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DELTA REPORT

10-Q

PNRG - PRIMEENERGY RESOURCES COR

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

The following comparison report has been automatically generated

TOTAL DELTAS 1695

■ CHANGES	111
■ DELETIONS	828
■ ADDITIONS	756

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM
10-Q

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

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended September 30, 2023

March 31, 2024

Or

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

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

For the Transition Period From
to

Commission File Number
0-7406

PrimeEnergy Resources Corporation

(Exact name of registrant as specified in its charter)

Delaware

84-0637348

Delaware

84-0637348

(State or other jurisdiction of
incorporation or organization)

(I.R.S.
employer

Identification
No.)

9821 Katy Freeway, Houston, Texas 77024

(Address of principal executive offices)

(713)
735-0000

(Registrant's Registrant's telephone number, including area code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.10 par value	PNRG	NASDAQ

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
Non-Accelerated Filer <input checked="" type="checkbox"/>	Smaller Reporting Company <input checked="" type="checkbox"/>
<input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
Non-Accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input checked="" type="checkbox"/>
<input type="checkbox"/>	Emerging growth company <input type="checkbox"/> <input checked="" type="checkbox"/>

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

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

The number of shares outstanding of each class of the Registrant's Common Stock as of November 13, 2023 May 13, 2024 was: Common Stock, \$0.10 par value 1,820,576 1,784,851 shares.

PrimeEnergy Resources Corporation

Index to Form 10-Q

September 30, 2023 March 31, 2024

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Definitions of Certain Terms and Conventions Used Herein

Within this Report, the following terms and conventions have specific meanings:

Measurements.

Measurements.

- “**Bbl**” means a standard barrel containing 42 United States gallons.
- “**Bbl**” **BOE**” means a barrel of oil equivalent and is a standard barrel containing 42 United States gallons, convention used to express oil and gas volumes on a comparable oil equivalent basis. Gas equivalents are determined under the relative energy content method by using the ratio of six thousand cubic feet of gas to one Bbl of oil or natural gas liquid.
- “**BOEPD**” means BOE per day.
- “**BOE**” means a barrel of oil equivalent and is a standard convention used to express oil and gas volumes on a comparable oil equivalent basis. Gas equivalents are determined under the relative energy content method by using the ratio of six thousand cubic feet of gas to one Bbl of oil or natural gas liquid. •
- “**BOEPDBtu**” means BOE per day.
- “**Btu**” means British thermal unit, which is a measure of the amount of energy required to raise the temperature of one pound of water one degree Fahrenheit.
 - “**MBbl**” means one thousand Bbls.
 - “**MBOE**” means one thousand BOEs.
 - “**McF**” means one thousand cubic feet and is a measure of the amount of energy required to raise the temperature of one pound of water one degree Fahrenheit, gas volume.
 - “**MBblMMCf**” means one thousand Bbls. million cubic feet.

Indices.

- “**Brent**” means Brent oil price, a major trading classification of light sweet oil that serves as a benchmark price for oil worldwide.
- “**WAHA**” is a benchmark pricing hub for West Texas gas.
- “**MBOEWTT**” means one thousand BOEs.

- “**Mcf**” means one thousand cubic feet West Texas Intermediate, a light sweet blend of oil produced from fields in western Texas and is a measure grade of gas volume.
- “**MMcf**” means one million cubic feet.

Indices.

- “**Brent**” means Brent oil price, a major trading classification of light sweet oil that serves used as a benchmark price for in oil worldwide. pricing. General terms and conventions.
- “**DD&A**” means depletion, depreciation and amortization.
- “**WAHA ESG**” is a benchmark pricing hub for West Texas gas. means environmental, social and governance.
- “**GAAP**” means accounting principles generally accepted in the United States of America.
- “**WTI GHG**” means West Texas Intermediate, a light sweet blend of oil produced from fields in western Texas and is a grade of oil used as a benchmark in oil pricing. General terms and conventions. greenhouse gases.
- “**LNG**” means liquefied natural gas.
- “**DD&A NGLs**” means depletion, depreciation natural gas liquids, which are the heavier hydrocarbon liquids that are separated from the gas stream; such liquids include ethane, propane, isobutane, normal butane and amortization. natural gasoline.
- “**NYMEX**” means the New York Mercantile Exchange.
- “**ESG**” means environmental, social and governance. •
- “**GAAP**” means accounting principles generally accepted in the United States of America.
- “**GHG**” means greenhouse gases.
- “**LNG**” means liquefied natural gas.
- “**NGLs**” means natural gas liquids, which are the heavier hydrocarbon liquids that are separated from the gas stream; such liquids include ethane, propane, isobutane, normal butane and natural gasoline.
- “**NYMEXOPEC**” means the New York Mercantile Exchange. Organization of Petroleum Exporting Countries.
- “**PrimeEnergy**” or the “Company” means PrimeEnergy Resources Corporation and its subsidiaries.
- “**OPEC**” means the Organization of Petroleum Exporting Countries. •
- “**PrimeEnergy**” or the “Company” means PrimeEnergy Resources Corporation and its subsidiaries.
- “**Proved developed reserves**” means 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 to the cost of the required equipment is relatively minor compared to the cost of a new well.
- “**Proved reserves**” means those quantities of oil and gas, which, by analysis of geosciences 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 – from a given date forward, from known reservoirs, oil or gas on the basis of available geoscience 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. engineering data.
- (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. (ii)

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- (ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons 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 elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering or performance data and reliable technology establishes a lower establish the higher contact with reasonable certainty.
- (iv) Where direct observation from well penetrations has defined a highest known oil elevation and the potential exists for an associated gas cap, proved oil reserves may Reserves which can be assigned produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the structurally higher portions proved classification when: (A) Successful testing by a pilot project in an area of the reservoir only if geoscience, engineering or performance data and reliable technology establish the higher contact with reasonable certainty.
- (v) 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 as a whole, the operation of or an installed program in the analogous 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 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.

- **"Proved undeveloped reserves"** means 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 recompletion.

"Proved undeveloped reserves" means 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 recompletion. (i)

- (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 proved 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.

- (iii) Under no circumstances shall estimates for proved 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, or by other evidence using reliable technology exists that establishes establishing reasonable certainty of economic producibility at greater distances certainty.
- (ii) Undrilled locations can be classified as having proved undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless "SEC" means the specific circumstances, justify a longer time. United States Securities and Exchange Commission.
- (iii) Under no circumstances shall estimates for proved 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, or by other evidence using reliable technology establishing reasonable certainty.
- "SEC" Standardized Measure means the United States Securities and Exchange Commission.
- "Standardized Measure" means the after-tax present value of estimated future net cash flows of proved reserves, determined in accordance with the rules and regulations of the SEC, using prices and costs employed in the determination of proved reserves determined in accordance with the rules and regulations of the SEC, using prices and costs employed in the determination of proved reserves and a 10 percