent Holder of a Note or portion of a Note that evidences the same indebtedness as the consenting Holder's Note.

Section 9.04 *Notation on or Exchange of Notes.*

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note will not affect the validity and effect of such amendment, supplement or waiver.

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Section 9.05 *Trustee to Sign Amendments, etc.*

The Trustee will sign any amended or supplemental indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities, privileges, protections, benefits, indemnities or immunities of the Trustee. In executing any amended or supplemental indenture, the Trustee will be entitled to receive and (subject to Section 7.01 hereof) will be fully protected in relying upon, in addition to the documents required by Section 12.04 hereof, an Officers' Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture.

Section 9.06 *Effect of Supplemental Indentures.*

Upon the execution of any amended or supplemental indenture under this Article 9, this Indenture shall be modified in accordance therewith, and such amended or supplemental indenture shall form a part of this Indenture for all purposes and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby, unless such amended or supplemental indenture makes a change described in any of clauses (a) through (i) of the first paragraph of Section 9.02, in which case, such amended or supplemental indenture shall bind only each Holder of a Note who has consented to such amended or supplemental indenture and every subsequent Holder of a Note or portion of a Note that evidences the same indebtedness as the consenting Holder's Note.

ARTICLE 10
NOTE GUARANTEES

Section 10.01 *Guarantee.*

(a) Subject to this Article 10, each of the Guarantors hereby, jointly and severally, unconditionally Guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the obligations of the Company hereunder or thereunder, that:

(1) the principal of, premium, if any, on, and interest, if any, on, the Notes will be promptly paid in full when due, whether at Stated Maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of, premium, if any, on, and interest, if any, on, the Notes, if lawful, and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder will be promptly paid in full, all in accordance with the terms hereof and thereof; and

(2) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise.

Failing payment when due of any amount so Guaranteed or any performance so Guaranteed for whatever reason, the Guarantors will be jointly and severally obligated to pay the

same immediately. Each Guarantor agrees that this is a Guarantee of payment and not a Guarantee of collection.

(b) The Guarantors hereby agree that their obligations hereunder are unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. Each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenant that this Note Guarantee will not be discharged except by complete payment of all amounts due under the Notes and this Indenture.

(c) If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Guarantors or any custodian, trustee, liquidator or other similar official acting in relation to either the Company or the Guarantors, any amount paid by any of them to the Trustee or such Holder, this Note Guarantee, to the extent theretofore discharged, will be reinstated in full force and effect.

(d) Each Guarantor agrees that it will not be entitled to any right of subrogation in relation to the Holders in respect of any obligations Guaranteed hereby until payment in full of all obligations Guaranteed hereby. Each Guarantor further agrees that, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (1) the maturity of the obligations Guaranteed hereby may be accelerated as provided in Article 6 hereof for the purposes of this Note Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations Guaranteed hereby, and (2) in the event of any declaration of acceleration of such obligations as provided in Article 6 hereof, such obligations (whether or not due and payable) will forthwith become due and payable by the Guarantors for the purpose of this Note Guarantee. The Guarantors will have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Note Guarantee.

Section 10.02 *Limitation on Guarantor Liability.*

Each Guarantor and, by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Note Guarantee of such Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Note Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of such Guarantor will be limited to the maximum amount that will, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article 10, result in the obligations of such Guarantor under its Note Guarantee not constituting a fraudulent transfer or conveyance.

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Section 10.03 *Execution and Delivery of Note Guarantee.*

The Note Guarantee of any Guarantor shall be evidenced solely by its execution and delivery of this Indenture (or, in the case of any Guarantor that is not party to this Indenture as of the date hereof, a supplemental indenture) and not by an endorsement on, or attachment to, any Note of any Note Guarantee or notation thereof. Each Guarantor hereby agrees that its Note Guarantee set forth in Section 10.01 shall be and remain in full force and effect notwithstanding any failure to endorse on any Note a notation of such Note Guarantee. The delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Note Guarantees set forth in this Indenture on behalf of each of the Guarantors.

Section 10.04 *Guarantors May Consolidate, etc., on Certain Terms.*

Except as otherwise provided in Section 10.05 hereof, no Guarantor may consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person, other than the Company or another Guarantor, unless:

(a) immediately after giving effect to such transaction or series of transactions, no Default or Event of Default exists; and

(b) either:

(i) the Person formed by or surviving any such consolidation or merger (if other than the Guarantor) unconditionally assumes all the obligations of that Guarantor under its Note Guarantee and this Indenture pursuant to a supplemental indenture; or

(ii) such transaction or series of transactions does not violate Section 4.10 hereof.

In case of any such consolidation or merger and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee, of the Note Guarantee of the Guarantor and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Guarantor, such successor Person will succeed to and be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor. All the Note Guarantees relating to Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee will in all respects have the same legal rank and benefit under this Indenture as the Note Guarantees theretofore and thereafter issued in accordance with the terms of this Indenture as though all of such Note Guarantees had been issued at the date of the execution hereof.

Except as set forth in Articles 4 and 5 hereof, and notwithstanding clauses (a) and (b) above, nothing contained in this Indenture or in any of the Notes will prevent any consolidation or merger of a Guarantor with or into the Company or another Guarantor, or will prevent any sale or other disposition of the properties or assets of a Guarantor as an entirety or substantially as an entirety to the Company or another Guarantor.

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Section 10.05 Releases.

Notwithstanding Section 10.04, the Note guarantee of a Guarantor shall be released:

(a) in connection with any sale or other disposition of all or substantially all of the properties or assets of that Guarantor, by way of merger, consolidation or otherwise, to a Person that is not (either before or after giving effect to such transaction) the Company or a Guarantor, if the sale or other disposition does not violate Section 4.10 hereof;

(b) in connection with any sale or other disposition of Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Guarantor, if the sale or other disposition does not violate Section 4.10 hereof and such Guarantor ceases to be a Restricted Subsidiary of the Company as a result of the sale or other disposition;

(c) upon designation of such Guarantor as an Unrestricted Subsidiary in accordance with the terms of this Indenture;

(d) if such Guarantor ceases to Guarantee any Indebtedness of the Company or another Guarantor under a Credit Facility; or

(e) upon the applicable Guarantor ceasing to be a Subsidiary as a result of any foreclosure of any pledge or security interest securing the Credit Agreement or other exercise of remedies in respect thereof.

In addition, the Note Guarantees of all Guarantors will be released upon Legal Defeasance or Covenant Defeasance in accordance with Article 8 hereof or satisfaction and discharge of this Indenture in accordance with Article 11 hereof.

Any release pursuant to the foregoing shall be deemed to occur automatically, without further action by the Trustee or Holders of Notes, upon delivery by the Company of an Officers' Certificate stating that the conditions to such release have been satisfied. Any Guarantor not released from its obligations under its Note Guarantee as provided in this Section 10.05 will remain liable for the full amount of principal of, premium, if any, on, and interest, if any, on, the Notes and for the other obligations of any Guarantor under this Indenture as provided in this Article 10.

ARTICLE 11

SATISFACTION AND DISCHARGE

Section 11.01 *Satisfaction and Discharge.*

This Indenture will be satisfied and discharged and will cease to be of further effect as to all Notes issued hereunder (except as to surviving rights of registration of transfer or exchange of the Notes and as otherwise specified in this Article 11), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging such satisfaction and discharge of this Indenture, when:

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(a) either:

(1) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Company, have been delivered to the Trustee for cancellation; or

(2) all Notes that have not been delivered to the Trustee for cancellation have become due and payable or will become due and payable within one year by reason of the mailing of a notice of redemption or otherwise and either the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, if any, and interest, if any, to the date of Stated Maturity or redemption (*provided* that if such redemption is made as provided Section 3.07(b), (x) the amount of cash in U.S. dollars, non-callable Government Securities, or a combination thereof, that must be irrevocably deposited will be determined using an assumed Applicable Premium calculated as of the date of such deposit and (y) the depositor must irrevocably deposit or cause to be deposited the Applicable Premium Deficit in trust on the redemption date as necessary to pay the Applicable Premium as determined by such date (it being understood that any satisfaction and discharge shall be subject to the condition subsequent that such Applicable Premium Deficit is in fact paid); *provided* any Applicable Premium Deficit shall be set forth in an Officers' Certificate delivered to the Trustee simultaneously with the deposit of such Applicable Premium Deficit that confirms that such Applicable Premium Deficit shall be applied toward such redemption; *provided, further*, that the Trustee shall have no liability whatsoever in the event that such Applicable Premium Deficit is not in fact paid after any satisfaction and discharge);

(b) the Company has paid or caused to be paid all other sums payable by the Company under this Indenture; and

(c) the Company has delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Notes at Stated Maturity or on the redemption date, as the case may be.

In addition, the Company must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Notwithstanding the satisfaction and discharge of this Indenture, if money has been deposited with the Trustee pursuant to subclause (2) of clause (a) of this Section 11.01, the provisions of Sections 11.02 and 8.06 hereof will survive. In addition, nothing in this Section 11.01 will be deemed to discharge those provisions of Section 7.07 hereof, that, by their terms, survive the satisfaction and discharge of this Indenture.

Section 11.02 Application of Trust Money.

Subject to the provisions of Section 8.06 hereof, all money deposited with the Trustee pursuant to Section 11.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal, premium, if any, interest, if any, for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any money or Government Securities in accordance with Section 11.01 hereof by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's and any Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 11.01 hereof; *provided* that if the Company has made any payment of principal of, premium, if any, on, and interest, if any, on, any Notes because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

Notwithstanding the above, the Trustee shall pay to the Company from time to time upon its written request any money or Government Securities held by the Trustee as provided in this Section 11.02 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification delivered to the Trustee, are in excess of the amount thereof that would then be required to be deposited to effect satisfaction and discharge under this Article 11.

Subject to any applicable abandoned property law, any money or Government Securities deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium or interest on any Note and remaining unclaimed for two years after such principal, and premium, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease.

**ARTICLE 12
MISCELLANEOUS**

Section 12.01 [Reserved].

Section 12.02 Notices.

Any notice or communication by the Company, any Guarantor or the Trustee to the others is duly given if in writing in the English language and delivered in Person or by first class mail (registered or certified, return receipt requested), electronic image scan, facsimile transmission or overnight air courier guaranteeing next day delivery, to the others' address:

If to any of the Company and the Guarantors:

Colgate Energy Partners III, LLC
300 N. Marienfeld Street, Suite 1000
Midland, Texas 79701
Facsimile No.: (432) 695-4063
Attention: General Counsel

If to the Trustee:

Wells Fargo Bank, National Association
CTSO Mail Operations
600 South 4th Street, 7th Floor
MAC N9300-070
Minneapolis, MN 55415

Attention: Corporate Trust Services – Colgate Energy Partners III, LLC Administrator

The Company, any Guarantor or the Trustee, by notice to the others, may designate additional or different addresses for subsequent notices or communications. Notices given by publication will be deemed given on the first date on which publication is made.

All notices and communications to the Company or a Guarantor will be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if transmitted by electronic image scan or facsimile; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery. Any notice or communication to the Trustee shall be deemed delivered upon receipt by a Responsible Officer of the Trustee.

Any notice or communication to a Holder will be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar, except that all notices and communications to the Depositary as a Holder shall be given in the manner it prescribes, notwithstanding anything to the contrary indication herein. Failure to send a notice or communication to a Holder or any defect in it will not affect its sufficiency with respect to other Holders.

If a notice or communication is given in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company sends a notice or communication to Holders, it will send a copy to the Trustee and each Agent at the same time.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by the Holders shall be filed with the Trustee.

but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 12.03 [Reserved].

Section 12.04 Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(a) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 12.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(b) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 12.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

Section 12.05 Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture must include:

(a) a statement that the person making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

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(d) a statement as to whether or not, in the opinion of such person, such condition or covenant has been satisfied.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an Officer with respect to any Person may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such Officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon certificates of public officials or upon a certificate or opinion of, or representations by, an Officer or Officers with respect to any Person stating that the information with respect to such factual matters is in the possession of such Person (or, if such Person is a limited partnership, such Person's general partner) unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 12.06 Rules by Trustee and Agents.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 12.07 *No Personal Liability of Directors, Managers, Officers, Employees and Members.*

No director, manager, officer, member, employee, incorporator or other owner of Capital Stock of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Notes, this Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

Section 12.08 *Governing Law; Consent to Jurisdiction; Waiver of Jury Trial.*

(a) THE LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE, THE NOTES AND THE NOTE GUARANTEES.

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(b) EACH OF THE COMPANY, THE GUARANTORS AND THE TRUSTEE HEREBY (AND EACH HOLDER OF A NOTE BY ITS ACCEPTANCE THEREOF) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR THE TRANSACTION CONTEMPLATED HEREBY.

Section 12.09 *No Adverse Interpretation of Other Agreements.*

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 12.10 *Successors.*

All agreements of the Company in this Indenture and the Notes will bind its successors, except as provided in Section 5.02. All agreements of the Trustee in this Indenture will bind its successors. All agreements of each Guarantor in this Indenture will bind its successors, except as otherwise provided in Section 10.05 hereof.

Section 12.11 *Severability; Entire Agreement.*

In case any provision in this Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior written agreements and understandings, oral or written.

Section 12.12 *Counterpart Originals, Electronic Signature.*

The parties may sign any number of copies of this Indenture, and each party hereto may sign any number of separate copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes. This Indenture and any certificate, agreement or other document to be signed in connection with this Indenture and the transactions contemplated hereby shall be valid, binding, and enforceable against a party only when executed and delivered by an authorized individual on behalf of the party by means of (i) an original manual signature; (ii) a faxed, scanned, or photocopied manual signature; or (iii) in the case of this Indenture and any certificate, agreement or other document to be signed in connection with this Indenture and the transactions

contemplated hereby, other than any Notes, any electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, and/or any other relevant electronic signatures law, including relevant provisions of the Uniform Commercial Code (collectively, "Signature Law"). Each electronic signature (except in the case of any Notes) or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each party hereto shall be entitled to conclusively rely upon, and shall have no liability with respect to, any faxed, scanned, or photocopied manual signature, or other electronic signature (except in the case of any Notes), of any party and shall have no duty to investigate, confirm or otherwise verify the validity or authenticity thereof. Notwithstanding the foregoing, original manual signatures shall be used for authentication by the Trustee of any Notes, and execution or indorsement of writings when required under the Uniform Commercial Code or other Signature Law due to the character or intended character of the writings.

Section 12.13 *Table of Contents, Headings, etc.*

The Table of Contents, Cross-Reference Table and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and will in no way modify or restrict any of the terms or provisions hereof.

Section 12.14 *Payment Date Other Than a Business Day.*

If any payment with respect to any principal of, premium, if any, on, or interest, if any, on any Note (including any payment to be made on any date fixed for redemption or purchase of any Note) is due on a day which is not a Business Day, then the payment need not be made on such date, but may be made on the next Business Day with the same force and effect as if made on such date, and no interest will accrue for the intervening period.

Section 12.15 *Evidence of Action by Holders.*

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given, made or taken by the Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing, and may be given, made or taken in connection with a purchase of, or tender offer or exchange offer for, outstanding Notes; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Company if made in the manner provided in this Section 12.15.

Without limiting the generality of this Section 12.15, unless otherwise provided in or pursuant to this Indenture, (i) a Holder, including a Depository or its nominee that is a Holder of a Global Note, may give, make or take, by an agent or agents duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver or other Act provided in or

pursuant to this Indenture to be given, made or taken by the Holders, and a Depositary or its nominee that is a Holder of a Global Note may duly appoint in writing as its agent or agents members of, or participants in, such Depositary holding interests in such Global Note in the records of such Depositary; and (ii) with respect to any Global Note the Depositary for which is DTC, any consent or other action given, made or taken by an "agent member" of DTC by electronic means in accordance with the Automated Tender Offer Procedures system or other customary procedures of, and pursuant to authorization by, DTC shall be deemed to constitute the "Act" of the Holder of such Global Note, and such Act shall be deemed to have been delivered to the Company and the Trustee upon the delivery by DTC of an "agent's message" or other notice of such consent or other action having been so given, made or taken in accordance with the customary procedures of DTC.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to such witness, notary or officer the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) Notwithstanding anything to the contrary contained in this Section 12.15 or elsewhere in this Indenture, the principal amount and serial numbers of Notes held by any Holder, and the date of holding the same, shall be proved by the register of the Notes maintained by the Registrar as provided in Section 2.03.

(d) If the Company shall solicit from the Holders of the Notes any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, fix in advance a record date for the determination of the Holders entitled to give, make or take such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. Such record date shall be the record date specified in or pursuant to such resolution, which shall be a date not earlier than the date 30 days prior to the first solicitation of the Holders generally in connection therewith or the date of the most recent list of the Holders forwarded to the Trustee prior to such solicitation pursuant to Section 2.05 and not later than the date such solicitation is completed. If such a record date is fixed, then notwithstanding the second sentence of Section 9.03, any instrument embodying and evidencing such request, demand, authorization, direction, notice, consent, waiver or other Act may be executed before or after such record date, but only the Holders of record at the close of business on such record date (whether or not such Persons were Holders before, or continue to be Holders after, such record date) shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of the then outstanding Notes have given, made or taken such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the then outstanding Notes shall be computed as of such record date; *provided* that no such Act by the Holders of record on any record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than eleven months after such record date.

(e) Subject to Section 9.03, any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Note shall bind every future Holder of the same Note and the Holder of every Note issued upon the registration or transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Note.

(f) Without limiting the foregoing, a Holder entitled hereunder to give, make or take any action hereunder with regard to any particular Note may do so itself with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount.

Section 12.16 *Benefit of Indenture.*

Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto, any Paying Agent, any Registrar and their successors hereunder, and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 12.17 *Language of Notices, Etc.*

Any request, demand, authorization, direction, notice, consent, waiver or Act required or permitted under this Indenture shall be in the English language, except that any published notice may be in an official language of the country of publication.

Section 12.18 *U.S.A. Patriot Act.*

The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

Section 12.19 *Force Majeure.*

In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, , (i) any act or provision of present or future law or regulation or governmental authority, (ii) labor disputes, strikes or work stoppages, (iii) accidents, (iv) acts of war or terrorism, (v) civil or military disturbances or unrest, (vi) nuclear or natural catastrophes or acts of God, (vii) epidemics or pandemics, , (viii) disease, (ix) quarantine, (x) national emergency, (xi) interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, (xii) communications system failure (xiii) malware or ransomware, (xiv) the unavailability of the Federal Reserve Bank wire, telex or other communication or wire facility, or (xv) unavailability of any securities clearing system; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

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Section 12.20 *Calculations.*

The Company will be responsible for making all calculations called for under this Indenture or the Notes. The Company will make all such calculations in good faith and, absent manifest error, its calculations will be final and binding on Holders. The Company will provide a schedule of its calculations to the Trustee and the Trustee is entitled to rely conclusively upon the accuracy of such calculations without independent verification.

[Signatures on following page]

SIGNATURES

Dated as of June 30, 2021

COMPANY:

COLGATE ENERGY PARTNERS III, LLC

By: /s/ James Walter
James Walter
President & Co-Chief Executive Officer

GUARANTORS:

COLGATE PRODUCTION, LLC

By: /s/ James Walter
James Walter
President & Co-Chief Executive Officer

COLGATE II CORP, LLC

By: /s/ James Walter
James Walter
President & Co-Chief Executive Officer

COLGATE OPERATING, LLC

By: /s/ James Walter
James Walter
President & Co-Chief Executive Officer

COLGATE MINERALS, LLC

By: /s/ James Walter
James Walter
President & Co-Chief Executive Officer

COLGATE RANCH, LLC

By: /s/ James Walter
James Walter

President & Co-Chief Executive Officer

TUSKER MIDSTREAM, LLC

By: /s/ James Walter

James Walter

President & Co-Chief Executive Officer

COLGATE ENERGY, LLC

By: /s/ James Walter

James Walter

President & Co-Chief Executive Officer

COLGATE ROYALTIES, LP

By: /s/ James Walter

James Walter

President & Co-Chief Executive Officer

TREE SHAKER MINERALS, LLC

By: /s/ James Walter

James Walter

President & Co-Chief Executive Officer

COLGATE ENERGY DEVELOPMENT, LLC

By: /s/ James Walter

James Walter

President & Co-Chief Executive Officer

CL ENERGY, LLC

By: /s/ James Walter

James Walter

President & Co-Chief Executive Officer

HERMOSA RANCH LLC

By: /s/ James Walter

James Walter
President & Co-Chief Executive Officer

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Trustee

By: /s/ Patrick Giordano
Patrick Giordano
Vice President

[Signature page to Indenture]

EXHIBIT A

[Face of Note]

CUSIP [●]

5.875% Senior Notes due 2029

[Insert the Global Note Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

[Insert Regulation S Temporary Legend, if applicable pursuant to the provisions of the Indenture]

No. _____ \$ _____

COLGATE ENERGY PARTNERS III, LLC

promises to pay to or registered assigns,

the principal sum of DOLLARS [or such greater or lesser amount as may be indicated on the attached Schedule of Exchanges of Interests in the Global Note] on July 1, 2029.

Interest Payment Dates: January 1 and July 1

Record Dates: December 15 and June 15

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COLGATE ENERGY PARTNERS III, LLC

By:

Name:

Title:

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This is one of the Notes referred to
in the within-mentioned Indenture:

Dated: _____

Wells Fargo Bank, National Association,
as Trustee

By:

Authorized Signatory

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[BACK OF NOTE]

5.875% SENIOR NOTES DUE 2029

Capitalized terms used herein have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

(1) **INTEREST.** Colgate Energy Partners III, LLC, a Delaware limited liability company (the “Company”), promises to pay interest on the unpaid principal amount of this Note at 5.875% per annum. The Company will pay interest, if any, semi-annually in arrears on January 1 and July 1 of each year, beginning January 1, 2022 (each, an “Interest Payment Date”). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; *provided that*, if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date. The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate that is equal to the then applicable interest rate on the Notes to the extent lawful; they will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest, if any (without regard to any applicable grace period), from time to time on demand at the same rate to the extent lawful.

Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. If any payment with respect to any principal of, premium, if any, on, or interest, if any, on any Note (including any payment to be made on any date fixed for redemption or purchase of any Note) is due on a day which is not a Business Day, then the payment need not be made on such date, but may be made on the next Business Day with the same force and effect as if made on such date, and no interest will accrue for the intervening period.

(2) **METHOD OF PAYMENT.** The Company will pay interest on the Notes (except defaulted interest), if any, to the Persons who are registered Holders of Notes at the close of business on the December 15 and June 15 next preceding each Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium, if any, and interest, if any, at the office or agency of the Company maintained for such purpose or, at the option of the Company, payment of interest, if any, may be made by check mailed to the Holders at their addresses set forth in the register of Holders; *provided that* payment by wire transfer of immediately available funds will be required with respect to principal of, premium, if any, on, and interest, if any, on, all Global Notes and all other Notes the Holders of which will have provided wire transfer instructions to the Company or the Paying Agent to a United States dollar account maintained by the payee with a bank in the continental United States and such payee owns at least \$5.0 million or more in aggregate principal amount of the Notes. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

(3) **PAYING AGENT AND REGISTRAR.** Initially, Wells Fargo Bank, National Association, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Company may change the Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

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(4) **INDENTURE.** The Company issued the Notes under an Indenture dated as of June 30, 2021 (the “Indenture”), among the Company, the Guarantors and the Trustee. The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are unsecured obligations of the Company. The Indenture does not limit the aggregate principal amount of Notes that may be issued thereunder.

(5) **OPTIONAL REDEMPTION.**

(a) At any time prior to July 1, 2024, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under the Indenture, upon notice as provided in the Indenture, at a redemption price equal to 105.875% of the principal amount of the Notes redeemed, *plus* accrued and unpaid interest, if any, to, but not including, the date of redemption (subject to the rights of Holders on the relevant record date to receive interest on the relevant Interest Payment Date), with an amount of cash not greater than the net cash proceeds of an Equity Offering, *provided that*:

(A) at least 65% of the aggregate principal amount of Notes originally issued on the date of the Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption (unless all Notes are redeemed substantially concurrently therewith); and

(B) the redemption occurs within 180 days after the date of the closing of such Equity Offering.

(b) At any time prior to July 1, 2024, the Company may on any one or more occasions redeem all or a part of the Notes, upon notice as provided in the Indenture, at a redemption price equal to 100% of the principal amount of the Notes redeemed, *plus* the Applicable Premium as of the redemption date, *plus* accrued and unpaid interest to, but not including, the date of redemption, subject to the rights of Holders on the relevant record date to receive interest due on the relevant Interest Payment Date.

(c) The Company may redeem Notes when permitted by, and pursuant to the conditions in, Section 4.15(e) of the Indenture.

(d) Except pursuant to the preceding paragraphs, the Notes will not be redeemable at the Company's option prior to July 1, 2024.

(e) On or after July 1, 2024, the Company may on any one or more occasions redeem all or a part of the Notes, upon notice as provided in the Indenture, at the redemption prices (expressed as percentages of principal amount) set forth below, *plus* accrued and unpaid interest, if any, on the Notes redeemed, to, but not including, the applicable redemption date, if redeemed during the twelve-month period beginning on July 1 of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest on the relevant Interest Payment Date:

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Year	Percentage
2024	102.938%
2025	101.469%
2026 and thereafter	100.000%

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

(6) **SPECIAL MANDATORY REDEMPTION.**

SPECIAL MANDATORY REDEMPTION.

In certain circumstances set forth in Section 3.08 of the Indenture, the Company will be required to redeem all of the outstanding Notes on the Special Mandatory Redemption Date at a redemption price equal to 100% of the initial issue price of such Notes, plus accrued and unpaid interest from the date of initial issuance of such Notes to, but not including, the Special Mandatory Redemption Date.

(7) **REPURCHASE AT THE OPTION OF HOLDER.**

(a) If there is a Change of Control, except as provided in the Indenture, the Company will be required to make an offer (a "Change of Control Offer") to each Holder to repurchase all or any part (equal to a minimum amount of \$2,000 or an integral multiple of \$1,000 in excess thereof) of each Holder's Notes at a purchase price in cash equal to 101% of the aggregate principal amount thereof *plus* accrued and unpaid interest, if any, thereon to, but not including the date of purchase, subject to the rights of Holders on the relevant record date to receive interest due on the relevant Interest Payment Date (the "Change of Control Payment"). Within 30 days following any Change of Control, the Company will mail a notice to each Holder, with a copy to the Trustee, setting forth the procedures governing the Change of Control Offer as required by the Indenture.

(b) If the Company or a Restricted Subsidiary of the Company consummates any Asset Sales, in certain circumstances, the Company may be required to make an Asset Sale Offer to all Holders of Notes and all holders of other Indebtedness that is *pari passu* with the Notes containing provisions similar to those set forth in the Indenture with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount, *plus* accrued and unpaid interest, if any, to the date of purchase, prepayment or redemption, subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant Interest Payment Date, and will be payable in cash. Holders of Definitive Notes that are the subject of an offer to purchase will receive an Asset Sale Offer from the Company prior to any related purchase date and may elect to have such Notes purchased by completing the form entitled "Option of Holder to Elect Purchase" attached to the Notes.

(8) *NOTICE OF REDEMPTION.* At least 10 days but not more than 60 days before an optional redemption date, the Company will mail or cause to be mailed by first class mail (or sent electronically if DTC is the recipient), a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture pursuant to Article 8 or 11 thereof. Notices of redemption may be subject to conditions precedent as set forth in the Indenture. Notes and portions of Notes selected will be in minimum amounts of \$2,000 or whole multiples of

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\$1,000 in excess thereof; except that if all of the Notes of a Holder are to be redeemed, the entire outstanding amount of Notes held by such Holder shall be redeemed.

(9) *DENOMINATIONS, TRANSFER, EXCHANGE.* The Notes are in registered form in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the next succeeding Interest Payment Date.

(10) *PERSONS DEEMED OWNERS.* The registered Holder of a Note may be treated as the owner of it for all purposes. Only registered Holders have rights under the Indenture.

(11) *AMENDMENT, SUPPLEMENT AND WAIVER.* Subject to certain exceptions, the Indenture, the Notes or the Note Guarantees may be amended or supplemented with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes including Additional Notes, if any, voting as a single class, and any existing Default or Event of Default or compliance with any provision of the Indenture or the Notes or the Note Guarantees may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes including Additional Notes, if any, voting as a single class. Without the consent of any Holder of Notes, the Indenture, the Notes or the Note Guarantees may be amended or supplemented for certain purposes set forth in the Indenture.

(12) *DEFAULTS AND REMEDIES.* In the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to the Company, any Restricted Subsidiary of the Company that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary, the principal of, and accrued and unpaid interest, if any, on, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 30% in aggregate principal amount of the then outstanding Notes may declare the principal of, and accrued and unpaid interest, if any, on, all outstanding Notes to be due and payable immediately. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal, premium, if any, on, and interest, if any, on the Notes) if it determines that withholding notice is in their interest. The Holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of all the Holders, rescind an acceleration and its consequences under the Indenture except a continuing Default or Event of Default in the payment of principal of, premium, if any, on, or interest, if any, on, the Notes (including in connection with an offer to purchase any Notes); *provided, however*, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration. The Company is required to deliver to the Trustee annually an Officers' Certificate regarding compliance with the Indenture, and the Company is required, upon becoming aware of any Default or Event of Default, to deliver to the Trustee a written statement specifying such Default or Event of Default.

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(13) **TRUSTEE DEALINGS WITH COMPANY.** The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

(14) **NO RECOURSE AGAINST OTHERS.** No director, manager, officer, member, partner, employee, incorporator or other owner of Capital Stock of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Notes, the Indenture, the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

(15) **AUTHENTICATION.** This Note will not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

(16) **ABBREVIATIONS.** Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

(17) **CUSIP NUMBERS.** Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes, and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption, and reliance may be placed only on the other identification numbers placed thereon.

(18) **GOVERNING LAW.** THE LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THE INDENTURE, THIS NOTE AND THE NOTE GUARANTEES.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

Colgate Energy Partners III, LLC
300 N. Marienfeld Street, Suite 1000
Midland, Texas 79701
Attention: Chief Financial Officer

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ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to:

(Insert assignee's legal name)

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint

to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature:

(Sign exactly as your name appears on the face of this Note)

Tax Identification No.:

Signature Guarantee*:

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

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OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.15 of the Indenture, check the appropriate box below:

☐ Section 4.10 ☐ Section 4.15

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.15 of the Indenture, state the amount you elect to have purchased:

\$ _____

Date: _____

Your Signature:

(Sign exactly as your name appears on the face of this Note)

Tax Identification No.:

Signature Guarantee*:

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

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SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE *

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease (or increase)	Signature of authorized officer of Trustee or Custodian

* This schedule should be included only if the Note is issued in global form.

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EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

Colgate Energy Partners III, LLC
300 N. Marienfeld Street, Suite 1000
Midland, Texas 79701

Wells Fargo Bank, National Association
Corporate Trust – DAPS REORG
600 Fourth Street South, 7th Floor
MAC N9300-070
Minneapolis, MN 55415
Facsimile: (866) 969-1290
Email: dapsreorg@wellsfargo.com

Re: 5.875% Senior Notes due 2029

Reference is hereby made to the Indenture, dated as of June 30, 2021 (the “*Indenture*”), among Colgate Energy Partners III, LLC, a Delaware limited liability company (the “*Company*”), the Guarantors party thereto and Wells Fargo Bank, National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

[●], (the “*Transferor*”) owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of \$ [●] in such Note[s] or interests (the “*Transfer*”), to [●] (the “*Transferee*”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. ☐ **Check if Transferee will take delivery of a beneficial interest in the 144A Global Note or a Restricted Definitive Note pursuant to Rule 144A.** The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A, and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

2. ☐ **Check if Transferee will take delivery of a beneficial interest in the Regulation S Temporary Global Note, the Regulation S Permanent Global Note or a Restricted Definitive**

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Note pursuant to Regulation S. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Permanent Global Note, the Regulation S Temporary Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

3. ☐ **Check and complete if Transferee will take delivery of a beneficial interest in a Restricted Definitive Note pursuant to any provision of the Securities Act other than Rule 144A or Regulation S.** The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) ☐ such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

OR

(b) ☐ such Transfer is being effected to the Company or a Subsidiary thereof;

OR

(c) ☐ such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act.

4. ☐ **Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Note or of an Unrestricted Definitive Note.**

(a) ☐ **Check if Transfer is pursuant to Rule 144.** (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred

beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

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(b) ☐ **Check if Transfer is Pursuant to Regulation S.** (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c) ☐ **Check if Transfer is Pursuant to Other Exemption.** (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit.

[Insert Name of Transferor]

By:

Name:

Title:

Dated: _____

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ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK (a) OR (b)]

(a) ☐ a beneficial interest in the [CHECK (i), (ii) OR (iii)]:

(i) ☐ 144A Global Note (CUSIP [•]),

(ii) ☐ Regulation S Temporary Global Note (CUSIP [•]), or

(iii) ☐ Regulation S Permanent Global Note (CUSIP [•]); or

(b) ☐ a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK (a), (b) OR (c)]

(a) ☐ a beneficial interest in the [CHECK (i), (ii) OR (iii)]:

(i) ☐ 144A Global Note (CUSIP [•]), or

(ii) ☐ Regulation S Global Note (CUSIP [•]), or

(iii) ☐ Unrestricted Global Note (CUSIP [•]) or

(b) ☐ a Restricted Definitive Note; or

(c) ☐ an Unrestricted Definitive Note,

in accordance with the terms of the Indenture.

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EXHIBIT C

FORM OF CERTIFICATE OF EXCHANGE

Colgate Partners III, LLC
300 N. Marienfeld Street, Suite 1000
Midland, Texas 79701

Wells Fargo Bank, National Association
Corporate Trust – DAPS REORG
600 Fourth Street South, 7th Floor
MAC N9300-070
Minneapolis, MN 55415
Facsimile: (866) 969-1290
Email: dapsreorg@wellsfargo.com

Re: 5.875% Senior Notes due 2029

(CUSIP [•])

Reference is hereby made to the Indenture, dated as of June 30, 2021 (the “*Indenture*”), among Colgate Energy Partners III, LLC, a Delaware limited liability company (the “*Company*”), the Guarantors party thereto and Wells Fargo Bank, National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

[•], (the “*Owner*”) owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of \$ [•] in such Note[s] or interests (the “*Exchange*”). In connection with the Exchange, the Owner hereby certifies that:

1. Exchange of Restricted Definitive Notes or Beneficial Interests in a Restricted Global Note for Unrestricted Definitive Notes or Beneficial Interests in an Unrestricted Global Note

(a) ☐ **Check if Exchange is from beneficial interest in a Restricted Global Note to beneficial interest in an Unrestricted Global Note.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the Securities Act of 1933, as amended (the "*Securities Act*"), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) ☐ **Check if Exchange is from beneficial interest in a Restricted Global Note to Unrestricted Definitive Note.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is

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being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c) ☐ **Check if Exchange is from Restricted Definitive Note to beneficial interest in an Unrestricted Global Note.** In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d) ☐ **Check if Exchange is from Restricted Definitive Note to Unrestricted Definitive Note.** In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. Exchange of Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes for Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes

(a) ☐ **Check if Exchange is from beneficial interest in a Restricted Global Note to Restricted Definitive Note.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act.

(b) ☐ **Check if Exchange is from Restricted Definitive Note to beneficial interest in a Restricted Global Note.** In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CHECK ONE] ☐ 144A Global Note, ☐ Regulation S Global Note with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

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This certificate and the statements contained herein are made for your benefit.

[Insert Name of Transferor]

By:

Name:

Title:

Dated: _____

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EXHIBIT D

[FORM OF SUPPLEMENTAL INDENTURE
TO BE DELIVERED BY SUBSEQUENT GUARANTORS]

SUPPLEMENTAL INDENTURE (this "*Supplemental Indenture*"), dated as of , among (the "*Guaranteeing Subsidiary*"), a subsidiary of Colgate Energy Partners III, LLC, a Delaware limited liability company (the "*Company*"), the other Guarantors (as defined in the Indenture referred to herein) and Wells Fargo Bank, National Association, as trustee under the Indenture referred to below (the "*Trustee*").

W I T N E S S E T H

WHEREAS, the Company has heretofore executed and delivered to the Trustee an indenture (the "*Indenture*"), dated as of June 30, 2021, providing for the issuance of 5.875% Senior Notes due 2029 (the "*Notes*");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally Guarantee all of the Company's Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "*Note Guarantee*"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary, the other Guarantors, the Company and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. The Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Note Guarantee and in the Indenture including but not limited to Article 10 thereof.

3. NO RECOURSE AGAINST OTHERS. No director, manager, officer, member, partner, employee, incorporator or unitholder or other owner of Capital Stock of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Notes, the Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

5. NEW YORK LAW TO GOVERN. THE LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE.

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6. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

7. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

8. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary, the other Guarantors and the Company.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

Dated: _____

[GUARANTEEING SUBSIDIARY]

By:

Name:

Title:

COLGATE ENERGY PARTNERS III, LLC

By:

Name:

Title:

[EXISTING GUARANTORS]

By:

Name:

Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
As Trustee

By:
Name:
Title: Authorized Signatory

**CENTENNIAL RESOURCE DEVELOPMENT, INC.
2016 LONG TERM INCENTIVE PLAN**

**AMENDED AND RESTATED PERFORMANCE
RESTRICTED STOCK UNIT GRANT NOTICE**

Capitalized terms not specifically defined in this Amended and Restated Performance Restricted Stock Unit Grant Notice (the “**Grant Notice**”) have the meanings given to them in the 2016 Long Term Incentive Plan (as amended and/or restated from time to time, the “**Plan**”) of Centennial Resource Development, Inc. (the “**Company**”).

The Company has granted to the participant listed below (“**Participant**”) the Restricted Stock Units described in this Grant Notice (the “**PSUs**”), subject to the terms and conditions of the Plan and the Performance Restricted Stock Unit Agreement attached as **Exhibit A** (the “**Agreement**”), both of which are incorporated into this Grant Notice by reference.

Participant:	[]
Grant Date:	July 28, 2020
Performance Period:	July 1, 2020 through June 30, 2023
Target Number of PSUs:	[]

This Grant Notice and the Agreement amend, restate and supersede in their entirety any prior agreement regarding the Award described herein. By Participant’s signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

CENTENNIAL RESOURCE DEVELOPMENT, INC.**PARTICIPANT**

By: _____
Name: _____ [Participant Name]
Title: _____

Exhibit A**PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT**

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

**ARTICLE I.
GENERAL****1.1 Award of PSUs and Dividend Equivalents.**

(a) The Company has granted the PSUs to Participant effective as of the grant date set forth in the Grant Notice (the "**Grant Date**"). Each PSU represents the right to receive one Share or, at the option of the Administrator, an amount of cash, in either case, as set forth in this Agreement. Participant will have no right to receive any Shares or cash in respect of this Award until the time (if ever) the PSUs have vested.

(b) The Company hereby grants to Participant, with respect to each PSU, a Dividend Equivalent for ordinary cash dividends paid to substantially all holders of outstanding Shares with a record date after the Grant Date and prior to the date the applicable PSU is settled, forfeited or otherwise expires. Each Dividend Equivalent entitles Participant to receive the equivalent value of any such ordinary cash dividends paid on a single Share. The Company will establish a separate Dividend Equivalent bookkeeping account (a "**Dividend Equivalent Account**") for each Dividend Equivalent and credit the Dividend Equivalent Account (without interest) on the applicable dividend payment date with the amount of any such cash paid.

1.2 Incorporation of Terms of Plan. The PSUs and Dividend Equivalents are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.3 Unsecured Promise. The PSUs and Dividend Equivalents will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

**ARTICLE II.
VESTING; FORFEITURE AND SETTLEMENT****2.1 Vesting; Forfeiture.**

(a) The PSUs will be earned based on the Company's achievement of the performance conditions set forth in Appendix A and, to the extent earned, the PSUs will vest in accordance with the schedule and terms set forth in Section 2.1(b). Any fraction of a PSU that would otherwise be vested will be rounded to the nearest whole PSU. Any PSUs that are not earned in accordance with the performance conditions set forth in Appendix A will immediately and automatically be cancelled and forfeited without consideration as of the date of determination. In the event of Participant's Termination of Service for any reason, all unvested PSUs will immediately and automatically be cancelled and forfeited, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company. Dividend Equivalents (including any Dividend Equivalent Account balance) will vest or be forfeited, as applicable, upon the vesting or forfeiture of the PSU with respect to which the Dividend Equivalent (including the Dividend Equivalent Account) relates.

(b) The PSUs will be earned, if at all, at a level of between 50% and 200% of the Target Number of PSUs specified in the Grant Notice (the “**Target Number of PSUs**”) based

on the Company’s achievement of the performance conditions set forth in Appendix A for the Performance Period set forth in the Grant Notice (the “**Performance Period**”). When practicable following the completion of the Performance Period, but in no event more than forty-five (45) days thereafter, the Administrator shall determine the extent to which the performance conditions set forth in Appendix A have been satisfied (such date of determination, the “**Final Determination Date**”). To the extent earned, the PSUs will vest on the Final Determination Date, subject to Participant not incurring a Termination of Service on or prior to the last day of the Performance Period.

2.2 Settlement.

(a) PSUs and Dividend Equivalents (including any Dividend Equivalent Account balance) will be paid in Shares or cash at the Administrator’s option as soon as administratively practicable after the vesting of the applicable PSU, but in no event more than thirty (30) days after the PSU’s vesting date. Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law until the earliest date the Company reasonably determines the making of the payment will not cause such a violation (in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii)), provided the Company reasonably believes the delay will not result in the imposition of excise taxes under Section 409A.

(b) If a PSU is paid in cash, the amount of cash paid with respect to each PSU will equal the average Fair Market Value of a Share over the five consecutive trading days ending on the day before the PSU’s vesting date, less applicable withholdings. If a Dividend Equivalent is paid in Shares, the number of Shares paid with respect to the Dividend Equivalent will equal the quotient, rounded down to the nearest whole Share, of the Dividend Equivalent Account balance divided by the average Fair Market Value of a Share over the five consecutive trading days ending on the day before the payment date.

(c) Notwithstanding anything to the contrary in this Agreement, this Award may only be settled in Shares to the extent Shares are then available for issuance in respect of the Award under the terms of the Plan.

ARTICLE III.

TAXATION AND TAX WITHHOLDING

3.1 **Representation.** Participant represents to the Company that Participant has reviewed with Participant’s own tax advisors the tax consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Tax Withholding.

(a) The Company has the right and option, but not the obligation, to treat Participant’s failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the PSUs or Dividend Equivalents as Participant’s election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise issuable under the Award.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the PSUs and the Dividend Equivalents, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the PSUs or Dividend Equivalents. Neither

the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the PSUs or the Dividend Equivalents or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the PSUs or Dividend Equivalents to reduce or eliminate Participant's tax liability.

ARTICLE IV. OTHER PROVISIONS

4.1 Adjustments. Participant acknowledges that the PSUs, the Shares subject to the PSUs and the Dividend Equivalents are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement, the PSUs and the Dividend Equivalents will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality

or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PSUs and Dividend Equivalents, and rights no greater than the right to

receive cash or the Shares as a general unsecured creditor with respect to the PSUs and Dividend Equivalents, as and when settled pursuant to the terms of this Agreement.

4.10 **Not a Contract of Employment.** Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

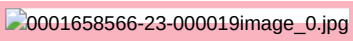
4.11 **Counterparts.** The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

Appendix A

Performance Goals

The performance measure for the PSU award is the Company’s total shareholder return (“**TSR**”) compared to the TSR of a group of peer companies. TSR combines share price appreciation and dividends paid to show the total return to the shareholder. The absolute size of the TSR will vary with the stock market, but the relative position to Company’s peers over the Performance Period is the performance metric for this Award.

TSR will be the sum of the Company’s ending stock price plus dividends over the Performance Period divided by the Company’s beginning stock price. Both the beginning and ending stock prices will be calculated using the average closing price during the last 20 trading days prior to and including the calculation date. This calculation is used instead of the actual closing price on the given date to smooth volatility in the stock price and avoid single-day fluctuations.



Peer Group

The following companies are included in the Company’s peer group for purposes of this Award:

Callon Petroleum Company	Parsley Energy, Inc.
Cimarex Energy Co.	PDC Energy, Inc.
Laredo Petroleum, Inc.	QEP Resources, Inc.
Matador Resources Company	SM Energy Company
Oasis Petroleum Inc.	WPX Energy, Inc.

Should a peer company cease to exist as a separate publicly traded company during the Performance Period due to bankruptcy, it will nonetheless remain as a member of the Company’s peer group for purposes of the payout calculation described below and the Company shall be ranked higher than such peer company for purposes of the payout calculation. Should a peer company cease to exist as a separate publicly traded company during the Performance Period due to a merger, acquisition or other similar transaction, it will be automatically removed from the peer group list and the number of PSUs earned will be determined based on the Company’s percentile rank among the resulting peer group. Notwithstanding the foregoing, if a peer company cease to exist as a separate publicly traded company from August 18, 2022 through the end of the Performance Period due to a merger, acquisition or other similar transaction, it will be automatically replaced with the SPDR S&P Oil & Gas Exploration & Production ETF (XOP) for the remainder of the Performance Period.

Payout Calculation

At the end of the Performance Period, the number of PSUs earned will be determined based on the Company's TSR relative to the Company's peer group over the Performance Period. The Company's TSR is ranked among the peers and the percentile rank is calculated, based on the Company's position in the ranking, as the percentage of members of the peer group (including the Company and as the peer group is constituted on the final day of the Performance Period) with a ranking that is greater than or equal to the Company's ranking (i.e. with a TSR that is less than or equal to the Company's TSR). The payout scale is detailed in the following table.

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Relative TSR Performance Plan		
Performance Rank	TSR Percentile Ranking	Payout as % of Target Number of PSUs
1	100%	200%
2	90%	180%
3	80%	160%
4	70%	140%
5	60%	120%
6	50%	100%
7	40%	75%
8	30%	50%
9	20%	0%
10	10%	0%
11	0%	0%

The number of PSUs earned will be determined based on the TSR Percentile Ranking, with linear interpolation between any specified TSR Percentile Ranking set forth in the table above. Notwithstanding the foregoing, if the Company's TSR is less than or equal to one (1.0), the number of PSUs shall not be greater than 100% of the Target Number of PSUs (i.e., the payout shall not be greater than 100%).

The actual payout of the PSUs, if any, at the end of the Performance Period will be made as provided under the Performance Restricted Stock Unit Agreement to which this Appendix A is attached.

Adjustments for Extraordinary Events

Notwithstanding the foregoing, but subject to the specific treatment set forth in the last sentence of the last paragraph appearing above in the "Peer Group" section, if the Administrator determines that due to a reduction in the size of the peer group or other unusual, extraordinary or nonrecurring transactions or events materially affecting the Award, an adjustment in the peer group, the payment schedule and/or other terms of the Award is necessary or appropriate to avoid the dilution or enlargement of the benefits or potential benefits intended to be made available under the Award, the Administrator may adjust the peer group (including by removing constituent companies, substituting new constituent companies for existing constituent companies or selecting new constituent companies to replace withdrawn constituent companies), the payment schedule and/or such other terms of the Award in such a manner as the Administrator determines in good faith to be equitable to reflect such transactions or events. As used in the prior sentence, "constituent companies" includes indices such as the SPDR S&P Oil & Gas Exploration & Production ETF (XOP).

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EXHIBIT 10.14

PERMIAN RESOURCES CORPORATION

**SIXTH AMENDED AND RESTATED
NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM**

Effective Date: February 14, 2023

Each member of the Board of Directors (the "**Board**") of Permian Resources Corporation (the "**Company**") who is not an employee of the Company or any parent or subsidiary of the Company and is not affiliated with Riverstone Investment Group LLC, NGP Energy Capital Management, L.L.C. or Pearl Energy Investments, L.P. (each, a "**Non-Employee Director**") will receive the compensation in this Sixth Amended and Restated Non-Employee Director Compensation Program (this "**Program**") for service as a Non-Employee Director. The compensation described in this Program will be paid or be made, as applicable, automatically and without further action of the Board to each Non-Employee Director who is entitled to receive the compensation, unless the Non-Employee Director declines receipt of the compensation by written notice to the Company. The terms and conditions of this Program will supersede any prior cash or equity compensation arrangements for service as a member of the Board between the Company and any of its Non-Employee Directors. This Program will become effective on the effective date set forth above (the "**Effective Date**") and remain in effect until it is revised or rescinded by further action of the Board. This Program may be amended, modified or terminated by the Board at any time in its sole discretion. No Non-Employee Director will have any rights under this Program.

I. CASH COMPENSATION

A. **Annual Retainers.** Each Non-Employee Director will receive an annual retainer of \$87,500 (the "**Retainer**").

B. **Payment of Retainers.** Subject to the terms of Section I(C), the Retainer will be earned on a quarterly basis based on a calendar quarter and paid in cash by the Company in arrears not later than the fifteenth day following the end of each calendar quarter. If a Non-Employee Director does not serve as a Non-Employee Director for an entire calendar quarter, the Non-Employee Director's Retainer will be prorated for the portion of the calendar quarter actually served as a Non-Employee Director. In addition, the Retainer payable under this Program will be prorated for the first quarter in which the Effective Date occurs, based on the number of days remaining in such calendar quarter after the Effective Date.

C. **Annual Retainer Election.**

1. **Election.** Prior to 5:00 p.m. Central time on the final business day preceding an Annual Grant Date (defined below) (the "**Election Deadline**"), by delivery to the Company of a written election in a form provided by the Company (an "**Election**"), a Non-Employee Director may elect to receive payment of the entire Retainer payable to the Non-Employee Director under this Program for services performed during the 12-month period beginning on such Annual Grant Date (each such period, a "**Service Year**") in the form of an award of Restricted Stock (as defined in the Company's 2016 Long Term Incentive Plan or any other applicable Company equity incentive plan then-maintained by the Company (the "**Equity Plan**")) as set forth in this Section I(C) (each, an "**Elective Restricted Stock Award**") rather than in cash in accordance with Section I(B). Any timely delivered Election for a given Service Year shall remain in effect for subsequent Service Years until the Election is modified or

withdrawn, provided that such modification or withdrawal is delivered prior to the Election Deadline for a given Service Year.

2. **Terms of Elective Restricted Stock Award.** Each Elective Restricted Stock Award will be granted automatically, without further action of the Board, on the Annual Grant Date or on the date the Non-Employee Director commences service as a Non-Employee Director during a Service Year (as applicable, the "**Issue Date**"), under and subject to the terms of the Company's Equity Plan and an award agreement in substantially the form previously approved by the Board. The number of shares of Elective Restricted Stock granted to a Non-Employee Director on the Issue Date will be equal to the quotient obtained by dividing (i) the full amount of the Retainer as in effect on the Issue Date for Elective Restricted Stock Awards issued on an Annual Grant Date or a prorated portion of such Retainer based on the remaining time in the applicable Service Year for Elective Restricted Stock Awards issued on the date a Non-Employee Director commences service as a Non-Employee Director during a Service Year by (ii) the average daily closing price of one share of the Company's Common Stock on the New York Stock Exchange (or other applicable securities exchange on which the Common Stock is then traded) over the five consecutive trading days ending on the day before the applicable Issue Date. Each Elective Restricted Stock Award shall vest in a single installment on the earlier to occur of (i) the first anniversary of the grant date of the Elective Restricted Stock Award and (ii) immediately prior to and contingent upon the closing of a Change in Control (as defined in the Equity Plan), subject in each case to the Non-Employee Director continuing in service as a Non-Employee Director through the vesting date. Unless the Board otherwise determines, any Elective Restricted Stock Award that is unvested at the time of a Non-Employee Director's termination of service on the Board as a Non-Employee Director will be immediately forfeited upon such termination of service and will not thereafter become vested.

3. **Withdrawal and Service.** A Non-Employee Director may withdraw his or her Election at any time prior to the Election Deadline for a given Service Year, and thereafter, any Elections delivered to the Company and not previously withdrawn will become irrevocable with respect to the Service Year. Notwithstanding anything

in this Section I(C) or any Election to the contrary, if a Non-Employee Director is not serving as a Non-Employee Director on the Annual Grant Date or if the grant of an Elective Restricted Stock Award described in this Section I(C) is otherwise prohibited under applicable laws, exchange listing rules or the terms of the Equity Plan, the Non-Employee Director's Retainer, to the extent earned, shall be paid in cash under and subject to the terms of Section I(B).

4. *Special Rules for New Non-Employee Directors.* Notwithstanding the foregoing to the contrary, for any Non-Employee Director whose service as a Non-Employee Director commences during a Service Year, such Non-Employee Director may elect to receive payment of the portion of the prorated Retainer payable to the Non-Employee Director under this Program for services performed during the remainder of such Service Year in the form of an Elective Restricted Stock Award, provided that such election is made prior to the Non-Employee Director's commencement of service.

II. EQUITY COMPENSATION

Non-Employee Directors will be granted the awards of Restricted Stock described below (each, a "**Restricted Stock Award**"). The Restricted Stock Awards will be granted under and subject to the terms of the Plan and award agreements in substantially the form approved by the Board. All applicable terms of the Equity Plan apply to this Program as if fully set forth herein, and all Restricted Stock Awards under this Program are subject in all respects to the terms of the Equity Plan and the applicable award agreement.

A. **Restricted Stock Awards.** A Non-Employee Director who is serving as a Non-Employee Director at the close of business on the date of the Company's annual meeting of shareholders or a special meeting in lieu of an annual meeting of shareholders (in each case, an "**Annual Grant Date**") will be automatically granted on each Annual Grant Date a number of shares of Restricted Stock equal to the quotient obtained by dividing (i) the applicable Annual Award Amount (as defined below) by (ii) the average daily closing price of one share of the Company's Common Stock on the New York Stock Exchange (or other applicable securities exchange on which the Common Stock is then traded) over the five consecutive trading days ending on the day before the applicable Annual Grant Date. If a Non-Employee Director is first appointed or elected on a date other than an Annual Grant Date, or a member of the Board first becomes a Non-Employee Director as described in clause B below on a date other than an Annual Grant Date (in either case, a "**Mid-Year Grant Date**"), the Non-Employee Director will be automatically granted on the Mid-Year Grant Date a number of shares of Restricted Stock equal to the quotient obtained by dividing (x) the product of the applicable Annual Award Amount and the difference between 365 and the number of days in the period between the most recent Annual Grant Date and such Mid-Year Grant Date, by (y) the product of 365 and the average daily closing price of one share of the Company's Common Stock on the New York Stock Exchange over the five consecutive trading days ending on the day before the Mid-Year Grant Date. Each Annual Grant Date and Mid-Year Grant Date shall be referred to individually as a "**Grant Date**." For each Non-Employee Director, the "**Annual Award Amount**" determined on the applicable Grant Date shall equal (a) \$162,500, *plus* (b) \$125,000, if the Non-Employee Director is the independent chair of the Board on the Grant Date, *plus* (c) \$20,000, if the Non-Employee Director is the chair of the Audit Committee of the Board on the Grant Date, *plus* (d) \$15,000, if the Non-Employee Director is the chair of the Compensation Committee of the Board on the Grant Date, and *plus* (e) \$15,000, if the Non-Employee Director is the chair of the Nominating, Environmental, Social and Governance Committee of the Board on the Grant Date.

B. **Termination of Employment of Employee Directors.** Members of the Board who are employees of the Company or any parent or subsidiary of the Company who subsequently terminate their employment with the Company and any parent or subsidiary of the Company and remain on the Board will, to the extent that they are otherwise eligible, be eligible to receive Restricted Stock Awards under this Program on Grant Dates occurring on or after their termination of employment with the Company and any parent or subsidiary of the Company.

C. **Vesting.** Each Restricted Stock Award shall vest in a single installment on the earlier to occur of (i) the first anniversary of the Grant Date and (ii) immediately prior to and contingent upon the closing of a Change in Control (as defined in the Equity Plan), subject in each case to the Non-Employee Director continuing in service as a Non-Employee Director through the vesting date. Unless the Board otherwise determines, any Restricted Stock Award that is unvested at the time of a Non-Employee Director's termination of service on the Board as a Non-Employee Director will be immediately forfeited upon such termination of service and will not thereafter become vested.

III. COMPENSATION LIMITS

Notwithstanding anything to the contrary in this Program, all compensation payable under this Program will be subject to any limits on the maximum amount of Non-Employee Director compensation set forth in the Equity Plan, as in effect from time to time.

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EXHIBIT 10.21 10.7

PERMIAN RESOURCES CORPORATION
2016 2023 LONG TERM INCENTIVE PLAN

PERFORMANCE RESTRICTED STOCK UNIT GRANT NOTICE

Capitalized terms not specifically defined in this Performance Restricted Stock Unit Grant Notice (the "**Grant Notice**") have the meanings given to them in the 2016 2023 Long Term Incentive Plan (as amended and/or restated from time to time, the "**Plan**") of Permian Resources Corporation (the "**Company**").

The Company has granted to the participant listed below ("**Participant**") the Restricted Stock Units described in this Grant Notice (the "**PSUs**"), subject to the terms and conditions of the Plan and the Performance Restricted Stock Unit Agreement attached as **Exhibit A** (the "**Agreement**"), both of which are incorporated into this Grant Notice by reference.

Participant: [REDACTED]
Grant Date: [REDACTED] February 20, 2024
Performance Period: [REDACTED] January 1, 2024 through December 31, 2026
Target Number of PSUs: [REDACTED]

By Participant's signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

PERMIAN RESOURCES CORPORATION

PARTICIPANT

By: _____
Name: _____ [Participant Name]
Title: _____

Exhibit A

PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE 1.
GENERAL

1.1 Award of PSUs and Dividend Equivalents.

(a) The Company has granted the PSUs to Participant effective as of the grant date set forth in the Grant Notice (the "**Grant Date**"). Each PSU represents the right to receive one Share or, at the option of the Administrator, an amount of cash, in either case, as set forth in this Agreement. Participant will have no right to receive any Shares or cash in respect of this Award until the time (if ever) the PSUs have vested.

(b) The Company hereby grants to Participant, with respect to each Earned PSU, a Dividend Equivalent for ordinary cash dividends paid to substantially all holders of outstanding Shares with a record date after the Grant Date and prior to the date the applicable Earned PSU is settled, forfeited or otherwise expires. Each Dividend Equivalent entitles Participant to receive the equivalent value of any such ordinary cash dividends paid on a single Share. The Company will establish a separate Dividend Equivalent bookkeeping account (a "**Dividend Equivalent Account**") for each Dividend Equivalent and credit the Dividend Equivalent Account (without interest) on the applicable dividend payment date with the amount of any such cash paid.

1.2 Incorporation of Terms of Plan. The PSUs and Dividend Equivalents are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.3 Unsecured Promise. The PSUs and Dividend Equivalents will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

ARTICLE II. VESTING; FORFEITURE AND SETTLEMENT

2.1 Vesting; Forfeiture.

(a) The PSUs will be earned based on the Company's achievement of the performance conditions set forth in Appendix A (the PSUs that become earned pursuant to this Section 2, the **"Earned PSUs"**) and, to the extent earned, the PSUs will vest in accordance with the schedule and terms set forth in Section 2.1(b). Any fraction of a PSU that would otherwise be vested will be rounded to the nearest whole PSU. Any PSUs that do not become Earned PSUs will immediately and automatically be cancelled and forfeited without consideration as of the Final Determination Date. In the event of Participant's Termination of Service for any reason on or prior to the last day of the Performance Period, all PSUs that have not become Earned PSUs will immediately and automatically be cancelled and forfeited, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company. Dividend Equivalents (including any Dividend Equivalent Account balance) will vest or be forfeited, as applicable, upon the vesting or forfeiture of the PSU with respect to which the Dividend Equivalent (including the Dividend Equivalent Account) relates.

(b) The PSUs will be earned, if at all, at a level of between 0% and 300% of the Target Number of PSUs specified in the Grant Notice (the **"Target Number of PSUs"**) based on the Company's achievement of the performance conditions set forth in Appendix A for the Performance Period set forth in the Grant Notice (the **"Performance Period"**). When practicable following the completion of the Performance Period, but in no event more than forty-five (45) days thereafter, the Administrator shall determine the extent to which the performance conditions set forth in Appendix A have been satisfied (such date of determination, the **"Final Determination Date"**). To the extent earned, the PSUs will vest on the Final Determination Date, subject to Participant not incurring a Termination of Service on or prior to the last day of the Performance Period.

(c) Notwithstanding the generality of the Company's Second Amended and Restated Severance Plan (as amended to date, the **"PRSeverance Plan"**), the PSUs shall not be eligible to accelerate and vest in connection with (i) a Qualifying Termination (as such term is defined in the PR Severance Plan) relating to that certain business combination transaction between Centennial Resource Production, LLC and Colgate Energy Partners III, LLC, which closed on September 1, 2022 (the **"Centennial-Colgate Transaction"**) unless the Company and the Participant have otherwise agreed in an offer letter, employment agreement, letter agreement or other written agreement between the Company and Participant. The preceding sentence shall not apply to, or otherwise affect, entitlement to severance benefits under the PR Severance Plan for any transaction other than the Centennial-Colgate Transaction. In addition, subject to the limitation set forth in the first sentence of this clause (c), to the extent the provisions of the PR Severance Plan provide additional benefits affecting the PSUs or this Agreement, such provisions shall control over inconsistent provisions of this Agreement.

(d) Notwithstanding the generality of the Earthstone Energy, Inc. Second Amended and Restated Change in Control and Severance Benefit Plan (as amended to date, the **"ESTE Officer Severance Plan"**) or the Earthstone Energy, Inc. Employee Change in Control Severance Plan (as amended to date, the **"ESTE Employee Severance Plan"** and, together with the ESTE Officer Severance Plan, the **"ESTE Plans"**), the PSUs shall not be eligible to accelerate and vest in connection with (i) a Qualifying Termination (as such term is defined in the ESTE Plans) relating to that acquisition by the Company of Earthstone Energy, Inc., which closed on November 1, 2023 (the **"PR-Earthstone Transaction"**) unless the Company and the Participant have otherwise agreed in an offer letter, employment agreement, letter agreement or other written agreement between the Company and Participant. The preceding sentence shall not apply to, or otherwise affect, entitlement to severance benefits under the ESTE Plans for any transaction other than the PR-Earthstone Transaction. In addition, subject to the limitation set forth in the first sentence of this clause (d), to the extent the provisions of the ESTE Plans provide additional benefits affecting the PSUs or this Agreement, such provisions shall control over inconsistent provisions of this Agreement.

2.2 Settlement.

(a) Earned PSUs and Dividend Equivalents (including any Dividend Equivalent Account balance) will be paid in Shares or cash at the Administrator's option as soon as administratively practicable after the Final Determination Date, but in no event later than the earlier of the date that is (i) thirty (30) days after the Final Determination Date or (ii) March 15 of the calendar year following the calendar year in which the last day of the Performance Period occurs. Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law until the earliest date the Company reasonably determines the making of the payment will not cause such a violation (in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii)), provided the

Company reasonably believes the delay will not result in the imposition of excise taxes under Section 409A.

(b) If an Earned PSU is paid in cash, the amount of cash paid with respect to each Earned PSU will equal the Ending Price (as defined in Appendix A), less applicable withholdings. If a Dividend Equivalent is paid in Shares, the number of Shares paid with respect to the Dividend Equivalent Account balance will equal the quotient, rounded down to the nearest whole Share, of the Dividend Equivalent Account balance divided by the Ending Price (as defined in Appendix A).

(c) Notwithstanding anything to the contrary in this Agreement, this Award may only be settled in Shares to the extent Shares are then available for issuance in respect of the Award under the terms of the Plan.

ARTICLE III. TAXATION AND TAX WITHHOLDING

3.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Tax Withholding.

(a) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the PSUs or Dividend Equivalents as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise issuable under the Award.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the PSUs and the Dividend Equivalents, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the PSUs or Dividend Equivalents. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the PSUs or the Dividend Equivalents or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the PSUs or Dividend Equivalents to reduce or eliminate Participant's tax liability.

ARTICLE IV. OTHER PROVISIONS

4.1 Adjustments. Participant acknowledges that the PSUs, the Shares subject to the PSUs and the Dividend Equivalents are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section,

either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement, the PSUs and the Dividend Equivalents will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PSUs and Dividend Equivalents, and rights no greater than the right to receive cash or the Shares as a general unsecured creditor with respect to the PSUs and Dividend Equivalents, as and when settled pursuant to the terms of this Agreement.

4.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to

the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

4.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

Appendix A

Performance Goals

The performance measures for the PSU award are (a) the Company's total shareholder return ("**TSR**") compared to the TSR of a group of peer companies and one exchange-traded index fund over the Performance Period and (b) the Company's absolute annualized TSR over the Performance Period. TSR combines share price appreciation and dividends paid to show the total return to the shareholder.

TSR will be expressed as a percentage equal to (a) (1) the Ending Price plus dividends with a record date during the Performance Period *minus* (2) Beginning Price, *divided by* (b) Beginning Price. For purposes of this Appendix A, "**Beginning Price**" means the average Fair Market Value of a Share during the 20 consecutive trading days ending on and including the first day of the Performance Period, and "**Ending Price**" means the average Fair Market Value of a Share during the 20 consecutive trading days ending on and including the last day of the Performance Period. These calculations are used instead of the actual closing price on the given date to smooth volatility in the stock price and avoid single-day fluctuations.

Peer Group

The following 11 10 companies and one exchange-traded index fund are included in the Company's peer group for purposes of this Award:

Callon Petroleum Company APA Corporation	Laredo Petroleum, Inc.
Diamondback Energy, Inc.	Magnolia Marathon Oil & Gas Corporation
Chord Energy Corporation	Matador Resources Company
Civitas Resources, Inc.	PDC Energy, Ovintiv Inc.
Earthstone Devon Energy Inc. Corporation	SM Energy Company
HighPeak Diamondback Energy, Inc.	SPDR S&P Oil & Gas Exploration & Production ETF (XOP)
Magnolia Oil & Gas Corporation	

Should a peer company cease to exist as a separate publicly traded company during the Performance Period due to bankruptcy, it will nonetheless remain as a member of the Company's peer group for purposes of the payout calculation described below and the Company shall be ranked higher than such peer company for purposes of the payout calculation.

Should a peer company cease to exist as a separate publicly traded company during the Performance Period due to a merger, acquisition or other similar transaction, or should shares of the SPDR S&P Oil & Gas Exploration & Production ETF cease to be publicly traded during the Performance Period, it will be automatically removed from the Administrator may adjust the peer group list and (including by substituting constituent companies with an average of the number remaining peer companies or an index or ETF for the remainder of PSUs earned will the Performance Period, removing constituent companies, substituting new constituent companies for existing constituent companies or selecting new constituent companies to replace withdrawn constituent companies), the payment schedule and/or such other terms of the Award in such a manner as the Administrator determines in good faith to be determined based on equitable to reflect such transactions or events. As used in the Company's percentile rank among prior sentence, "constituent companies" includes indices such as the resulting peer group. SPDR S&P Oil & Gas Exploration & Production ETF (XOP).

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Payout Calculation

At the end of the Performance Period, the number of PSUs earned will be equal to (a) the Target Number of PSUs multiplied by (b) the Relative TSR Multiplier (defined below) multiplied by (c) the Absolute TSR Multiplier (defined below). The Relative TSR Multiplier and the Absolute TSR Multiplier are both expressed as percentages and, after both multipliers have been applied, the number of PSUs earned, if at all, will be at a level between 0% and 300% of the Target Number of PSUs.

Relative TSR Multiplier

The Relative TSR Multiplier is determined based on the Company's TSR relative to the Company's peer group over the Performance Period. The Company's TSR is ranked among the peers and the percentile rank is calculated, based on the Company's position in the ranking, as the percentage of members of the peer group (including the Company and as the peer group is constituted on the final day of the Performance Period) with a ranking that is greater than or equal to the Company's ranking (i.e., with a TSR that is less than or equal to the Company's TSR). The Relative TSR Multiplier will be determined based on the Company's TSR Percentile Ranking, with linear interpolation between any specified TSR Percentile Ranking set forth in the table below; provided, however, that the Relative TSR Multiplier shall equal 0% if the Company's TSR Percentile Ranking is below 15%.

TSR Percentile Ranking	TSR Percentile Ranking	Relative TSR Multiplier	TSR Percentile Ranking	Relative TSR Multiplier
≥ 85%	≥ 85%	200%	≥ 85%	2
50%		100%		
15%		15%		
0.5			0.5	1

0.15			0.15	0.15
≤ 15%	≤ 15%	0%	≤ 15%	0

Absolute TSR Multiplier

The Absolute TSR Multiplier is determined based on the Company's absolute annualized TSR over the Performance Period in accordance with the table below, with linear interpolation between any of the specified levels in the table; *provided, however*, that the Absolute TSR

A-1

Multiplier shall equal 50% if the Company's absolute annualized TSR is less than or equal to 0%.

Absolute Annualized TSR	Absolute TSR Multiplier
≥ 20%	150%
15%	125%
10%	100%
5%	75%
≤ 0%	50%

A-2

Exhibit 10.22

Execution Version

Sixth Amendment to Third Amended and Restated Credit Agreement

This Sixth Amendment to Third Amended and Restated Credit Agreement (this "Amendment"), dated as of December 20, 2023 (the "Sixth Amendment Effective Date"), is among Permian Resources Operating, LLC, a Delaware limited liability company formerly known as Centennial Resource Production, LLC (the "Borrower"); each of the other undersigned guarantors (the "Guarantors", and together with the Borrower, the "Credit Parties"); each of the Lenders party hereto; and JPMorgan Chase Bank, N.A., as administrative agent for the Lenders (in such capacity, together with its successors in such capacity, the "Administrative Agent").

RECITALS:

A. The Borrower, any Parent from time to time party thereto, the Administrative Agent and the Lenders are parties to that certain Third Amended and Restated Credit Agreement dated as of February 18, 2022 (as amended, restated, amended and restated, supplemented or otherwise modified prior to the date hereof, the "Credit Agreement"), pursuant to which the Lenders have, subject to the terms and conditions set forth therein, made certain credit available to and on behalf of the Borrower.

B. The parties hereto desire to enter into this Amendment to, among other things, (i) amend the Credit Agreement as set forth in Section 2 hereof (including to add a Swingline Commitment of \$50,000,000 and to increase the Aggregate Maximum Credit Amounts to \$6,000,000,000), (ii) evidence the increase of the Borrowing Base from \$2,500,000,000 to \$4,000,000,000 as set forth in Section 3.1 hereof and (iii) evidence the reaffirmation of the Aggregate Elected Revolving Commitment Amounts (as defined in the Credit Agreement after giving effect to this Amendment) at \$2,000,000,000 as set forth in Section 3.2 hereof, in each case, as set forth herein and to be effective as of the Sixth Amendment Effective Date.

C. The Administrative Agent and the Lenders party hereto have agreed, subject to the terms and conditions set forth herein, to enter into this Amendment.

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

Section 1. **Defined Terms.** Each capitalized term which is defined in the Credit Agreement, but which is not defined in this Amendment, shall have the meaning ascribed to such term in the Credit Agreement, as amended by this Amendment. Unless otherwise indicated, all section references in this Amendment refer to sections of the Credit Agreement.

Section 2. **Amendments.** In reliance on the representations, warranties, covenants and agreements contained in this Amendment, and subject to the satisfaction of the conditions precedent set forth in Section 4 hereof, the Credit Agreement shall be amended effective as of the Sixth Amendment Effective Date in the manner provided in this Section 2.

2.1 **Amendments to Credit Agreement.** The Credit Agreement (other than the signature pages, Annexes, Exhibits and Schedules thereto) is hereby amended in its entirety to read as set forth on Annex A attached hereto.

2.2 **Replacement of Annex I to Credit Agreement.** Annex I to the Credit Agreement is hereby amended and restated in its entirety in the form of Annex I attached hereto, and Annex I attached hereto shall be deemed to be attached as Annex I to the Credit Agreement.

2.3 **Replacement of Exhibit B to Credit Agreement and New Exhibit B-2 to Credit Agreement.**

(a) Exhibit B to the Credit Agreement is hereby amended and restated in its entirety in the form of Exhibit B-1 attached hereto, and Exhibit B-1 attached hereto shall be deemed to be attached as Exhibit B-1 to the Credit Agreement.

(b) Exhibit B-2 is hereby added to the Credit Agreement in the appropriate alphabetical order in the form of Exhibit B-2 attached hereto, and Exhibit B-2 attached hereto shall be deemed to be attached as Exhibit B-2 to the Credit Agreement.

Section 3. **Borrowing Base and Aggregate Elected Revolving Commitment Amounts.**

3.1 **Borrowing Base.** In reliance on the representations, warranties, covenants and agreements contained in this Amendment, and subject to the satisfaction of the conditions precedent set forth in Section 4 hereof, the Administrative Agent and each of the Lenders hereby agree that, effective as of the Sixth Amendment Effective Date, the Borrowing Base is hereby increased from \$2,500,000,000 to \$4,000,000,000, and the Borrowing Base shall remain at \$4,000,000,000 until the next Scheduled Redetermination, Interim Redetermination or other adjustment of the Borrowing Base thereafter, whichever occurs first pursuant to the terms of the Credit Agreement. The Borrower and the Lenders acknowledge (a) that the redetermination of the Borrowing Base provided for in this Section 3.1 shall constitute the Scheduled Redetermination of the Borrowing Base scheduled to occur on or about December 15, 2023 for the purposes of Section 2.07 of the Credit Agreement and (b) this Amendment shall constitute the New Borrowing Base Notice in respect thereof for purposes of Section 2.07(d) of the Credit Agreement.

3.2 **Aggregate Elected Revolving Commitment Amounts.** In reliance on the representations, warranties, covenants and agreements contained in this Amendment, subject to the satisfaction of the conditions precedent set forth in Section 4 hereof, and in connection with the Borrowing Base increase provided for in Section 3.1 hereof, the Administrative Agent, the Lenders and the Borrower agree that, effective as of the Sixth Amendment Effective Date, the Aggregate Elected Revolving Commitment Amounts shall be reaffirmed at \$2,000,000,000, and shall remain at \$2,000,000,000 until subsequently decreased or increased pursuant to Section 2.06 of the Credit Agreement.

Section 4. **Conditions Precedent.** The effectiveness of this Amendment is subject to the following:

4.1 **Counterparts.** The Administrative Agent shall have received counterparts of this Amendment from (a) each of the Credit Parties and (b) each of the Lenders.

4.2 **Legal Opinions.** The Administrative Agent shall have received a signed legal opinion of Latham & Watkins LLP, counsel to the Credit Parties, in form and substance reasonably satisfactory to the Administrative Agent.

4.3 **Officer's Certificate.** The Administrative Agent shall have received a certificate of a Responsible Officer of each Credit Party setting forth (a) resolutions of its board of directors (or comparable governing body) with respect to the authorization of such Credit Party to execute and deliver the Loan Documents to which it is a party and to enter into the transactions contemplated in those documents, (b) the officers of such Credit Party who (i) are authorized to sign the Loan Documents to which such Credit Party is a party and (ii) will, until replaced by another officer or officers duly authorized for that purpose, act as its representative for the purposes of signing documents and giving notices and other communications in connection with

the Credit Agreement, as amended hereby, and the other Loan Documents, and the transactions contemplated thereby, (c) specimen signatures of such authorized officers, and (d) the articles or certificate of incorporation and bylaws (or comparable organizational documents for any Credit Parties that are not corporations) of such Credit Party, certified as being true and complete. The Administrative Agent and the Lenders may conclusively rely on such certificate until the Administrative Agent receives notice in writing from the Credit Parties to the contrary.

4.4 **Good Standing Certificates.** The Administrative Agent shall have received certificates of the appropriate State agencies with respect to the existence, qualification and good standing of each of the Credit Parties.

4.5 **Fees and Expenses.** The Administrative Agent shall have received, to the extent invoiced, all fees and other amounts due and payable on or prior to the Sixth Amendment Effective Date (including all fees and other amounts due and payable to the Administrative Agent on account of the Lenders).

4.6 **Other Documents.** The Administrative Agent shall have received such other documents as the Administrative Agent or counsel to the Administrative Agent may reasonably request.

Without limiting the generality of the provisions of Section 11.04 of the Credit Agreement, for purposes of determining compliance with the conditions specified in this Section 4, each Lender that has signed this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required under this Section 4 to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the Sixth Amendment Effective Date specifying its objection thereto. All documents executed or submitted pursuant to this Section 4 by and on behalf of the Borrower or any of its Subsidiaries shall be in form and substance satisfactory to the Administrative Agent and its counsel. The Administrative Agent shall notify the Borrower and the Lenders of the Sixth Amendment Effective Date, and such notice shall be conclusive and binding.

Section 5. Post-Closing.

5.1 **Amendments to Mortgages.** On or before February 29, 2024 (or such later date as may be extended by the Administrative Agent in its sole discretion), the Administrative Agent shall have received duly executed counterparts from the applicable Credit Parties of amendments to any mortgages that are in effect immediately prior to the Sixth Amendment Effective Date to reflect, among other things, the increase in the Aggregate Maximum Credit Amounts effectuated pursuant to this Amendment, in each case, in form and substance acceptable to the Administrative Agent.

Section 6. Miscellaneous.

6.1 **Confirmation and Effect.** The provisions of the Credit Agreement (as amended by this Amendment) shall remain in full force and effect in accordance with its terms following the effectiveness of this Amendment, and this Amendment shall not constitute a waiver of any provision of the Credit Agreement or any other Loan Document. From and after the Sixth Amendment Effective Date, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein", or words of like import shall mean and be a reference to the Credit Agreement as amended hereby and giving effect to the matters provided for in Sections 2 and 3, and each reference to the Credit Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Credit Agreement shall mean and be

a reference to the Credit Agreement as amended hereby and giving effect to the matters provided for in Sections 2 and 3.

6.2 **Ratification and Affirmation of Credit Parties.** Each of the Credit Parties hereby expressly (a) acknowledges the terms of this Amendment, (b) ratifies and affirms its obligations under the Credit Agreement, the Guaranty Agreement and the other Loan Documents to which it is a party, (c) acknowledges, renews and extends its continued liability under the Credit Agreement, the Guaranty Agreement and the other Loan Documents to which it is a party, (d) agrees that its guarantee under the Guaranty Agreement and the other Loan Documents to which it is a party remains in full force and effect with respect to the Indebtedness as amended hereby, (e) represents and warrants to the Lenders and the Administrative Agent that each representation and warranty of such Credit Party contained in the Credit Agreement, the Guaranty Agreement and the other Loan Documents to which it is a party is true and correct in all material respects as of the date hereof and after giving effect to this Amendment except (i) to the extent any

such representations and warranties are expressly limited to an earlier date, in which case, on and as of the date hereof, such representations and warranties shall continue to be true and correct as of such specified earlier date, and (ii) to the extent that any such representation and warranty is expressly qualified by materiality or by reference to Material Adverse Effect, such representation and warranty (as so qualified) shall continue to be true and correct in all respects, (f) represents and warrants to the Lenders and the Administrative Agent that the execution, delivery and performance by such Credit Party of this Amendment are within such Credit Party's corporate, limited partnership or limited liability company powers (as applicable), have been duly authorized by all necessary action and that this Amendment constitutes the valid and binding obligation of such Credit Party enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditor's rights generally, and (g) represents and warrants to the Lenders and the Administrative Agent that, after giving effect to this Amendment, no Borrowing Base Deficiency, Default or Event of Default exists.

6.3 Counterparts. This Amendment may be executed by one or more of the parties hereto in any number of separate counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of this Amendment by facsimile or electronic (e.g., .pdf) transmission shall be effective as delivery of a manually executed original counterpart hereof. The execution and delivery of this Amendment shall be deemed to include Electronic Signatures on electronic platforms approved by the Administrative Agent, which shall be of the same legal effect, validity or enforceability as delivery of a manually executed signature, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that, upon the request of any party hereto, such electronic signature shall be promptly followed by the original thereof.

6.4 No Oral Agreement. This written Amendment, the Credit Agreement and the other Loan Documents executed in connection herewith and therewith represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or unwritten oral agreements of the parties. There are no subsequent oral agreements between the parties that modify the agreements of the parties in the Credit Agreement and the other Loan Documents.

6.5 Governing Law. This Amendment (including, but not limited to, the validity and enforceability hereof) shall be governed by, and construed in accordance with, the laws of the State of New York.

6.6 Payment of Expenses. The Borrower agrees to pay or reimburse the Administrative Agent for all of its reasonable out-of-pocket costs and expenses incurred in connection with this Amendment, any other documents prepared in connection herewith and the transactions contemplated hereby, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent.

6.7 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

6.8 Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

[Signature Pages Follow.]

The parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

BORROWER: PERMIAN RESOURCES OPERATING, LLC,
a Delaware limited liability company

By: /s/ Guy Oliphint
Name: Guy Oliphint
Title: Executive Vice President and Chief Financial Officer

*Signature Page to Sixth Amendment to Third Amended and Restated Credit Agreement
Permian Resources Operating, LLC*

GUARANTORS: ATLANTIC EXPLORATION, LLC
CENTENNIAL RESOURCE MANAGEMENT, LLC
CL ENERGY, LLC
COLGATE II CORP, LLC
COLGATE ENERGY, LLC
COLGATE ENERGY DEVELOPMENT, LLC
COLGATE MINERALS, LLC
COLGATE PRODUCTION, LLC
COLGATE RANCH, LLC
COLGATE ROYALTIES, LP
HERMOSA RANCH LLC
PERMIAN RESOURCES MANAGEMENT, LLC
TREE SHAKER MINERALS, LLC
TUSKER MIDSTREAM, LLC
READ & STEVENS, INC.
EARTHSTONE OPERATING, LLC
SABINE RIVER ENERGY, LLC
EARTHSTONE PERMIAN LLC
INDEPENDENCE RESOURCES TECHNOLOGIES, LLC
EARTHSTONE ENERGY OPERATING, LLC
EARTHSTONE ENERGY ASSETS, LLC
EARTHSTONE OIL & GAS TEXAS, LLC
EARTHSTONE OIL & GAS NORTHERN DELAWARE, LLC
EARTHSTONE OIL & GAS HOLDINGS, LLC

By: /s/ Guy Oliphint
Name: Guy Oliphint
Title: Executive Vice President and Chief Financial Officer

*Signature Page to Sixth Amendment to Third Amended and Restated Credit Agreement
Permian Resources Operating, LLC*

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent, Issuing Bank and a Lender

By: /s/ Jo Linda Papadakis
Name: Jo Linda Papadakis
Title: Authorized Officer

*Signature Page to Sixth Amendment to Third Amended and Restated Credit Agreement
Permian Resources Operating, LLC*

CITIBANK, N.A.,
as a Lender and Issuing Bank

By: /s/ Jeff Ard
Name: Jeff Ard
Title: Vice President

Signature Page to Sixth Amendment to Third Amended and Restated Credit Agreement
Permian Resources Operating, LLC

CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK BRANCH,
as a Lender

By: /s/ Kevin A. James
Name: Kevin A. James
Title: Authorized Signatory

By: /s/ Donovan C. Broussard
Name: Donovan C. Broussard
Title: Authorized Signatory

Signature Page to Sixth Amendment to Third Amended and Restated Credit Agreement
Permian Resources Operating, LLC

FIFTH THIRD BANK, NATIONAL ASSOCIATION,
as a Lender and Issuing Bank

By: /s/ Jonathan Lee
Name: Jonathan Lee
Title: Managing Director

Signature Page to Sixth Amendment to Third Amended and Restated Credit Agreement
Permian Resources Operating, LLC

PNC BANK, NATIONAL ASSOCIATION,
as a Lender and Issuing Bank

By: /s/ Brittany Lehr
Name: Brittany Lehr
Title: Vice President

Signature Page to Sixth Amendment to Third Amended and Restated Credit Agreement
Permian Resources Operating, LLC

TRUIST BANK,
as a Lender and Issuing Bank

By: /s/ Greg Krablin
Name: Greg Krablin
Title: Director

Signature Page to Sixth Amendment to Third Amended and Restated Credit Agreement
Permian Resources Operating, LLC

WELLS FARGO BANK, N.A.,
as a Lender and Issuing Bank

By: /s/ Edward Pak
Name: Edward Pak
Title: Director

Signature Page to Sixth Amendment to Third Amended and Restated Credit Agreement
Permian Resources Operating, LLC

BANK OF AMERICA, N.A.,
as a Lender

By: /s/ Kimberly Miller
Name: Kimberly Miller
Title: Director

Signature Page to Sixth Amendment to Third Amended and Restated Credit Agreement
Permian Resources Operating, LLC

CAPITAL ONE, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Cameron Breitenbach
Name: Cameron Breitenbach
Title: Director

Signature Page to Sixth Amendment to Third Amended and Restated Credit Agreement
Permian Resources Operating, LLC

COMERICA BANK,
as a Lender

By: /s/ Cassandra Lucas
Name: Cassandra Lucas
Title: Vice President

Signature Page to Sixth Amendment to Third Amended and Restated Credit Agreement
Permian Resources Operating, LLC

MIZUHO BANK, LTD.,
as a Lender

By: /s/ Edward Sacks
Name: Edward Sacks
Title: Authorized Signatory

Signature Page to Sixth Amendment to Third Amended and Restated Credit Agreement
Permian Resources Operating, LLC

REGIONS BANK,
as a Lender

By: /s/ Cody Chance
Name: Cody Chance
Title: Managing Director

Signature Page to Sixth Amendment to Third Amended and Restated Credit Agreement
Permian Resources Operating, LLC

U.S. BANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Bruce Hernandez
Name: Bruce Hernandez
Title: Senior Vice President

Signature Page to Sixth Amendment to Third Amended and Restated Credit Agreement
Permian Resources Operating, LLC

ROYAL BANK OF CANADA,
as a Lender

By: /s/ Kristan Spivey
Name: Kristan Spivey
Title: Authorized Signatory

Signature Page to Sixth Amendment to Third Amended and Restated Credit Agreement
Permian Resources Operating, LLC

BARCLAYS BANK PLC,
as a Lender

By: /s/ Sydney G. Dennis
Name: Sydney G. Dennis
Title: Director

Signature Page to Sixth Amendment to Third Amended and Restated Credit Agreement
Permian Resources Operating, LLC

BOKF, NA, dba BANK OF TEXAS,
as a Lender

By: /s/ Drew Krittenbrink
Name: Drew Krittenbrink
Title: Vice President

ANNEX I

**ALLOCATION OF MAXIMUM CREDIT AMOUNT AND ELECTED
REVOLVING COMMITMENTS**

Name of Lender	Revolving Commitment Percentage	Maximum Credit Amount	Elected Revolving Commitment
JPMorgan Chase Bank, N.A.	7.500000000%	\$450,000,000.00	\$150,000,000.00
Wells Fargo Bank, N.A.	7.500000000%	\$450,000,000.00	\$150,000,000.00
Citibank, N.A.	7.200000000%	\$432,000,000.00	\$144,000,000.00
Mizuho Bank, Ltd.	7.200000000%	\$432,000,000.00	\$144,000,000.00
PNC Bank, National Association	7.200000000%	\$432,000,000.00	\$144,000,000.00
Bank of America, N.A.	7.200000000%	\$432,000,000.00	\$144,000,000.00
Truist Bank	7.200000000%	\$432,000,000.00	\$144,000,000.00
U.S. Bank National Association	7.200000000%	\$432,000,000.00	\$144,000,000.00
Capital One, National Association	7.200000000%	\$432,000,000.00	\$144,000,000.00
Fifth Third Bank, National Association	6.650000000%	\$399,000,000.00	\$133,000,000.00
Comerica Bank	5.250000000%	\$315,000,000.00	\$105,000,000.00
Regions Bank	5.250000000%	\$315,000,000.00	\$105,000,000.00
Royal Bank of Canada	5.250000000%	\$315,000,000.00	\$105,000,000.00
Canadian Imperial Bank of Commerce, New York Branch	5.250000000%	\$315,000,000.00	\$105,000,000.00
Barclays Bank PLC	4.450000000%	\$267,000,000.00	\$89,000,000.00
BOKF, NA dba Bank of Texas	2.500000000%	\$150,000,000.00	\$50,000,000.00
TOTAL	100.000000000%	\$6,000,000,000.00	\$2,000,000,000.00

ANNEX I

Exhibit 10.23

**PERMIAN RESOURCES CORPORATION
2023 LONG TERM INCENTIVE PLAN**

**Adopted by the Board on April 7, 2023
Approved by the Company's Stockholders on May 23, 2023
Amended and Restated on February 20, 2024**

**ARTICLE I.
PURPOSE**

The Plan's purpose is to enhance the Company's ability to attract, retain and motivate persons who make (or are expected to make) important contributions to the Company by providing these individuals with equity ownership opportunities. Capitalized terms used in the Plan are defined in Article XI. The Plan is intended to replace the Centennial Resource Development, Inc. Second Amended and Restated Long Term Incentive Plan (the "**Prior Plan**"), subject to stockholder approval of the Plan. In the event that the Company's stockholders do not approve this Plan, Awards granted under the Prior Plan will continue to be subject to the terms and conditions of the Prior Plan as in effect immediately prior to the date this Plan is approved by the Board.

ARTICLE II. ELIGIBILITY

Service Providers are eligible to be granted Awards under the Plan, subject to the limitations described herein.

ARTICLE III. ADMINISTRATION AND DELEGATION

3.1 **Administration.** The Plan is administered by the Administrator. The Administrator has authority to (i) determine which Service Providers receive Awards, (ii) grant Awards and (iii) set Award terms and conditions, subject to the conditions and limitations in the Plan. The Administrator also has the authority to take all actions and make all determinations under the Plan, to interpret the Plan and Award Agreements and to adopt, amend and repeal Plan administrative rules, guidelines and practices as it deems advisable. The Administrator may correct defects and ambiguities, supply omissions and reconcile inconsistencies in the Plan or any Award as it deems necessary or appropriate to administer the Plan and any Awards. The Administrator's determinations under the Plan are in its sole discretion and will be final and binding on all persons having or claiming any interest in the Plan or any Award.

3.2 **Appointment of Committees.** To the extent Applicable Laws permit, the Board may delegate any or all of its powers under the Plan to one or more Committees or officers of the Company or any of its Subsidiaries. The Board may abolish any Committee or re-vest in itself any previously delegated authority at any time.

ARTICLE IV. STOCK AVAILABLE FOR AWARDS

4.1 **Number of Shares.** Subject to adjustment under Article VIII and the terms of this Article IV, Awards may be made under the Plan covering up to the Overall Share Limit. Notwithstanding anything to the contrary contained herein, (i) the Earthstone Shares may not be granted pursuant to Awards to individuals who were employed immediately prior to November 1, 2023 by the Company or by an entity that was an affiliate or Subsidiary of the Company prior to the closing of the merger with Earthstone Energy, Inc. and (ii) the Earthstone Shares will not be available for grant under this Plan after June 6, 2028).

4.2 **Share Recycling.** If all or any part of an Award expires, lapses or is terminated, exchanged for cash, surrendered, repurchased, canceled without having been fully exercised or forfeited, in any case, in

a manner that results in the Company acquiring Shares covered by the Award at a price not greater than the price (as adjusted to reflect any Equity Restructuring) paid by the Participant for such Shares or not issuing any Shares covered by the Award, the unused Shares covered by the Award will again be available for Award grants under the Plan; provided, however, that Shares subject to an Plan Award that was granted pursuant to an exception under Section 303A.08 of the NYSE Listed Company Manual that become available for issuance under this Plan shall remain subject to the terms and conditions set forth in such exception. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not count against the Overall Share Limit. Notwithstanding anything to the contrary contained herein, the following Shares shall not be added to the Shares authorized for grant under Section 4.1 and shall not be available for future grants of Awards: (i) Shares tendered by the Participant or withheld by the Company in payment of the exercise price of an Option; (ii) Shares tendered by the Participant or withheld by the Company to satisfy any tax withholding obligation with respect to an Award; (iii) Shares subject to a Stock Appreciation Right that are not issued in connection with the stock settlement of the Stock Appreciation Right on exercise thereof; and (iv) Shares purchased on the open market with the cash proceeds from the exercise of Options.

4.3 **Incentive Stock Option Limitations.** Notwithstanding anything to the contrary herein, no more than 71,718,560 Shares may be issued pursuant to the exercise of Incentive Stock Options, which amount is inclusive of the number of Shares issued pursuant to the exercise of Incentive Stock Options under the Prior Plan.

4.4 **Substitute Awards.** In connection with an entity's merger or consolidation with the Company or any Subsidiary or the Company's or any Subsidiary's acquisition of an entity's property or stock, the Administrator may grant Awards in substitution for any options or other stock or stock-based awards granted before such merger or consolidation by such entity or its affiliate. Substitute Awards may be granted on such terms as the Administrator deems appropriate, notwithstanding limitations on Awards in the Plan. Substitute Awards will not count against the Overall Share Limit (nor shall Shares subject to a Substitute Award

be added to the Shares available for Awards under the Plan as provided above), except that Shares acquired by exercise of substitute Incentive Stock Options will count against the maximum number of Shares that may be issued pursuant to the exercise of Incentive Stock Options under the Plan. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan (and Shares subject to such Awards shall not be added to the Shares available for Awards under the Plan as provided above); provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees or Directors prior to such acquisition or combination.

4.5 Non-Employee Director Compensation. Notwithstanding any provision to the contrary in the Plan, the Administrator may establish compensation for non-employee Directors from time to time, subject to the limitations in the Plan. The Administrator will from time to time determine the terms, conditions and amounts of all such non-employee Director compensation in its discretion and pursuant to the exercise of its business judgment, taking into account such factors, circumstances and considerations as it shall deem relevant from time to time, provided that the sum of any cash compensation, or other compensation, and the value (determined as of the grant date in accordance with Financial Accounting

2

Standards Board Accounting Standards Codification Topic 718, or any successor thereto) of Awards granted to a non-employee Director as compensation for services as a non-employee Director during any fiscal year of the Company may not exceed \$500,000. The Administrator may make exceptions to this limit for individual non-employee Directors in extraordinary circumstances, as the Administrator may determine in its discretion, provided that the non-employee Director receiving such additional compensation may not participate in the decision to award such compensation or in other contemporaneous compensation decisions involving non-employee Directors.

ARTICLE V.

STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

5.1 General. The Administrator may grant Options or Stock Appreciation Rights to Service Providers subject to the limitations in the Plan, including any limitations in the Plan that apply to Incentive Stock Options. The Administrator will determine the number of Shares covered by each Option and Stock Appreciation Right, the exercise price of each Option and Stock Appreciation Right and the conditions and limitations applicable to the exercise of each Option and Stock Appreciation Right. A Stock Appreciation Right will entitle the Participant (or other person entitled to exercise the Stock Appreciation Right) to receive from the Company upon exercise of the exercisable portion of the Stock Appreciation Right an amount determined by multiplying the excess, if any, of the Fair Market Value of one Share on the date of exercise over the exercise price per Share of the Stock Appreciation Right by the number of Shares with respect to which the Stock Appreciation Right is exercised, subject to any limitations of the Plan or that the Administrator may impose and payable in cash, Shares valued at Fair Market Value or a combination of the two as the Administrator may determine or provide in the Award Agreement. For the avoidance of doubt, a Participant shall not be entitled to dividends or Dividend Equivalents in respect of Awards of Options or Stock Appreciation Rights.

5.2 Exercise Price. The Administrator will establish each Option's and Stock Appreciation Right's exercise price and specify the exercise price in the Award Agreement. The exercise price will not be less than 100% of the Fair Market Value on the grant date of the Option or Stock Appreciation Right. Notwithstanding the foregoing, if on the last day of the term of an Option or Stock Appreciation Right the Fair Market Value of one Share exceeds the applicable exercise or base price per Share, the Participant has not exercised the Option or Stock Appreciation Right and remains employed by the Company or one of its Subsidiaries and the Option or Stock Appreciation Right has not expired, the Option or Stock Appreciation Right shall be deemed to have been exercised by the Participant on such day with payment made by withholding Shares otherwise issuable in connection with its exercise. In such event, the Company shall deliver to the Participant the number of Shares for which the Option or Stock Appreciation Right was deemed exercised, less the number of Shares required to be withheld for the payment of the total purchase price and required withholding taxes; provided, however, any fractional Share shall be settled in cash.

5.3 Duration. Each Option or Stock Appreciation Right will be exercisable at such times and as specified in the Award Agreement, provided that the term of an Option or Stock Appreciation Right will not exceed ten years. Notwithstanding the foregoing and unless determined otherwise by the Company, in the event that on the last business day of the term of an Option or Stock Appreciation Right (other than an Incentive Stock Option) (a) the exercise of the Option or Stock Appreciation Right is prohibited by Applicable Law, as determined by the Company, or (b) Shares may not be purchased or sold by the applicable Participant due to any Company insider trading policy (including blackout periods) or a "lock-up" agreement undertaken in connection with an issuance of securities by the Company,

the term of the Option or Stock Appreciation Right shall be extended until the date that is thirty (30) days after the end of the legal prohibition, black-out period or lock-up agreement, as determined by the Company; provided,

however, in no event shall the extension last beyond the ten year term of the applicable Option or Stock Appreciation Right. Notwithstanding the foregoing, if the Participant, prior to the end of the term of an Option or Stock Appreciation Right, violates the non-competition, non-solicitation, confidentiality or other similar restrictive covenant provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company or any of its Subsidiaries, the right of the Participant and the Participant's transferees to exercise any Option or Stock Appreciation Right issued to the Participant shall terminate immediately upon such violation, unless the Company otherwise determines. In addition, if, prior to the end of the term of an Option or Stock Appreciation Right, the Participant is given notice by the Company or any of its Subsidiaries of the Participant's Termination of Service by the Company or any of its Subsidiaries for Cause, and the effective date of such Termination of Service is subsequent to the date of the delivery of such notice, the right of the Participant and the Participant's transferees to exercise any Option or Stock Appreciation Right issued to the Participant shall be suspended from the time of the delivery of such notice until the earlier of (i) such time as it is determined or otherwise agreed that the Participant's service as a Service Provider will not be terminated for Cause as provided in such notice or (ii) the effective date of the Participant's Termination of Service by the Company or any of its Subsidiaries for Cause (in which case the right of the Participant and the Participant's transferees to exercise any Option or Stock Appreciation Right issued to the Participant will terminate immediately upon the effective date of such Termination of Service).

5.4 Exercise. Options and Stock Appreciation Rights may be exercised by delivering to the Company a written notice of exercise, in a form the Administrator approves (which may be electronic), signed by the person authorized to exercise the Option or Stock Appreciation Right, together with, as applicable, payment in full (i) as specified in Section 5.5 for the number of Shares for which the Award is exercised and (ii) as specified in Section 9.5 for any applicable taxes. Unless the Administrator otherwise determines, an Option or Stock Appreciation Right may not be exercised for a fraction of a Share.

5.5 Payment Upon Exercise. Subject to Section 10.8, any Company insider trading policy (including blackout periods) and Applicable Laws, the exercise price of an Option must be paid by:

(a) cash, wire transfer of immediately available funds or by check payable to the order of the Company, provided that the Company may limit the use of one of the foregoing payment forms if one or more of the payment forms below is permitted;

(b) if there is a public market for Shares at the time of exercise, unless the Company otherwise determines, (A) delivery (including telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to pay the exercise price, or (B) the Participant's delivery to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to pay the exercise price; provided that such amount is paid to the Company at such time as may be required by the Administrator;

(c) to the extent permitted by the Administrator, delivery (either by actual delivery or attestation) of Shares owned by the Participant valued at their Fair Market Value;

(d) to the extent permitted by the Administrator, surrendering Shares then issuable upon the Option's exercise valued at their Fair Market Value on the exercise date;

(e) to the extent permitted by the Administrator, delivery of a promissory note or any other property that the Administrator determines is good and valuable consideration; or

(f) to the extent permitted by the Company, any combination of the above payment forms approved by the Administrator.

ARTICLE VI. RESTRICTED STOCK; RESTRICTED STOCK UNITS

6.1 **General.** The Administrator may grant Restricted Stock, or the right to purchase Restricted Stock, to any Service Provider, subject to the Company's right to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant (or to require forfeiture of such shares) if conditions the Administrator specifies in the Award Agreement are not satisfied before the end of the applicable restriction period or periods that **due** the Administrator establishes for such Award. In addition, the Administrator may grant to Service Providers Restricted Stock Units, which may be subject to vesting and forfeiture conditions during the applicable restriction period or periods, as set forth in an Award Agreement. The Administrator will determine and set forth in the Award Agreement the terms and conditions for each Restricted Stock and Restricted Stock Unit Award, subject to the conditions and limitations contained in the Plan.

6.2 **Restricted Stock.**

(a) **Dividends.** Participants holding shares of Restricted Stock will be entitled to all ordinary cash dividends paid with respect to such Shares, unless the Administrator provides otherwise in the Award Agreement. In addition, unless the Administrator provides otherwise, if any dividends or distributions are paid in Shares, or consist of a dividend or distribution to holders of Common Stock of property other than an ordinary cash dividend, the Shares or other property will be subject to the same restrictions on transferability and forfeitability as the shares of Restricted Stock with respect to which they were paid. In addition, with respect to a **reduction** share of Restricted Stock, dividends which are paid prior to vesting shall only be paid out to the Participant to the extent that the vesting conditions are subsequently satisfied and the share of Restricted Stock vests.

(b) **Stock Certificates.** The Company may require that the Participant deposit in escrow with the Company (or its designee) any stock certificates issued in respect of shares of Restricted Stock, together with a stock power endorsed in blank.

6.3 **Restricted Stock Units.**

(a) **Settlement.** The Administrator may provide that settlement of Restricted Stock Units will occur upon or as soon as reasonably practicable after the Restricted Stock Units vest or will instead be deferred, on a mandatory basis or at the Participant's election, in a manner intended to comply with Section 409A.

(b) **Stockholder Rights.** A Participant will have no rights of a stockholder with respect to Shares subject to any Restricted Stock Unit unless and until the Shares are delivered in settlement of the Restricted Stock Unit.

(c) **Dividend Equivalents.** If the Administrator provides, a grant of Restricted Stock Units may provide a Participant with the right to receive Dividend Equivalents. Dividend Equivalents may be paid or credited to an account for the Participant, settled in cash or Shares and subject to the same restrictions on transferability and forfeitability as the Restricted Stock Units with respect to which the Dividend Equivalents are granted and subject to other terms and conditions as set forth in the **size** Award Agreement. In addition, Dividend Equivalents with respect to an Award that are based on dividends paid prior to the vesting of such Award shall only be paid out to the Participant to the extent that the vesting conditions are subsequently satisfied and the Award vests.

ARTICLE VII. OTHER STOCK OR CASH BASED AWARDS

Other Stock or Cash Based Awards may be granted to Participants, including Awards entitling Participants to receive Shares to be delivered in the future and including annual or other periodic or long-term cash bonus awards (whether based on specified Performance Criteria or otherwise), in each case subject to any conditions and limitations in the Plan. Such Other Stock or Cash Based Awards will also be available as a payment form in the settlement of other Awards, as standalone payments and as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock or Cash Based Awards may be paid in Shares, cash or other property, as the Administrator determines. Subject to the provisions of the **peer group** Plan, the Administrator will determine the terms and conditions of each Other Stock or Cash Based Award, including any purchase price, performance goal (which may be based on the Performance Criteria), transfer restrictions, and vesting conditions, which will be set forth in the applicable Award Agreement.

ARTICLE VIII. ADJUSTMENTS FOR CHANGES IN COMMON STOCK AND CERTAIN OTHER EVENTS

8.1 **Equity Restructuring.** In connection with any Equity Restructuring, notwithstanding anything to the contrary in this Article VIII, the Administrator will equitably adjust each outstanding Award as it deems appropriate to reflect the Equity Restructuring, which may include adjusting the number and type of securities subject to each outstanding Award and/or the Award's exercise price or grant price (if applicable), granting new Awards to Participants, and making a cash payment to Participants. The adjustments provided under this Section 8.1 will be final and binding on the affected Participant and the Company; provided that the Administrator will determine whether an adjustment is equitable.

8.2 **Corporate Transactions.** In the event of any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), reorganization, merger, consolidation, combination, amalgamation, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Stock or other securities of the Company, Change in Control, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, other similar corporate transaction or event, other unusual extraordinary or nonrecurring transactions transaction or events materially event affecting the Award, an adjustment Company or its financial statements or any change in any Applicable Laws or accounting principles, the peer group, Administrator, on such terms and conditions as it deems appropriate, either by the payment schedule and/or other terms of the Award or by action taken prior to the occurrence of such transaction or event (except that action to give effect to a change in Applicable Law or accounting principles may be made within a reasonable period of time after such change) and either automatically or upon the Participant's request, is necessary hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to avoid the (x) prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award granted or issued under the Plan, (y) to facilitate such transaction or event or (z) give effect to such changes in Applicable Laws or accounting principles:

(a) To provide for the cancellation of any such Award in exchange for either an amount of cash or other property with a value equal to the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights under the vested portion of such Award, as applicable; provided that, if the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights, in any case, is equal to or less than zero, then the Award may be terminated without payment;

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(b) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and/or applicable exercise or purchase price, in all cases, as determined by the Administrator;

(c) To make adjustments in the number and type of shares of Common Stock (or other securities or property) subject to outstanding Awards and/or with respect to which Awards may be granted under the Plan (including, but not limited to, adjustments of the limitations in Article IV hereof on the maximum number and kind of shares which may be issued) and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards;

(d) To replace such Award with other rights or property selected by the Administrator; and/or

(e) To provide that the Award will terminate and cannot vest, be exercised or become payable after the applicable event.

8.3 **Administrative Stand Still.** In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other extraordinary transaction or change affecting the Shares or the share price of Common Stock, including any Equity Restructuring or any securities offering or other similar transaction, for administrative convenience, the Administrator may adjust refuse to permit the peer group exercise of any Award for up to sixty days before or after such transaction.

8.4 **General.** Except as expressly provided in the Plan or the Administrator's action under the Plan, no Participant will have any rights due to any subdivision or consolidation of Shares of any class, dividend payment, increase or decrease in the number of Shares of any class or dissolution, liquidation, merger, or consolidation of the Company or other corporation. Except as expressly provided with respect to an Equity Restructuring under Section 8.1 above or the Administrator's action under the Plan, no issuance by the Company of Shares of any class, or securities convertible into Shares of any class, will affect, and no adjustment will be made regarding, the number of Shares subject to an Award or the Award's grant or exercise price. The existence of the Plan, any Award Agreements and the Awards granted hereunder will not affect or restrict in any way the Company's right or power to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger, consolidation dissolution or liquidation of the Company or sale of Company assets or (iii) any sale or issuance of securities, including securities with rights superior to those of the Shares or securities convertible into or exchangeable for Shares. The Administrator may treat Participants and Awards (or portions thereof) differently under this Article VIII.

ARTICLE IX.

GENERAL PROVISIONS APPLICABLE TO AWARDS

9.1 **Transferability.** Except as the Administrator may determine or provide in an Award Agreement or otherwise for Awards other than Incentive Stock Options, Awards may not be sold, assigned, transferred, pledged or otherwise encumbered, either voluntarily or by operation of law, except by will or the laws of descent and distribution, or, subject to the Administrator's consent, pursuant to a domestic relations order, and, during the life of the Participant, will be exercisable only by the Participant. References to a Participant, to the extent relevant in the context, will include references to a Participant's authorized transferee that the Administrator specifically approves.

9.2 **Documentation.** Each Award will be evidenced in an Award Agreement, which may be written or electronic, as the Administrator determines. Each Award may contain terms and conditions in addition to those set forth in the Plan.

9.3 **Discretion.** Except as the Plan otherwise provides, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award to a Participant need not be identical, and the Administrator need not treat Participants or Awards (or portions thereof) uniformly.

9.4 **Termination of Status.** The Administrator will determine how the disability, death, retirement, authorized leave of absence or any other change or purported change in a Participant's Service Provider status affects an Award and the extent to which, and the period during which, the Participant, the Participant's legal representative, conservator, guardian or Designated Beneficiary may exercise rights under the Award, if applicable.

9.5 **Withholding.** Each Participant must pay the Company, or make provision satisfactory to the Administrator for payment of, any taxes required by law to be withheld in connection with such Participant's Awards by the date of the event creating the tax liability. The Company may deduct an amount sufficient to satisfy such tax obligations based on the applicable statutory withholding rate (or such other rate as may be determined by the Company after considering any accounting consequences or costs) from any payment of any kind otherwise due to a Participant. Subject to Section 10.8 and any Company insider trading policy (including blackout periods), Participants may satisfy such tax obligations (i) in cash, by removing constituent companies, substituting new constituent companies for existing constituent companies wire transfer of immediately available funds, by check made payable to the order of the Company, provided that the Company may limit the use of the foregoing payment forms if one or selecting new constituent companies to replace withdrawn constituent companies, more of the payment schedule and/ forms below is permitted, (ii) to the extent permitted by the Administrator, in whole or in part by delivery of Shares, including Shares retained from the Award creating the tax obligation, valued at their Fair Market Value, (iii) if there is a public market for Shares at the time the tax obligations are satisfied, unless the Company otherwise determines, (A) delivery (including telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to satisfy the tax obligations, or (B) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to satisfy the tax withholding; provided that such amount is paid to the Company at such time as may be required by the Administrator, or (iv) to the extent permitted by the Company, any combination of the foregoing payment forms approved by the Administrator. If any tax withholding obligation will be satisfied under clause (ii) of the immediately preceding sentence by the Company's retention of Shares from the Award creating the tax obligation and there is a public market for Shares at the time the tax obligation is satisfied, the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on the applicable Participant's behalf some or all of the Shares retained and to remit the proceeds of the sale to the Company or its designee, and each Participant's acceptance of an Award under the Plan will constitute the Participant's authorization to the Company and instruction and authorization to such brokerage firm to complete the transactions described in this sentence.

9.6 **Amendment of Award; Prohibition on Repricing.** The Administrator may amend, modify or terminate any outstanding Award, including by substituting another Award of the same or a different type, changing the exercise or settlement date, and converting an Incentive Stock Option to a Non-Qualified Stock Option. The Participant's consent to such action will be required unless (i) the action, taking into account any related action, does not materially and adversely affect the Participant's rights under the Award, or (ii) the change is permitted under Article VIII or pursuant to Section 10.6. Notwithstanding the foregoing or anything in the Plan to the contrary, the Administrator may not except pursuant to Article VIII,

without the approval of the stockholders of the Company, reduce the exercise price per share of outstanding Options or Stock Appreciation Rights or cancel outstanding Options or Stock Appreciation Rights in exchange for the grant of new Options or Stock Appreciation Rights with an exercise price per share that is less than the exercise price per share of the original Options or Stock Appreciation Rights, as applicable, or for cash, other property or the grant of any new Award at a time when the exercise price per share of the Option or Stock Appreciation Right is greater than the current Fair Market Value of a share.

9.7 **Conditions on Delivery of Stock.** The Company will not be obligated to deliver any Shares under the Plan or remove restrictions from Shares previously delivered under the Plan until (i) all Award conditions have been met or removed to the Company's satisfaction, (ii) as determined by the Company, all other legal

matters regarding the issuance and delivery of such Shares have been satisfied, including any applicable securities laws and stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Administrator deems necessary or appropriate to satisfy any Applicable Laws. The Company's inability to obtain authority from any regulatory body having jurisdiction, which the Administrator determines is necessary to the lawful issuance and sale of any securities, will relieve the Company of any liability for failing to issue or sell such Shares as to which such requisite authority has not been obtained.

9.8 Additional Terms of Incentive Stock Options. The Administrator may grant Incentive Stock Options only to employees of the Company, any of its present or future parent or subsidiary corporations, as defined in Sections 424(e) or (f) of the Code, respectively, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code. If an Incentive Stock Option is granted to a Greater Than 10% Stockholder, the exercise price will not be less than 110% of the Fair Market Value on the Option's grant date, and the term of the Option will not exceed five years. All Incentive Stock Options will be subject to and construed consistently with Section 422 of the Code. By accepting an Incentive Stock Option, the Participant agrees to give prompt notice to the Company of dispositions or other transfers (other than in connection with a Change in Control) of Shares acquired under the Option made within (i) two years from the grant date of the Option or (ii) one year after the transfer of such Shares to the Participant, specifying the date of the disposition or other transfer and the amount the Participant realized, in cash, other property, assumption of indebtedness or other consideration, in such disposition or other transfer. Neither the Company nor the Administrator will be liable to a Participant, or any other party, if an Incentive Stock Option fails or ceases to qualify as an "incentive stock option" under Section 422 of the Code. Any Incentive Stock Option or portion thereof that fails to qualify as an "incentive stock option" under Section 422 of the Code for any reason, including becoming exercisable with respect to Shares having a fair market value exceeding the \$100,000 limitation under Treasury Regulation Section 1.422-4, will be a Non-Qualified Stock Option.

ARTICLE X. MISCELLANEOUS

10.1 No Right to Employment or Other Status. No person will have any claim or right to be granted an Award, and the grant of an Award will not be construed as giving a Participant the right to continued employment or any other relationship with the Company or any Subsidiary. The Company and its Subsidiaries expressly reserve the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan or any Award, except as expressly provided in an Award Agreement.

10.2 No Rights as Stockholder; Certificates. Subject to the Award Agreement, no Participant or Designated Beneficiary will have any rights as a stockholder with respect to any Shares to be distributed under an Award until becoming the record holder of such Shares. Notwithstanding any other provision of

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the Plan, unless the Administrator otherwise determines or Applicable Laws require, the Company will not be required to deliver to any Participant certificates evidencing Shares issued in connection with any Award and instead such Shares may be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator). The Company may place legends on stock certificates issued under the Plan that the Administrator deems necessary or appropriate to comply with Applicable Laws.

10.3 Effective Date and Term of Plan. The Plan shall become effective as of the Effective Date. In the event that the Company's stockholders do not approve this Plan, Awards granted under the Prior Plan will continue to be subject to the terms and conditions of the Prior Plan as in effect immediately prior to the date this Plan is approved by the Board. In addition, in the event that the Company's stockholders do not approve this Plan, any Shares available for grant under the Prior Plan as of the Effective Date will continue to be available for grant pursuant to the terms of the Prior Plan. Unless earlier terminated by the Board, the Plan will remain in effect until the tenth anniversary of the Effective Date, but Awards previously granted may extend beyond that date in accordance with the Plan.

10.4 Amendment of Plan. The Administrator may amend, suspend or terminate the Plan at any time; provided that no amendment, other than an increase to the Overall Share Limit, may materially and adversely affect any Award outstanding at the time of such amendment without the affected Participant's consent. No Awards may be granted under the Plan during any suspension period or after Plan termination. Awards outstanding at the time of any Plan suspension or termination will continue to be governed by the Plan and the Award Agreement, as in effect before such suspension or termination. The Board will obtain stockholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws.

10.5 Provisions for Foreign Participants. The Administrator may modify Awards granted to Participants who are foreign nationals or employed outside the United States or establish subplans or procedures under the Plan to address differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

10.6 Section 409A.

(a) **General.** The Company intends that all Awards be structured to comply with, or be exempt from, Section 409A, such that no adverse tax consequences, interest, or penalties under Section 409A apply. Notwithstanding anything in the Plan or any Award Agreement to the contrary, the Administrator may, without a Participant's consent, amend this Plan or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and retroactive actions) as are necessary or appropriate to preserve the intended tax treatment of Awards, including any such actions intended to (A) exempt this Plan or any Award from Section 409A, or (B) comply with Section 409A, including regulations, guidance, compliance programs and other interpretative authority that may be issued after an Award's grant date. The Company makes no representations or warranties as to an Award's tax treatment under Section 409A or otherwise. The Company and its Subsidiaries will have no obligation under this Section 10.6 or otherwise to avoid the taxes, penalties or interest under Section 409A with respect to any Award and will have no liability to any Participant or any other person if any Award, compensation or other benefits under the Plan are determined to constitute noncompliant "nonqualified deferred compensation" subject to taxes, penalties or interest under Section 409A.

(b) **Separation from Service.** If an Award constitutes "nonqualified deferred compensation" under Section 409A, any payment or settlement of such Award upon a termination of a Participant's Service Provider relationship will, to the extent necessary to avoid taxes under Section 409A, be made only upon the Participant's "separation from service" (within the meaning of Section 409A), whether such "separation from service" occurs upon or after the termination of the Participant's Service

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Provider relationship. For purposes of this Plan or any Award Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms means a "separation from service."

(c) **Payments to Specified Employees.** Notwithstanding any contrary provision in the Plan or any Award Agreement, any payment(s) of "nonqualified deferred compensation" required to be made under an Award to a "specified employee" (as defined under Section 409A and as the Administrator determines) due to his or her "separation from service" will, to the extent necessary to avoid taxes under Section 409A(a)(2)(B)(i) of the Code, be delayed for the six-month period immediately following such "separation from service" (or, if earlier, until the specified employee's death) and will instead be paid (as set forth in the Award Agreement) on the day immediately following such six-month period or as soon as administratively practicable thereafter (without interest). Any payments of "nonqualified deferred compensation" under such Award payable more than six months following the Participant's "separation from service" will be paid at the time or times the payments are otherwise scheduled to be made.

10.7 **Limitations on Liability.** Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, other employee or agent of the Company or any Subsidiary will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan or any Award, and such individual will not be personally liable with respect to the Plan because of any contract or other instrument executed in his or her capacity as an Administrator, director, officer, other employee or agent of the Company or any Subsidiary. The Company will indemnify and hold harmless each director, officer, other employee and agent of the Company or any Subsidiary that has been or will be granted or delegated any duty or power relating to the Plan's administration or interpretation, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Administrator's approval) arising from any act or omission concerning this Plan unless arising from such person's own fraud or bad faith.

10.8 **Lock-Up Period.** The Company may, at the request of any underwriter representative or otherwise, in connection with registering the offering of any Company securities under the Securities Act, prohibit Participants from, directly or indirectly, selling or otherwise transferring any Shares or other Company securities during a period of up to one hundred eighty days following the effective date of a Company registration statement filed under the Securities Act, or such longer period as determined by the underwriter.

10.9 **Data Privacy.** As a condition for receiving any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this section by and among the Company and its Subsidiaries and affiliates exclusively for implementing, administering and managing the Participant's participation in the Plan. The Company and its Subsidiaries and affiliates may hold certain personal information about a Participant, including the Participant's name, address and telephone number; birthdate; social security, insurance number or other identification number; salary; nationality; job title(s); any Shares held in the Company or its Subsidiaries and affiliates; and Award details, to implement, manage and administer the Plan and Awards (the "Data"). The Company and its Subsidiaries and affiliates may transfer the Data amongst themselves as necessary to implement, administer and manage a Participant's participation in the Plan, and the Company and its Subsidiaries and affiliates may transfer the Data to third parties assisting the Company with Plan implementation, administration and management. These recipients may be located in the Participant's country, or elsewhere, and the Participant's country may have different data privacy laws and protections than the recipients' country. By accepting an Award, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, to implement, administer and manage

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the Participant's participation in the Plan, including any required Data transfer to a broker or other third party with whom the Company or the Participant may elect to deposit any Shares. The Data related to a Participant will be held only as long as necessary to implement, administer, and manage the Participant's participation in the Plan. A Participant may, at any time, view the Data that the Company holds regarding such Participant, request additional information about the storage and processing of the Data regarding such Participant, recommend any necessary corrections to the Data regarding the Participant or refuse or withdraw the consents in this Section 10.9 in writing, without cost, by contacting the local human resources representative. The Company may cancel Participant's ability to participate in the Plan and, in the Administrator's discretion, the Participant may forfeit any outstanding Awards if the Participant refuses or withdraws the consents in this Section 10.9. For more information on the consequences of refusing or withdrawing consent, Participants may contact their local human resources representative.

10.10 Severability. If any portion of the Plan or any action taken under it is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provisions had been excluded, and the illegal or invalid action will be null and void.

10.11 Governing Documents. If any contradiction occurs between the Plan and any Award Agreement or other written agreement between a Participant and the Company (or any Subsidiary) that the Administrator has approved, the Plan will govern, unless it is expressly specified in such Award Agreement or other written document that a **manner** specific provision of the Plan will not apply.

10.12 Governing Law. The Plan and all Awards will be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding any state's choice of law principles requiring the application of a jurisdiction's laws other than the State of Delaware.

10.13 Claw-back Provisions. All Awards (including any proceeds, gains or other economic benefit the Participant actually or constructively receives upon receipt or exercise of any Award or the receipt or resale of any Shares underlying the Award) will be subject to any Company claw-back policy, including any claw-back policy adopted to comply with Applicable Laws (including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder) as set forth in such claw-back policy or the Award Agreement.

10.14 Titles and Headings. The titles and headings in the Plan are for convenience of reference only and, if any conflict, the Plan's text, rather than such titles or headings, will control.

10.15 Conformity to Securities Laws. Participant acknowledges that the Plan is intended to conform to the extent necessary with Applicable Laws. Notwithstanding anything herein to the contrary, the Plan and all Awards will be administered only in conformance with Applicable Laws. To the extent Applicable Laws permit, the Plan and all Award Agreements will be deemed amended as necessary to conform to Applicable Laws.

10.16 Relationship to Other Benefits. No payment under the Plan will be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except as expressly provided in writing in such other plan or an agreement thereunder.

10.17 Broker-Assisted Sales. In the event of a broker-assisted sale of Shares in connection with the payment of amounts owed by a Participant under or with respect to the Plan or Awards, including amounts to be paid under the final sentence of Section 9.5: (a) any Shares to be sold through the broker-assisted sale will be sold on the day the payment first becomes due, or as soon thereafter as practicable; (b)

such Shares may be sold as part of a block trade with other Participants in the Plan in which all participants receive an average price; (c) the applicable Participant will be responsible for all broker's fees and other costs of sale, and by accepting an Award, each Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (d) to the extent the Company or its designee receives proceeds of such sale that exceed the amount owed, the Company will pay such excess in cash to the applicable Participant as soon as reasonably practicable; (e) the Company and its designees are under no obligation to arrange for such sale at any particular price; and (f) in the event the proceeds of such sale are insufficient to satisfy the Participant's applicable obligation, the Participant may be required to pay immediately upon demand to the Company or its designee an amount in cash sufficient to satisfy any remaining portion of the Participant's obligation.

10.18 Section 162(m) Limitations. Notwithstanding any other provision of the Plan or any Award, each Award made under the Prior Plan prior to November 2, 2017 that is intended to qualify as "performance-based compensation" as described in Section 162(m)(4)(C) of the Code prior to its repeal or is otherwise not

subject to the deduction limitation of Section 162(m) of the Code because it was granted to an individual who was not considered a “covered employee” under Section 162(m) of the Code (each such Award, a “Section 162(m) Award”) shall be subject to any additional limitations as the Administrator determines necessary for such Section 162(m) Award to qualify as “performance-based compensation” as described in good faith Section 162(m)(4)(C) of the Code prior to its repeal or to otherwise be equitable exempt from Section 162(m) of the Code pursuant to reflect the transition relief rules in the Tax Cuts and Jobs Act of 2017, and to the extent any of the provisions of the Plan or any Award would cause any Section 162(m) Award to fail to so qualify or to otherwise be so exempt, any such transactions provisions shall not apply to such Award to the extent necessary to ensure the continued qualification or events. exemption of such Award. To the extent permitted by applicable law, the Plan and any such Award shall be deemed amended to the extent necessary to conform to such requirements. To the extent necessary with respect to Section 162(m) Awards, the Administrator shall be comprised solely of two or more directors intended to qualify as “outside directors” for purposes of Section 162(m) of the Code.

10.19 No Fractional Shares. Notwithstanding any provision in the Plan to the contrary, no fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Administrator shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

10.20 Section 83(b) Elections Prohibited. No Participant may make an election under Section 83(b) of the Code, or any successor section thereto, with respect to any Award without the consent of the Administrator, which the Administrator may grant or withhold in its discretion.

10.21 Award Vesting Limitations. Notwithstanding any other provisions of the Plan to the contrary, but subject to Section 8.2, no Award (or portion thereof) granted under the Plan shall vest earlier than the first anniversary of the date the Award is granted, and no Award Agreement shall reduce or eliminate such minimum vesting requirement, provided, however, that, notwithstanding the foregoing, the minimum vesting requirement of this Section 10.21 shall not apply to: (a) any Substitute Awards, (b) any Awards delivered in lieu of fully-vested cash-based Awards (or other fully-vested cash awards or payments), (c) any Awards to non-employee directors for which the vesting period runs from the date of one annual meeting of the Company’s stockholders to the next annual meeting of the Company’s stockholders, or (d) any other Awards granted by the Administrator from time to time that result in the issuance of an aggregate of up to 5% of the shares available for issuance under Section 4.1 as of the Effective Date, provided that nothing in this Section 10.21 limits the ability of an Award to provide that

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such minimum vesting restrictions may lapse or be waived upon the Participant’s death or disability, subject to Section 9.6.

ARTICLE XI. DEFINITIONS

As used in the Plan, the following words and phrases will have the following meanings:

11.1 “Administrator” means the Board or a Committee to the extent that the Board’s powers or authority under the Plan have been delegated to such Committee.

11.2 “Applicable Laws” means the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where Awards are granted.

11.3 “Award” means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units or Other Stock or Cash Based Awards.

11.4 “Award Agreement” means a written agreement evidencing an Award, which may be electronic, that contains such terms and conditions as the Administrator determines, consistent with and subject to the terms and conditions of the Plan.

11.5 “Board” means the Board of Directors of the Company.

11.6 “Cause” means (i) if a Participant is a party to a written employment or consulting agreement with the Company or any of its Subsidiaries or an Award Agreement in which the term “cause” is defined (a “Relevant Agreement”), “Cause” as defined in the Relevant Agreement, and (ii) if no Relevant Agreement exists, (A) the Administrator’s determination that the Participant failed to substantially perform the Participant’s duties (other than a failure resulting from the Participant’s Disability); (B) the Administrator’s determination that the Participant failed to carry out, or comply with any lawful and reasonable directive of the Board or the Participant’s immediate supervisor; (C) the occurrence of any act or omission by the Participant that could reasonably be expected to result in (or has resulted in) the Participant’s conviction, plea of no contest, plea of nolo contendere, or imposition of unadjudicated probation for any felony or indictable offense or crime involving moral turpitude; (D) the Participant’s unlawful use (including being under the influence) or possession of illegal drugs on the premises of the Company or

any of its Subsidiaries or while performing the Participant's duties and responsibilities for the Company or any of its Subsidiaries; or (E) the Participant's commission of an act of fraud, embezzlement, misappropriation, misconduct, or breach of fiduciary duty against the Company or any of its Subsidiaries.

11.7 **"Change in Control"** means and includes each of the following:

(a) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (i) and (ii) of subsection (c) below) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Subsidiaries, an employee benefit plan maintained by the Company or any of its Subsidiaries or a "person" that, prior sentence, "constituent companies" includes indices to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of

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securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(b) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (a) or (c)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award (or portion of any Award) that provides for the deferral of compensation that is subject to Section 409A, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described in subsection (a), (b) or (c) with respect to such Award (or portion thereof) shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5).

The Administrator shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

11.8 **"Code"** means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

11.9 **"Committee"** means one or more committees or subcommittees of the Board, which may include one or more Company directors or executive officers, to the extent Applicable Laws permit. To the

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extent required to comply with the provisions of Rule 16b-3, it is intended that each member of the Committee will be, at the time the Committee takes any action with respect to an Award that is subject to Rule 16b-3, a "non-employee director" within the meaning of Rule 16b-3; however, a Committee member's failure to qualify as a "non-employee director" within the meaning of Rule 16b-3 will not invalidate any Award granted by the Committee that is otherwise validly granted under the Plan.

11.10 **"Common Stock"** means the Class A common stock of the Company.

11.11 **"Company"** means Permian Resources Corporation, a Delaware corporation, or any successor.

11.12 **"Consultant"** means any person, including any adviser, engaged by the Company or its parent or Subsidiary to render services to such entity if the consultant or adviser: (i) renders bona fide services to the Company; (ii) renders services not in connection with the offer or sale of securities in a capital-raising transaction and does not directly or indirectly promote or maintain a market for the Company's securities; and (iii) is a natural person.

11.13 **"Designated Beneficiary"** means the beneficiary or beneficiaries the Participant designates, in a manner the Administrator determines, to receive amounts due or exercise the Participant's rights if the Participant dies or becomes incapacitated. Without a Participant's effective designation, "Designated Beneficiary" will mean the Participant's estate.

11.14 **"Director"** means a Board member.

11.15 **"Disability"** means a permanent and total disability under Section 22(e)(3) of the Code, as amended.

11.16 **"Dividend Equivalents"** means a right granted to a Participant under the Plan to receive the equivalent value (in cash or Shares) of dividends paid on Shares.

11.17 **"Earthstone Plan"** means the Earthstone Energy, Inc. 2014 Long-Term Incentive Plan as amended and restated June 6, 2018.

11.18 **"Effective Date"** means May 23, 2023.

11.19 **"Employee"** means any employee of the Company or its Subsidiaries.

11.20 **"Equity Restructuring"** means a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off or recapitalization through a large, nonrecurring cash dividend, that affects the SPDR S&P Oil & Gas Exploration & Production ETF (XOP), number or kind of Shares (or other Company securities) or the share price of Common Stock (or other Company securities) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

11.21 **"Exchange Act"** means the Securities Exchange Act of 1934, as amended.

11.22 **"Fair Market Value"** means, as of any date, the value of Common Stock determined as follows: (i) if the Common Stock is listed on any established stock exchange, its Fair Market Value will be the closing sales price for such Common Stock as quoted on such exchange for such date, or if no sale occurred on such date, the last day preceding such date during which a sale occurred, as reported in The Wall Street Journal or another source the Administrator deems reliable; (ii) if the Common Stock is not traded on a stock exchange but is quoted on a national market or other quotation system, the closing sales price on such date, or if no sales occurred on such date, then on the last date preceding such date during

which a sale occurred, as reported in The Wall Street Journal or another source the Administrator deems reliable; or (iii) without an established market for the Common Stock, the Administrator will determine the Fair Market Value in its discretion.

11.23 **"Greater Than 10% Stockholder"** means an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or its parent or subsidiary corporation, as defined in Section 424(e) and (f) of the Code, respectively.

11.24 **"Incentive Stock Option"** means an Option intended to qualify as an "incentive stock option" as defined in Section 422 of the Code.

11.25 **"Non-Qualified Stock Option"** means an Option not intended or not qualifying as an Incentive Stock Option.

11.26 **"Option"** means an option to purchase Shares.

11.27 **"Other Stock or Cash Based Awards"** means cash awards, awards of Shares, and other awards valued wholly or partially by referring to, or are otherwise based on, Shares or other property.

11.28 **“Overall Share Limit”** means 71,718,560 Shares (which represents the 69,250,000 Shares currently authorized under the Plan, which amount is inclusive of the number of Shares issued or transferred pursuant to Awards under the Prior Plan, plus an additional 2,468,560 Shares assumed from the Earthstone Plan (the **“Earthstone Shares”**) that became available in connection with the closing of the merger with Earthstone Energy, Inc. effective as of November 1, 2023).

11.29 **“Participant”** means a Service Provider who has been granted an Award.

11.30 **“Performance Criteria”** mean the criteria (and adjustments) that the Administrator may select for an Award to establish performance goals for a performance period, which may include the following: net earnings or losses (either before or after one or more of interest, taxes, depreciation, amortization, and non-cash equity-based compensation expense); gross or net sales or revenue or sales or revenue growth; net income (either before or after taxes) or adjusted net income; profits (including but not limited to gross profits, net profits, profit growth, net operation profit or economic profit), profit return ratios or operating margin; budget or operating earnings (either before or after taxes or before or after allocation of corporate overhead and bonus); cash flow (including operating cash flow and free cash flow or cash flow return on capital); return on assets; return on capital or invested capital; cost of capital; return on stockholders' equity; total stockholder return; return on sales; costs, reductions in costs and cost control measures; expenses; working capital; earnings or loss per share; adjusted earnings or loss per share; price per share or dividends per share (or appreciation in or maintenance of such price or dividends); regulatory achievements or compliance; implementation, completion or attainment of objectives relating to research, development, regulatory, commercial, or strategic milestones or developments; market share; economic value or economic value added models; division, group or corporate financial goals; individual business objectives; production or growth in production; reserves or added reserves; growth in reserves per share; inventory growth; environmental, health and/or safety performance; effectiveness of hedging programs; improvements in internal controls and policies and procedures; customer satisfaction/growth; customer service; employee satisfaction; recruitment and maintenance of personnel; human resources management; supervision of litigation and other legal matters; strategic partnerships and transactions; financial ratios (including those measuring liquidity, activity, profitability or leverage); debt levels or reductions; sales-related goals; financing and other capital raising transactions; cash on hand; acquisition activity; investment sourcing activity; and marketing initiatives, any of which may be measured in absolute terms or as

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compared to any incremental increase or decrease. Such performance goals also may be based solely by reference to the Company's performance or the performance of a Subsidiary, division, business segment or business unit of the Company or a Subsidiary, or based upon performance relative to performance of other companies or upon comparisons of any of the indicators of performance relative to performance of other companies. Any performance goals that are financial metrics may be determined in accordance with U.S. Generally Accepted Accounting Principles, in accordance with accounting principles established by the International Accounting Standards Board, or may be adjusted when established to include or exclude any items otherwise includable or excludable under U.S. Generally Accepted Accounting Principles or under the accounting principles established by the International Accounting Standards Board. The Committee may provide for exclusion of the impact of an event or occurrence which the Committee determines should appropriately be excluded, including (a) restructurings, discontinued operations, extraordinary items, and other unusual, infrequently occurring or non-recurring charges or events, (b) asset write-downs, (c) litigation or claim judgments or settlements, (d) acquisitions or divestitures, (e) reorganization or change in the corporate structure or capital structure of the Company, (f) an event either not directly related to the operations of the Company, Subsidiary, division, business segment or business unit or not within the reasonable control of management, (g) foreign exchange gains and losses, (h) a change in the fiscal year of the Company, (i) the refinancing or repurchase of bank loans or debt securities, (j) unbudgeted capital expenditures, (k) the issuance or repurchase of equity securities and other changes in the number of outstanding shares, (l) conversion of some or all of convertible securities to Common Stock, (m) any business interruption event (n) the cumulative effects of tax or accounting changes in accordance with U.S. generally accepted accounting principles, or (o) the effect of changes in other laws or regulatory rules affecting reported results.

11.31 **“Plan”** means this Permian Resources Corporation 2023 Long Term Incentive Plan, as amended or restated from time to time.

11.32 **“Prior Plan”** has the meaning set forth in the preamble.

11.33 **“Restricted Stock”** means Shares awarded to a Participant under Article VI subject to certain vesting conditions and other restrictions.

11.34 **“Restricted Stock Unit”** means an unfunded, unsecured right to receive, on the applicable settlement date, one Share or an amount in cash or other consideration determined by the Administrator to be of equal value as of such settlement date, subject to certain vesting conditions and other restrictions.

11.35 **“Rule 16b-3”** means Rule 16b-3 promulgated under the Exchange Act.

11.36 **“Section 409A”** means Section 409A of the Code and all regulations, guidance, compliance programs and other interpretative authority thereunder.

11.37 **“Securities Act”** means the Securities Act of 1933, as amended.

11.38 **“Service Provider”** means an Employee, Consultant or Director.

11.39 **“Shares”** means shares of Common Stock.

11.40 “**Stock Appreciation Right**” means a stock appreciation right granted under Article V.

11.41 “**Subsidiary**” means any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at

least 50% of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

11.42 “**Substitute Awards**” shall mean Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines.

11.43 “**Termination of Service**” means the date the Participant ceases to be a Service Provider.

* * * * *

SUBSIDIARIES⁽¹⁾

Centennial Resource Development, Inc
Centennial Resource Production, LLC

Legal Name	State of Incorporation
Permian Resources Operating, LLC	Delaware
Permian Resources Management, LLC	
Colgate Energy Partners III, LLC	
Atlantic Exploration, LLC	
Centennial Resource Management, LLC	
CL Energy, LLC	
Colgate Energy, LLC	
Colgate Energy Development, LLC	
Colgate Minerals, LLC	
Colgate Operating, LLC	
Colgate Production, LLC	
Colgate Ranch, LLC	
Colgate Royalties, LP	
CRP HoldCo Corp.	
Tusker Midstream, LLC	
Tree Shaker Minerals, LLC	
Hermosa Ranch, LLC	

⁽¹⁾ The list above excludes certain subsidiaries that, in the aggregate as a single subsidiary, do not constitute a “significant subsidiary” as defined in Rule 1-02(w) of Regulation S-X as of December 31, 2023.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. 333-215119, 333-231514, 333-238798, 333-264599, 333-272352 and 333-264599) 333-275406) on Form S-8 and registration statements (Nos. 333-215621, 333-214355, 333-219739, 333-241649, 333-254300, 333-267338, 333-275405 and 333-267338) 333-219738) on Form S-3 of our reports dated February 24, 2023 February 29, 2024, with respect to the consolidated financial statements of Permian Resources Corporation and subsidiaries and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Denver, Colorado Dallas, Texas

February 24, 2023 29, 2024



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CONSENT OF INDEPENDENT PETROLEUM ENGINEERS AND GEOLOGISTS

We hereby consent to the references to our firm, in the context in which they appear, and to the references to and the inclusion of our exhibit letter dated January 30, 2023 February 9, 2024, in the Annual Report on Form 10-K of Permian Resources Corporation (the "Company") for the year ended December 31, 2022 December 31, 2023. We also hereby consent to the incorporation by reference of the references to our firm, in the context in which they appear, and of our exhibit letter dated January 30, 2023 February 9, 2024, into the registration statements (Nos. (Nos. 333-215119, 333-231514, 333-238798, 333-264599, 333-272352, and 333-264599) 333-275406) on Form S-8 and registration statements (Nos. 333-215621, 333-219738, 333-214355, 333-219739, 333-241649, 333-254300, 333-267338, and 333-267338) 333-275405) on Form S-3 of the Company, including any amendments thereto, in accordance with the requirements of the Securities Act of 1933, as amended.

NETHERLAND, SEWELL & ASSOCIATES, INC.

By: /s/ Danny D. Simmons Richard B. Talley, Jr.

Danny D. Simmons, Richard B. Talley, Jr., P.E.

Chief Executive Chairman Officer

Houston, Texas

February 24, 2023 29, 2024

CERTIFICATION OF CO-CHIEF EXECUTIVE OFFICER PURSUANT TO RULES 13a-14(a) AND 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, William M. Hickey, III, certify that:

1. I have reviewed this Annual Report on Form 10-K (this "report") of Permian Resources Corporation (the "registrant");
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 officers 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 officers 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.

Date: February 24, 2023February 29, 2024

By: /s/ WILLIAM M. HICKEY, III
William M. Hickey, III
Co-Chief Executive Officer and Director
(Principal Executive Officer)

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EXHIBIT 31.2

**CERTIFICATION OF CO-CHIEF EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, James H. Walter, certify that:

1. I have reviewed this Annual Report on Form 10-K (this "report") of Permian Resources Corporation (the "registrant");
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 officers 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 officers 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.

Date: February 24, 2023 February 29, 2024

By: /s/ JAMES H. WALTER
James H. Walter
Co-Chief Executive Officer and Director
(Principal Executive Officer)

EXHIBIT 31.3

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, George S. Glyphis, Guy M. Oliphint, certify that:

1. I have reviewed this Annual Report on Form 10-K (this "report") of Permian Resources Corporation (the "registrant");
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 officers 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 officers 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.

Date: February 24, 2023 February 29, 2024

By: /s/ GEORGE S. GLYPHIS GUY M. OLIPHINT

George S. Glyphis Guy M. Oliphint

Executive Vice President and Chief Financial Officer (Principal Financial Officer)

**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 Annual Report on Form 10-K for the year ended ~~December 31, 2022~~ December 31, 2023 of Permian Resources Corporation (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William M. Hickey, III, Co-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, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ WILLIAM M. HICKEY, III
William M. Hickey, III
Co-Chief Executive Officer and Director
(Principal Executive Officer)

Date: ~~February 24, 2023~~ February 29, 2024

In connection with the Annual Report on Form 10-K for the year ended ~~December 31, 2022~~ December 31, 2023 of Permian Resources Corporation (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James H. Walter, Co-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, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JAMES H. WALTER
James H. Walter
Co-Chief Executive Officer and Director
(Principal Executive Officer)

Date: ~~February 24, 2023~~ February 29, 2024

**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 Annual Report on Form 10-K for the year ended ~~December 31, 2022~~ December 31, 2023 of Permian Resources Corporation (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, ~~George S. Glyphis~~, Guy M. Oliphint, Chief 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, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: ~~February 24, 2023~~ February 29, 2024

By: /s/ GEORGE S. GLYPHIS GUY M. OLIPHINT

George S. Glyphis Guy M. Oliphint

Executive Vice President and Chief Financial Officer (Principal Financial Officer)

Exhibit 99.3



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January 30, 2023 February 9, 2024

Mr. Jeff B. Thompson Joseph Jones
Permian Resources Corporation
300 North Marienfeld Street, Suite 1000
Midland, Texas 79701

Dear Mr. Thompson: Jones:

In accordance with your request, we have estimated the proved reserves and future revenue, as of December 31, 2022 December 31, 2023, to the Permian Resources Corporation (Permian Resources) interest in certain oil and gas properties located in New Mexico, North Dakota, Oklahoma, Texas, and Texas. Wyoming. We completed our evaluation on or about the date of this letter. It is our understanding that the proved reserves estimated in this report constitute all of the proved reserves owned by Permian Resources. The estimates in this report have been prepared in accordance with the definitions and regulations of the U.S. Securities and Exchange Commission (SEC) and, with the exception of the exclusion of future income taxes, conform to the FASB Accounting Standards Codification Topic 932, *Extractive Activities—Oil and Gas*. Gas. Definitions are presented immediately following this letter. This report has been prepared for Permian Resources' use in filing with the SEC; in our opinion the assumptions, data, methods, and procedures used in the preparation of this report are appropriate for such purpose.

We estimate the net reserves and future net revenue to the Permian Resources interest in these properties, as of December 31, 2022 December 31, 2023, to be:

Category	Net Reserves				Future Net Revenue (M\$)		Category	
		Oil (MBBL)	NGL (MBBL)	Gas (MMCF)	Total	Present Worth at 10%		
Proved	Proved						Proved	
Developed	Developed						Developed	
Producing	Producing	156,941.2	74,939.7	652,270.4	14,292,921.3	7,430,529.5	Producing	267,955.3
Proved							Proved	
Developed Non-Producing							Developed Non-Producing	3,372.3
Proved	Proved						Proved	
Undeveloped	Undeveloped	130,091.3	47,911.1	381,301.2	9,718,826.0	4,284,151.0	Undeveloped	122,007.9
Total	Total						Total	
Proved	Proved	287,032.5	122,850.8	1,033,571.6	24,011,747.3	11,714,682.9	Proved	393,335.5

Totals may not add because of rounding.

The oil volumes shown include crude oil and condensate. Oil and natural gas liquids (NGL) volumes are expressed in thousands of barrels (MBBL); a barrel is equivalent to 42 United States gallons. Gas volumes are expressed in millions of cubic feet (MMCF) at standard temperature and pressure bases.

Reserves categorization conveys the relative degree of certainty; reserves subcategorization is based on development and production status. Our study indicates that as of December 31, 2022, there are no proved developed non-producing reserves for these properties. As requested, probable and possible reserves that exist for these properties have not been included. The estimates of reserves and future revenue included herein have not been adjusted for risk. This report does not include any value that could be attributed to interests in undeveloped acreage beyond those tracts for which undeveloped reserves have been estimated.

Gross revenue is Permian Resources' share of the gross (100 percent) revenue from the properties prior to any deductions. Future net revenue is after deductions for Permian Resources' share of production taxes, ad valorem taxes, capital costs, abandonment costs, and operating expenses but before consideration of any income taxes. The

future net revenue has been discounted at an annual rate of 10 percent to determine its present worth, which is shown to indicate the effect of time on the value of money. Future net revenue presented in this report, whether discounted or undiscounted, should not be construed as being the fair market value of the properties.



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Prices used in this report are based on the 12-month unweighted arithmetic average of the first-day-of-the-month price for each month in the period January through December 2022, 2023. For oil and NGL volumes, the average West Texas Intermediate posted price of \$90.15 \$74.70 per barrel is adjusted for Permian Resources' estimates of quality, transportation fees, and market differentials. For gas volumes, the average Henry Hub spot price of \$6.357 \$2.637 per MMBTU is adjusted for Permian Resources' estimates of energy content, transportation fees, and market differentials. Based on a review of the data provided to us and our knowledge of similar properties, we regard Permian Resources' estimated price adjustments to be reasonable. All prices are held constant throughout the lives of the properties. The average adjusted product prices weighted by production over the remaining lives of the properties are \$91.43 \$77.05 per barrel of oil, \$40.90 \$24.95 per barrel of NGL, and \$5.009 \$1.630 per MCF of gas.

Operating costs used in this report were provided by Permian Resources and are based on its operating expense records. Based on a review records of the records provided to us and our knowledge of similar properties, we regard these estimated operating costs to be reasonable. Permian Resources. For the Earthstone Assets and all nonoperated properties, operating costs include the per-well overhead expenses allowed under joint operating agreements along with estimates of costs to be incurred at and below the district and field levels. As requested, operating costs for the remaining operated properties are limited to direct lease- and field-level costs and Permian Resources' estimates estimate of the portion of its headquarters general and administrative overhead expenses necessary to operate the properties. Operating costs have been divided into per-well costs and per-unit-of-production costs and are not escalated for inflation.

Capital costs used in this report were provided by Permian Resources and are based on authorizations for expenditure and actual costs from recent activity. Capital costs are included as required for artificial lift installations, new development wells, and production equipment. Based on our understanding of future development plans, a review of the records provided to us, and our knowledge of similar properties, we regard these estimated capital costs to be reasonable. Abandonment costs used in this report are Permian Resources' estimates of the costs to abandon the wells and production facilities; these estimates do not include any salvage value for the lease and well equipment. Capital costs and abandonment costs are not escalated for inflation.inflation.

For the purposes of this report, we did not perform any field inspection of the properties, nor did we examine the mechanical operation or condition of the wells and facilities. We have not investigated possible environmental liability related to the properties; therefore, our estimates do not include any costs due to such possible liability.

We have made no investigation of potential volume and value imbalances resulting from overdelivery or underdelivery to the Permian Resources interest. Therefore, our estimates of reserves and future revenue do not include adjustments for the settlement of any such imbalances; our projections are based on Permian Resources receiving its net revenue interest share of estimated future gross production. Additionally, we have made no specific investigation of any firm transportation contracts that may be in place for these properties; our estimates of future revenue include the effects of such contracts only to the extent that the associated fees are accounted for in the historical lease-level accounting statements.

The reserves shown in this report are estimates only and should not be construed as exact quantities. Proved reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be economically producible; probable and possible reserves are those additional reserves which are sequentially less certain to be recovered than proved reserves. Estimates of reserves may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance. In addition to the primary economic assumptions discussed herein, our estimates are based on certain assumptions including, but not limited to, that the properties will be developed consistent with current development plans as provided to us by Permian Resources, that the properties will be operated in a prudent manner, that no governmental regulations or controls will be put in place that would impact the ability of the interest owner to recover the reserves, and that our projections of future production will prove consistent with actual performance. If the reserves are recovered, the revenues therefrom and the costs related thereto could be more or less than the estimated amounts. Because of governmental policies and uncertainties of supply and demand, the sales rates, prices received for the reserves, and costs incurred in recovering such reserves may vary from assumptions made while preparing this report.



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For the purposes of this report, we used technical and economic data including, but not limited to, well logs, geologic maps, well test data, production data, historical price and cost information, and property ownership interests. The reserves in this report have been estimated using deterministic methods; these estimates have

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been prepared in accordance with the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers (SPE Standards). We used standard engineering and geoscience methods, or a combination of methods, including performance analysis and analogy, that we considered to be appropriate and necessary to categorize and estimate reserves in accordance with SEC definitions and regulations. **A substantial portion of these reserves are for undeveloped locations; such reserves are based on analogy to properties with similar geologic and reservoir characteristics.** As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, our conclusions necessarily represent only informed professional judgment.

The data used in our estimates were obtained from Permian Resources, public data sources, and the nonconfidential files of Netherland, Sewell & Associates, Inc. (NSAI) and were accepted as accurate. Supporting work data are on file in our office. We have not examined the titles to the properties or independently confirmed the actual degree or type of interest owned. The technical persons primarily responsible for preparing the estimates presented herein meet the requirements regarding qualifications, independence, objectivity, and confidentiality set forth in the SPE Standards. Lily W. Cheung, a Licensed Professional Engineer in the State of Texas, has been practicing consulting petroleum engineering at NSAI since 2007 and has over 4 years of prior industry experience. Zachary R. Long, a Licensed Professional Geoscientist in the State of Texas, has been practicing consulting petroleum geoscience at NSAI since 2007 and has over 2 years of prior industry experience. We are independent petroleum engineers, geologists, geophysicists, and petrophysicists; we do not own an interest in these properties nor are we employed on a contingent basis.

Sincerely,

NETHERLAND, SEWELL & ASSOCIATES, INC.
Texas Registered Engineering Firm F-2699

/s/ **C.H. (Scott) Rees III** **Richard B. Talley, Jr.**

By:

C.H. (Scott) Rees III, Richard B. Talley, Jr., P.E.

Chief Executive Chairman Officer

/s/ Lily W. Cheung

By:

Lily W. Cheung, P.E. 107207
Vice President

Date Signed: **January 30, 2023** **February 9, 2024**

LWC:ALA

/s/ Zachary R. Long

By:

Zachary R. Long, P.G. 11792
Vice President

Date Signed: **January 30, 2023** **February 9, 2024**



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DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

The following definitions are set forth in U.S. Securities and Exchange Commission (SEC) Regulation S-X Section 210.4-10(a). Also included is supplemental information from (1) the 2018 Petroleum Resources Management System approved by the Society of Petroleum Engineers, (2) the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas, and (3) the SEC's Compliance and Disclosure Interpretations.

(1) *Acquisition of properties.* Costs incurred to purchase, lease or otherwise acquire a property, including costs of lease bonuses and options to purchase or lease properties, the portion of costs applicable to minerals when land including mineral rights is purchased in fee, brokers' fees, recording fees, legal costs, and other costs incurred in acquiring properties.

(2) *Analogous reservoir.* Analogous reservoirs, as used in resources assessments, have similar rock and fluid properties, reservoir conditions (depth, temperature, and pressure) and drive mechanisms, but are typically at a more advanced stage of development than the reservoir of interest and thus may provide concepts to assist in the interpretation of more limited data and estimation of recovery. When used to support proved reserves, an "analogous reservoir" refers to a reservoir that shares the following characteristics with the reservoir of interest:

- (i) Same geological formation (but not necessarily in pressure communication with the reservoir of interest);
- (ii) Same environment of deposition;
- (iii) Similar geological structure; and
- (iv) Same drive mechanism.

Instruction to paragraph (a)(2): Reservoir properties must, in the aggregate, be no more favorable in the analog than in the reservoir of interest.

(3) *Bitumen.* Bitumen, sometimes referred to as natural bitumen, is petroleum in a solid or semi-solid state in natural deposits with a viscosity greater than 10,000 centipoise measured at original temperature in the deposit and atmospheric pressure, on a gas free basis. In its natural state it usually contains sulfur, metals, and other non-hydrocarbons.

(4) *Condensate.* Condensate is a mixture of hydrocarbons that exists in the gaseous phase at original reservoir temperature and pressure, but that, when produced, is in the liquid phase at surface pressure and temperature.

(5) *Deterministic estimate.* The method of estimating reserves or resources is called deterministic when a single value for each parameter (from the geoscience, engineering, or economic data) in the reserves calculation is used in the reserves estimation procedure.

(6) *Developed oil and gas reserves.* Developed oil and gas reserves are reserves of any category that can be expected to be recovered:

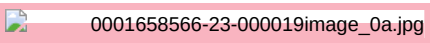
- (i) Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and
- (ii) Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

Supplemental definitions from the 2018 Petroleum Resources Management System:

Developed Producing Reserves – Expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate. Improved recovery Reserves are considered producing only after the improved recovery project is in operation.

Developed Non-Producing Reserves – Shut-in and behind-pipe Reserves. Shut-in Reserves are expected to be recovered from (1) completion intervals that are open at the time of the estimate but which not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves. In all cases, production initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

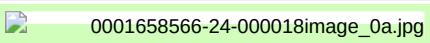
(7) *Development costs.* Costs incurred to obtain access to proved reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas. More specifically, development costs, including depreciation and applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:



DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

- (i) Gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines, and power lines, to the extent necessary in developing the proved reserves.



DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

- (ii) Drill and equip development wells, development-type stratigraphic test wells, and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment, and the wellhead assembly.
- (iii) Acquire, construct, and install production facilities such as lease flow lines, separators, treaters, heaters, manifolds, measuring devices, and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems.
- (iv) Provide improved recovery systems.

(8) *Development project*. A development project is the means by which petroleum resources are brought to the status of economically producible. As examples, the development of a single reservoir or field, an incremental development in a producing field, or the integrated development of a group of several fields and associated facilities with a common ownership may constitute a development project.

(9) *Development well*. A well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon known to be productive.

(10) *Economically producible*. The term economically producible, as it relates to a resource, means a resource which generates revenue that exceeds, or is reasonably expected to exceed, the costs of the operation. The value of the products that generate revenue shall be determined at the terminal point of oil and gas producing activities as defined in paragraph (a)(16) of this section.

(11) *Estimated ultimate recovery (EUR)*. Estimated ultimate recovery is the sum of reserves remaining as of a given date and cumulative production as of that date.

(12) *Exploration costs*. Costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects of containing oil and gas reserves, including costs of drilling exploratory wells and exploratory-type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as prospecting costs) and after acquiring the property. Principal types of exploration costs, which include depreciation and applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

- (i) Costs of topographical, geographical and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews, and others conducting those studies. Collectively, these are sometimes referred to as geological and geophysical or "G&G" costs.
- (ii) Costs of carrying and retaining undeveloped properties, such as delay rentals, ad valorem taxes on properties, legal costs for title defense, and the maintenance of land and lease records.
- (iii) Dry hole contributions and bottom hole contributions.
- (iv) Costs of drilling and equipping exploratory wells.
- (v) Costs of drilling exploratory-type stratigraphic test wells.

(13) *Exploratory well*. An exploratory well is a well drilled to find a new field or to find a new reservoir in a field previously found to be productive of oil or gas in another reservoir. Generally, an exploratory well is any well that is not a development well, an extension well, a service well, or a stratigraphic test well as those items are defined in this section.

(14) *Extension well*. An extension well is a well drilled to extend the limits of a known reservoir.

(15) *Field*. An area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field which are separated vertically by intervening impervious strata, or laterally by local geologic barriers, or by both. Reservoirs that are associated by being in overlapping or adjacent fields may be treated as a single or common operational field. The geological terms "structural feature" and "stratigraphic condition" are intended to identify localized geological features as opposed to the broader terms of basins, trends, provinces, plays, areas-of-interest, etc.

(16) *Oil and gas producing activities*.

- (i) Oil and gas producing activities include:

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DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

- (A) The search for crude oil, including condensate and natural gas liquids, or natural gas ("oil and gas") in their natural states and original locations;
- (B) The acquisition of property rights or properties for the purpose of further exploration or for the purpose of removing the oil or gas from such properties;

Definitions - Page 2 of 7

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(C) The construction, drilling, and production activities necessary to retrieve oil and gas from their natural reservoirs, including the acquisition, construction, installation, and maintenance of field gathering and storage systems, such as:

- (1) Lifting the oil and gas to the surface; and
 - (2) Gathering, treating, and field processing (as in the case of processing gas to extract liquid hydrocarbons); and
- (D) Extraction of saleable hydrocarbons, in the solid, liquid, or gaseous state, from oil sands, shale, coalbeds, or other nonrenewable natural resources which are intended to be upgraded into synthetic oil or gas, and activities undertaken with a view to such extraction.

Instruction 1 to paragraph (a)(16)(i): The oil and gas production function shall be regarded as ending at a "terminal point", which is the outlet valve on the lease or field storage tank. If unusual physical or operational circumstances exist, it may be appropriate to regard the terminal point for the production function as:

- a. The first point at which oil, gas, or gas liquids, natural or synthetic, are delivered to a main pipeline, a common carrier, a refinery, or a marine terminal; and b. In the case of natural resources that are intended to be upgraded into synthetic oil or gas, if those natural resources are delivered to a purchaser prior to upgrading, the first point at which the natural resources are delivered to a main pipeline, a common carrier, a refinery, a marine terminal, or a facility which upgrades such natural resources into synthetic oil or gas.

Instruction 2 to paragraph (a)(16)(i): For purposes of this paragraph (a)(16), the term *saleable hydrocarbons* means hydrocarbons that are saleable in the state in which the hydrocarbons are delivered.

(ii) Oil and gas producing activities do not include:

- (A) Transporting, refining, or marketing oil and gas;
- (B) Processing of produced oil, gas, or natural resources that can be upgraded into synthetic oil or gas by a registrant that does not have the legal right to produce or a revenue interest in such production;
- (C) Activities relating to the production of natural resources other than oil, gas, or natural resources from which synthetic oil and gas can be extracted; or
- (D) Production of geothermal steam.

(17) *Possible reserves.* Possible reserves are those additional reserves that are less certain to be recovered than probable reserves.

- (i) When deterministic methods are used, the total quantities ultimately recovered from a project have a low probability of exceeding proved plus probable plus possible reserves. When probabilistic methods are used, there should be at least a 10% probability that the total quantities ultimately recovered will equal or exceed the proved plus probable plus possible reserves estimates.
- (ii) Possible reserves may be assigned to areas of a reservoir adjacent to probable reserves where data control and interpretations of available data are progressively less certain. Frequently, this will be in areas where geoscience and engineering data are unable to define clearly the area and vertical limits of commercial production from the reservoir by a defined project.
- (iii) Possible reserves also include incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than the recovery quantities assumed for probable reserves.
- (iv) The proved plus probable and proved plus probable plus possible reserves estimates must be based on reasonable alternative technical and commercial interpretations within the reservoir or subject project that are clearly documented, including comparisons to results in successful similar projects.
- (v) Possible reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from proved areas by faults with displacement less than formation thickness or other geological discontinuities and that have not been penetrated by a wellbore, and the registrant believes that such adjacent portions are in communication with the known (proved) reservoir. Possible reserves may be assigned to areas that are structurally higher or lower than the proved area if these areas are in communication with the proved reservoir.
- (vi) Pursuant to paragraph (a)(22)(iii) of this section, where direct observation has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves should be assigned in the structurally

Definitions - Page 3 of 6

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

higher portions of the reservoir above the HKO only if the higher contact can be established with reasonable certainty through reliable technology. Portions of the reservoir that do not meet this reasonable certainty criterion may be assigned as probable and possible oil or gas based on reservoir fluid properties and pressure gradient interpretations.

Definitions - Page 3 of 7

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(18) *Probable reserves*. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered.

- (i) When deterministic methods are used, it is as likely as not that actual remaining quantities recovered will exceed the sum of estimated proved plus probable reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the proved plus probable reserves estimates.
- (ii) Probable reserves may be assigned to areas of a reservoir adjacent to proved reserves where data control or interpretations of available data are less certain, even if the interpreted reservoir continuity of structure or productivity does not meet the reasonable certainty criterion. Probable reserves may be assigned to areas that are structurally higher than the proved area if these areas are in communication with the proved reservoir.
- (iii) Probable reserves estimates also include potential incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than assumed for proved reserves.
- (iv) See also guidelines in paragraphs (a)(17)(iv) and (a)(17)(vi) of this section.

(19) *Probabilistic estimate*. The method of estimation of reserves or resources is called probabilistic when the full range of values that could reasonably occur for each unknown parameter (from the geoscience and engineering data) is used to generate a full range of possible outcomes and their associated probabilities of occurrence.

(20) *Production costs*.

- (i) Costs incurred to operate and maintain wells and related equipment and facilities, including depreciation and applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities. They become part of the cost of oil and gas produced. Examples of production costs (sometimes called lifting costs) are:
 - (A) Costs of labor to operate the wells and related equipment and facilities.
 - (B) Repairs and maintenance.
 - (C) Materials, supplies, and fuel consumed and supplies utilized in operating the wells and related equipment and facilities.
 - (D) Property taxes and insurance applicable to proved properties and wells and related equipment and facilities.
 - (E) Severance taxes.
- (ii) Some support equipment or facilities may serve two or more oil and gas producing activities and may also serve transportation, refining, and marketing activities. To the extent that the support equipment and facilities are used in oil and gas producing activities, their depreciation and applicable operating costs become exploration, development or production costs, as appropriate. Depreciation, depletion, and amortization of capitalized acquisition, exploration, and development costs are not production costs but also become part of the cost of oil and gas produced along with production (lifting) costs identified above.

(21) *Proved area*. The part of a property to which proved reserves have been specifically attributed.

(22) *Proved oil and gas reserves*. Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

(i) The area of the reservoir considered as proved includes:

- (A) The area identified by drilling and limited by fluid contacts, if any, and
- (B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

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DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

- (ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.
- (iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the

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DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.

(iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:

- (A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and
- (B) The project has been approved for development by all necessary parties and entities, including governmental entities.

(v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

(23) *Proved properties.* Properties with proved reserves.

(24) *Reasonable certainty.* If deterministic methods are used, reasonable certainty means a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. A high degree of confidence exists if the quantity is much more likely to be achieved than not, and, as changes due to increased availability of geoscience (geological, geophysical, and geochemical), engineering, and economic data are made to estimated ultimate recovery (EUR) with time, reasonably certain EUR is much more likely to increase or remain constant than to decrease.

(25) *Reliable technology.* Reliable technology is a grouping of one or more technologies (including computational methods) that has been field tested and has been demonstrated to provide reasonably certain results with consistency and repeatability in the formation being evaluated or in an analogous formation.

(26) *Reserves.* Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project.

Note to paragraph (a)(26): Reserves should not be assigned to adjacent reservoirs isolated by major, potentially sealing, faults until those reservoirs are penetrated and evaluated as economically producible. Reserves should not be assigned to areas that are clearly separated from a known accumulation by a non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results). Such areas may contain prospective resources (i.e., potentially recoverable resources from undiscovered accumulations).

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DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

Excerpted from the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas:

932-235-50-30 A standardized measure of discounted future net cash flows relating to an entity's interests in both of the following shall be disclosed as of the end of the year:

- a. Proved oil and gas reserves (see paragraphs 932-235-50-3 through 50-11B)
- b. Oil and gas subject to purchase under long-term supply, purchase, or similar agreements and contracts in which the entity participates in the operation of the properties on which the oil or gas located or otherwise serves as the producer of those reserves (see paragraph 932-235-50-7).

The standardized measure of discounted future net cash flows relating to those two types of interests in reserves may be combined for reporting purposes.

932-235-50-31 All of the following information shall be disclosed in the aggregate and for each geographic area for which reserve quantities are disclosed in accordance with paragraphs 932-235-50 through 50-11B:

- a. Future cash inflows. These shall be computed by applying prices used in estimating the entity's proved oil and gas reserves to the year-end quantities of those reserves. Future price change shall be considered only to the extent provided by contractual arrangements in existence at year-end.
- b. Future development and production costs. These costs shall be computed by estimating the expenditures to be incurred in developing and producing the proved oil and gas reserves at the end of the year, based on year-end costs and assuming continuation of existing economic conditions. If estimated development expenditures are significant, they shall be presented separately from estimated production costs.
- c. Future income tax expenses. These expenses shall be computed by applying the appropriate year-end statutory tax rates, with consideration of future tax rates already legislated, to the future pretax net cash flows relating to the entity's proved oil and gas reserves, less the tax basis of the properties involved. The future income tax expenses shall give effect to tax deductions and tax credits and allowances relating to the entity's proved oil and gas reserves.
- d. Future net cash flows. These amounts are the result of subtracting future development and production costs and future income tax expenses from future cash inflows.
- e. Discount. This amount shall be derived from using a discount rate of 10 percent a year to reflect the timing of the future net cash flows relating to proved oil and gas reserves.
- f. Standardized measure of discounted future net cash flows. This amount is the future net cash flows less the computed discount.

(27) **Reservoir.** A porous and permeable underground formation containing a natural accumulation of producible oil and/or gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

(28) **Resources.** Resources are quantities of oil and gas estimated to exist in naturally occurring accumulations. A portion of the resources may be estimated to be recoverable, and another portion may be considered to be unrecoverable. Resources include both discovered and undiscovered accumulations.

(29) **Service well.** A well drilled or completed for the purpose of supporting production in an existing field. Specific purposes of service wells include gas injection, water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for in-situ combustion.

(30) **Stratigraphic test well.** A stratigraphic test well is a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Such wells customarily are drilled without the intent of being completed for hydrocarbon production. The classification also includes tests identified as core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic tests are classified as "exploratory type" if not drilled in a known area or "development type" if drilled in a known area.

(31) **Undeveloped oil and gas reserves.** Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

- (i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.
- (ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances, justify a longer time.

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DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

From the SEC's Compliance and Disclosure Interpretations (October 26, 2009):

Although several types of projects — such as constructing offshore platforms and development in urban areas, remote locations or environmentally sensitive locations — by their nature customarily take a longer time to develop and therefore often do justify longer time periods, this determination must always take into consideration all of the facts and circumstances. No particular type of project per se justifies a longer time period, and any extension beyond five years should be the exception, and not the rule.

Factors that a company should consider in determining whether or not circumstances justify recognizing reserves even though development may extend past five years include, but are not limited to the following:

The company's level of ongoing significant development activities in the area to be developed (for example, drilling only the minimum number of wells necessary to maintain the lease generally would not constitute significant development activities);

The company's historical record at completing development of comparable long-term projects;

The amount of time in which the company has maintained the leases, or booked the reserves, without significant development activities;

The extent to which the company has followed a previously adopted development plan (for example, if a company has changed its development plan several times without taking significant steps to implement any of those plans, recognizing proved undeveloped reserves typically would not be appropriate); and

The extent to which delays in development are caused by external factors related to the physical operating environment (for example, restrictions on development on Federal lands, but not obtaining government permits), rather than by internal factors (for example, shifting resources to develop properties with higher priority).

- (iii) Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in paragraph (a)(2) of this section, or by other evidence using reliable technology establishing reasonable certainty.

(32) *Unproved properties.* Properties with no proved reserves.

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Exhibit 99.4

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

On November 1, 2023, Permian Resources Corporation, a Delaware corporation (formerly known as Centennial Resource Development, Inc. ("Centennial")) ("Permian Resources" or the "Company") consummated its and Earthstone Energy, Inc. ("Earthstone") completed the previously announced merger acquisition of Earthstone by Permian Resources (the "Merger") between Centennial, Centennial Resource Production, LLC ("CRP" who is Centennial's wholly-owned consolidated subsidiary), and Colgate Energy Partners III, LLC ("Colgate") and Colgate Energy Partners III MidCo, LLC (as contemplated by the "Colgate Unit holder"), pursuant to the Business Combination Agreement merger agreement, dated August 21, 2023 (the "Merger Agreement"), dated as of May 19, 2022. The Merger Agreement provided for the combination of CRP and Colgate in a merger of equals transaction, with CRP (which was renamed Permian Resources Operating, LLC or "OpCo" following the Merger) continuing as the surviving legal entity in the Merger and a subsidiary of the Company.

On September 1, 2022, the Merger was completed, and all membership interests in CRP issued and outstanding immediately prior to the closing were converted into units of Permian Resources Operating, LLC ("Common Units") equal to the number of shares of the Company's Class A common stock, par value \$0.0001 per share ("Class A Common Stock") that were outstanding immediately prior to the closing. All of the Colgate Unit holder's membership interests in Colgate were exchanged for 269,300,000 shares of Class C common stock, par value \$0.0001 per share ("Class C Common Stock"), 269,300,000 Common Units and \$525 million in cash consideration. Following in connection with the closing of the Merger, (i) each share of Earthstone Class A common stock was converted into the Colgate Unit holder distributed right to receive 1.446 shares (the "Exchange Ratio") of Permian Resources Class A common stock, (ii) each share of Earthstone Class B common stock was converted into the merger consideration right to its equity holders (the "Colgate Owners"), who collectively continue to own in the aggregate 100% receive a number of the outstanding shares of Permian Resources Class C Common Stock common stock equal to the Exchange Ratio, (iii) each common unit of Earthstone Energy Holdings, LLC ("Earthstone OpCo"), a subsidiary of Earthstone, representing limited liability company membership interests in Earthstone OpCo (the "Earthstone OpCo Units") was converted into the Company right to receive a number of common units representing limited liability company interests in Permian Resources Operating, LLC ("Permian Resources OpCo"), a subsidiary of Permian Resources, and approximately 48% of such units the outstanding Common Units in ("Permian Resources OpCo which represents a noncontrolling interest in OpCo. This ownership of Units") equal to the Exchange Ratio, and (iv) all the Company's existing shares of Class C Common Stock by the Colgate Owners represents approximately 48% of the Company's total outstanding shares of Class A Common Stock and Class C Common Stock taken together (the "Common Stock"). Permian Resources common stock remained outstanding.

The following unaudited pro forma combined financial statements of the Company (which we refer to as the "pro forma combined financial statements") have been prepared from the respective historical consolidated financial statements of the Company Permian Resources and Colgate Earthstone and have been adjusted to reflect (i) the Merger, completion of the Merger; and (ii) Earthstone's completion of the Novo Transactions on August 15, 2023 (defined in Note 3 below and collectively referred to in these pro forma combined financial statements as, "Earthstone's Novo Transactions") and collectively referred to as the "Transactions". The Merger has been is being accounted for as a business combination using the acquisition method of accounting, with the Company being identified Permian Resources as the accounting acquirer. The pro forma combined financial statements have been prepared to reflect transaction accounting adjustments to the Company's Permian Resources' historical financial information that management believes are factually supportable and that are expected to have a continuing impact on results of operations, with the exception of certain nonrecurring items incurred in connection with the Merger.

The The unaudited pro forma combined combined statement of operations is presented for the year ended December 31, 2022 December 31, 2023, giving give effect to the Merger Transactions as if it they had been completed on January 1, 2021 January 1, 2022.

The unaudited pro forma combined financial statements and related notes are presented to reflect the Merger Transactions for illustrative purposes only. If the Merger Transactions had occurred in the past, the operating results might have been materially different from those presented in the pro forma combined financial statements. The pro forma combined statement of operations should not be relied upon as an indication of operating results that would have been achieved if the Merger Transactions contemplated

herein had taken place on the specified date. In addition, future results may vary significantly from the results reflected in the pro forma combined statements of operations and should not be relied on as an indication of the future results the Company will have after the completion of the **Merger Transactions**.

The pro forma combined financial statements do not reflect projected synergies (including the benefits of expected cost savings or the associated costs to achieve such savings), opportunities to earn additional revenue, or other factors that may result after the Transactions and, accordingly, do not attempt to predict or suggest future results.

The Merger was completed on **September 1, 2022** **November 1, 2023**, and all results of the acquired assets are included in the consolidated financial statements of Permian Resources as included within the Company's Annual Report on Form 10-K ("Annual Report"). Refer to *Note 2—Business Combination* under Part II, Item 8 of the Company's Annual Report for further information regarding the Merger, merger consideration and preliminary purchase price allocation.

Exhibit 99.4

PERMIAN RESOURCES CORPORATION
UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
For the Year Ended **December 31, 2022** **December 31, 2023**
(in thousands, except per share data)

		Historical		Transaction Accounting Adjustments	Pro forma Combined	
		Permian Resources (a)	Colgate (b)			
Operating revenues	Operating revenues					Operating
Oil and gas sales	Oil and gas sales	\$ 2,131,265	\$ 1,102,410	\$ —	\$ 3,233,675	sales
Operating expenses	Operating expenses					expense
Lease operating expenses	Lease operating expenses	171,867	99,865	—	271,732	opera
Severance and ad valorem taxes	Severance and ad valorem taxes	155,724	80,123	—	235,847	and a
Gathering, processing and transportation expenses	Gathering, processing and transportation expenses	97,915	11,839	—	109,754	proce transp exper
Depreciation, depletion and amortization	Depreciation, depletion, and amortization	444,678	167,644	(13,812)	(c) 598,510	deple amort
General and administrative expenses	General and administrative expenses	159,554	23,179	26,300	(d) 209,033	admin exper
Merger and integration expense	Merger and integration expense	77,424	—	(77,424)	(e) —	integr
Profit sharing by affiliates	Profit sharing by affiliates	—	22,346	(22,346)	(f) —	
Impairment and abandonment expense	Impairment and abandonment expense	3,875	—	—	3,875	and a exper
Exploration and other expenses	Exploration and other expenses	11,378	3,732	—	15,110	and o
Total operating expenses	Total operating expenses	1,122,415	408,728	(87,282)	1,443,861	of e:
Net gain (loss) on sale of long-lived assets	Net gain (loss) on sale of long-lived assets	(1,314)	53,718	(53,718)	(g) (1,314)	on sale assets
Income (loss) from operations	Income (loss) from operations	1,007,536	747,400	33,564	1,788,500	from op
Other income (expense)	Other income (expense)					(expens
Interest expense	Interest expense	(95,645)	(53,196)	(32,507)	(h) (181,348)	exper

Net gain (loss) on derivative instruments	Net gain (loss) on derivative instruments	(42,368)	(386,058)	—	(428,426)	(loss) instru
Other income (expense)	Other income (expense)	609	10	—	619	incom
Total other income (expense)	Total other income (expense)	(137,404)	(439,244)	(32,507)	(609,155)	Tot i
Income (loss) before income taxes	Income (loss) before income taxes	870,132	308,156	1,057	1,179,345	before in
Income tax (expense) benefit	Income tax (expense) benefit	(120,292)	—	(115)	(120,407)	(expens
Net income (loss)	Net income (loss)	749,840	308,156	942	1,058,938	(loss)
Less: Net (income) loss attributable to noncontrolling interest	Less: Net (income) loss attributable to noncontrolling interest	(234,803)	—	(334,539)	(569,342)	Less: N loss z nonci intere
Net income (loss) attributable to Class A Common Stock		\$ 515,037	\$ 308,156	\$ (333,597)	\$ 489,596	
Net income (loss) attributable to Class A common stock						(loss) at Class A
Income (loss) per share of Class A Common Stock:						
Income (loss) per share of Class A common stock:						stock:
Basic	Basic	\$ 1.80			\$ 1.70	
Diluted	Diluted	\$ 1.61			\$ 1.52	
Weighted average common shares outstanding:	Weighted average common shares outstanding:					average outstanc
Basic	Basic	286,160		1,013	287,173	
Diluted	Diluted	322,816		3,596	326,412	

The accompanying notes are an integral part of the pro forma combined financial statements.

Exhibit 99.4

NOTES TO THE UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation

The pro forma combined financial statements were prepared utilizing the historical financial information of the Company Permian Resources and Colgate Earthstone in accordance with Article 11 of the Security and Exchange Commission's ("SEC") Regulation S-X, S-X, and they incorporate the acquisition method of accounting in accordance with GAAP. Certain transaction accounting adjustments have been computed in order to show the effects of the Merger on the combined historical financial information of the Company Permian Resources and Colgate, Earthstone. These adjustments are based upon the Merger consideration and management's estimates of fair value of the assets acquired and liabilities assumed. The unaudited pro forma combined statement of operations assumes the Merger occurred on January 1, 2021 January 1, 2022.

The Permian Resources historical financial information has been derived from the Company's Annual Report on Form 10-K for the year ended December 31, 2023. The Earthstone historical financial information has been derived from their Quarterly Report on Form 10-Q for the nine months ended September 30, 2023 and financial data for the interim period from October 1, 2023 to October 31, 2023, was based upon information provided by Earthstone and assumptions made by the Company that management believes are reasonable based upon information available at the time of this filing. The unaudited pro forma adjustments related to Earthstone's Novo Transactions are derived from Earthstone's Current Report on Form 8-K/A filed on September 5, 2023, which also include the audited financial statements of Novo for the year ended December 31, 2022; refer to Note 3 below for further information on the Novo Transactions and their associated financial results. These pro forma combined financial statements should be read in conjunction with the historical financial statements and related notes thereto of Permian Resources, Earthstone and Novo, as well as the pro forma financial information included in the Permian Resources and Earthstone Current Reports on Form 8-K that were referenced above.

The pro forma combined financial statements herein reflect pro forma adjustments that are described in the accompanying notes and are based on currently available information. The pro forma combined financial statements do not represent what the combined business' financial position or results of operations would have been if the

Merger Transactions had actually occurred on the dates indicated, nor are they indicative of future financial position or results of operations. Actual results may differ materially from the assumptions and estimates reflected in these pro forma combined financial statements.

Note 2 - Pro forma Adjustments and Assumptions

The following adjustments included in the column labeled "Transaction Accounting Adjustments" have been made to the accompanying unaudited pro forma financial statements:

- (a) Permian Resources's historical financial data includes the results of operations for the acquired assets from the Merger from September 1, 2022 November 1, 2023 through December 31, 2022 December 31, 2023.

- (b) Colgate's Earthstone's historical financial data represents its results of operations for the period prior to the closing of the Merger for the eight ten months ended August 31, 2022 October 31, 2023.

This historical data was derived from Earthstone's historical unaudited interim financial information for the nine months ended September 30, 2023 and financial data for the interim period from October 1, 2023 to October 31, 2023, which was based upon information provided by Earthstone and assumptions made by the Company that management believes are reasonable based upon information available at the time of this filing. Also, to adjust and conform Earthstone's historical financial information to Permian Resources' financial statement classification, a reclassification of \$91.8 million for the year ended December 31, 2023 from lease operating expenses to gathering, processing and transportation expense ("GP&T") was made.

- (c) Represents pro forma adjustments related to Earthstone's Novo Transactions, that were determined to be significant to the pro forma combined financial statements. Refer to Note 3 below for further information on these transactions.
- (d) Reflects pro forma adjustments made to Earthstone's historical financial GP&T expense to conform to the Company's policy of classifying its residue gas and NGL products that are not taken "in-kind" as a decrease net reduction to natural gas and NGL sales in accordance with ASC Topic 606, Revenue from contracts with customers. The GP&T pro forma adjustment of \$50.3 million was calculated using an allocation based off of Earthstone GP&T expense deducted from revenues in November and December following the Earthstone Merger. Refer to Note 15—Revenues under Part II, Item 8 of the Company's Annual Report for additional information on natural gas gathering and processing contracts.
- (e) Reflects an increase in depreciation, depletion and amortization ("DD&A") expense of \$13.8 million \$3.3 million in the pro forma combined statement of operations for the year ended December 31, 2022 December 31, 2023 consisting of (i) the elimination of \$167.6 million \$393.5 million of Colgate's Earthstone's historical DD&A expense, (ii) the elimination of \$51.7 million of Novo's historical DD&A expense, and (iii) pro forma incremental DD&A expense for the combined companies of \$153.8 million \$448.5 million for the year ended December 31, 2022 December 31, 2023.
- (f) Reflects the expected incremental pro forma adjustments for Earthstone's outstanding restricted stock compensation expense related to equity-based restricted stock awards and performance stock units granted to employees in connection with and on the that, upon closing date of the Merger. As Merger were fully vested and converted into Permian Resources Class A Common Stock representing a portion decrease in general and administrative expenses ("G&A") of these awards vest one year after issuance, 1,013,000 shares were added to the weighted average shares outstanding \$77.8 million for the year ended December 31, 2022 December 31, 2023 as stock-based compensation expense for these Earthstone awards would not be recognized during this period assuming the Merger closed on January 1, 2022.
- (g) As of December 31, 2022, December 31, 2023 actual transaction costs of \$77.4 million \$109.9 million had been incurred related to the Merger including, among others, advisory, severance, legal, accounting and other professional fees and were thereby included in the historical financial statements of the Company. Therefore, the \$77.4 million \$109.9 million of actual transaction costs incurred were eliminated from the combined statement of operations as these payments would not have been incurred for the year ended December 31, 2022 December 31, 2023, to give giving effect to the Merger as if it had been completed on January 1, 2021 January 1, 2022.
- (h) Reflects the elimination of Earthstone's historical profit sharing by affiliates expense represents cash payments made directly by affiliates gains on sale of Colgate to members of its management team for profit interests that they were granted long-lived assets and now own at the CEP III Holdings, LLC and affiliated entities. These payments are not made directly by Colgate and in the future will not be made by the combined Company. Therefore, \$22.3 million for the year ended December 31, 2022, was eliminated from the statement of operations as these payments related transaction costs, which would not have been incurred giving effect to the Merger as if it had been completed on January 1, 2021 January 1, 2022.
- (g) Reflects the elimination of Colgate's historical gain on sale of long-lived assets that would not have been incurred giving effect to the Merger as if it had been completed on January 1, 2021.
- (h) Reflects pro forma interest expense resulting from i) additional borrowings under (i) giving effect to Earthstone's senior notes assumed by Permian Resources in connection with the Company's credit facility for the Cash Consideration paid to Colgate Unit holders, ii) Merger, as if these notes had been in place and outstanding as of January 1, 2022, (ii) the assumption of Colgate's borrowing Earthstone's borrowings outstanding under their its existing credit facility, and (iii) the adjustment to debt premium amortization to reflect Earthstone's senior notes at fair value as of the Merger assumed January 1, 2022 closing date and iii) of the adjustment to Colgate's Senior Notes to reflect their estimated fair value, Merger, which in the aggregate resulted in the following adjustments:
 - an increase in interest expense of \$32.5 million \$15.0 million in the pro forma combined statement of operations for the year ended December 31, 2022 December 31, 2023 consisting of (i) the elimination of \$53.2 million \$98.1 million of Colgate's Earthstone's historical

interest expense, (ii) pro forma interest expense of \$68.7 million \$72.1 million for Earthstone's assumed senior notes, as if these notes had been outstanding since January 1, 2022 incorporating debt premium amortization based on the Senior Notes reflected at their notes' fair value as of the assumed January 1, 2022 closing date of the Merger, (iii) pro forma interest expense of \$23.8 million \$45.8 million for additional borrowings under the credit facility, and (v) (iv) the elimination of \$6.8 million \$4.8 million of the Company's Permian Resources' interest expense related to a commitment fee that would have been expensed on January 1, 2021 giving effect to January 1, 2022 given the Merger as if it had been completed on January 1, 2022, assumed date of the Merger.

Pro forma interest expense for the additional borrowings under the Company's credit facility was calculated using the weighted average effective interest rate under the Company's credit facility of 4.9% 7.1% for the year ended December 31, 2023. The Company's credit facility interest rate is based on a market-based benchmark interest rate plus an applicable margin that is dependent on the percentage of the borrowing base utilized. As a result, the Company's credit facility interest rate is subject to market fluctuations.

(i) (j) Reflects the income tax effects of the transaction accounting adjustments and Earthstone's Novo Transactions pro forma adjustments, where presented (which have been reduced by the corresponding net loss income attributable to noncontrolling interest that is not taxable to the c-corporation) at the blended federal and state statutory tax rate of 22.6% 22.7%, for the year ended December 31, 2022 December 31, 2023. The blended tax rate of 22.6% 22.7% is calculated at the federal statutory rate of 21% plus the Company's state-apportioned statutory rate, net of 1.6% federal benefit, of 1.7%.

(i) (k) Reflects net income (loss) attributable to noncontrolling interest owners calculated as the noncontrolling interest ownership of 30% as of December 31, 2023, which is not subject to U.S. federal or state income tax within the c-corporation. In connection with

(l) Reflects the Merger, 269.3 million adjustment to basic and diluted weighted average shares outstanding to reflect the issuance of Class C Common Stock were Permian Resources common stock issued for the Share Consideration to Colgate Unitholders including underlying OpCo Units. The issuance of these units creates a noncontrolling interest in the Company, which is equal to approximately 48% of the Company's Common Stock merger consideration as if it was issued and outstanding as of December 31, 2022 January 1, 2022.

(k) Considers the The effect of potentially dilutive securities from (i) the issuance of Permian Resources Class C Common Stock issued for Merger Consideration common stock was determined using the "if-converted" method assuming method.

Note 3 - Earthstone's Novo Transactions

On June 14, 2023, Earthstone OpCo entered into (i) a Securities Purchase Agreement with Novo Oil & Gas Legacy Holdings, LLC, Novo Intermediate, LLC and Novo Oil & Gas Holdings, LLC (collectively "Novo"), pursuant to which Earthstone agreed to acquire 100% of the issued and outstanding equity interests of Novo (the "Novo Acquisition") and (ii) an Acquisition and Cooperation Agreement with Northern Oil and Gas, Inc. ("NOG"), pursuant to which NOG agreed to acquire, immediately after the closing of the Novo Acquisition, an undivided and one-third interest in Novo's oil and gas assets acquired in the Novo Acquisition for net proceeds of \$468.4 million (the "Novo Divestiture" together with the Novo Acquisition, "Earthstone's Novo Transactions").

The Novo Acquisition was deemed to be material to an investor's understanding of Earthstone's business that is being acquired by Permian Resources in the Merger and has therefore been included in the pro forma combined financial statements. Due to the closing date of Earthstone's Novo Transactions occurring on August 15, 2023, the financial results of Novo are not included in the historical information of Earthstone from January 1, 2022 through August 15, 2023. As a result, pro forma financial information for Earthstone's Novo Transactions have been prepared as if the transactions occurred on January 1, 2022 for the pro forma combined statements of operations. Earthstone's Novo Transactions pro forma information is presented below and was completed determined as follows:

- (i) Novo Historical - derived from Novo's historical unaudited interim financial information for the six months ended June 30, 2023. Financial information for the interim period from July 1, 2023 to August 15, 2023, the closing date of the Novo Transactions, was based upon management's estimates and included in the pro forma financial statements below;
- (ii) Unacquired Portion of Novo - reflects the unacquired portion of Novo based upon information provided by Earthstone and assumptions made by the Company that management believes are reasonable based upon information available at the time of this filing; and
- (iii) Novo Portion Sold to NOG - reflects adjustments to remove the oil and gas property interests sold to NOG in the Novo Divestiture.

This information is based on January 1, 2021; historical results of operations, adjusted for certain estimated accounting adjustments, and (ii) unvested equity-based restricted stock certain assumptions that management believes are reasonable, and performance stock units granted in connection with does not represent the Merger using actual results of operations if the treasury stock method, transactions would have occurred on January 1, 2022, nor is it necessarily indicative of future results.

EARTHSTONE'S NOVO TRANSACTIONS UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS For the Year Ended December 31, 2023

(in thousands)	Novo Historical	Unacquired Portion of Novo	Novo Portion Sold to NOG	Earthstone's Novo Transactions
	(i)	(ii)	(iii)	
Operating revenues				
Oil and gas sales	\$ 432,670	\$ (64,663)	\$ (106,132)	\$ 261,875
Operating expenses				
Lease operating expenses	57,657	—	(16,867)	40,790
Severance and ad valorem taxes	32,441	(4,749)	(7,939)	19,753
Depreciation, depletion, and amortization	81,668	(4,164)	(25,835)	51,669
General and administrative expenses	19,128	(1,887)	—	17,241

Exploration and other expenses	123	(123)	—	—
Total operating expense	191,017	(10,923)	(50,641)	129,453
Net gain (loss) on sale of long-lived assets	16	(16)	—	—
Income (loss) from operations	\$ 241,669	\$ (53,756)	\$ (55,491)	\$ 132,422
Other income (expense)				
Interest expense	(13,298)	13,298	—	—
Gain (loss) on commodity derivatives	28,912	(28,912)	—	—
Other income (expense)	(1,760)	(6)	—	(1,766)
Total other income (expense)	13,854	(15,620)	—	(1,766)
Income before income taxes	255,523	(69,376)	(55,491)	130,656
Income tax expense	(160)	—	53	(107)
Net Income	\$ 255,363	\$ (69,376)	\$ (55,438)	\$ 130,549

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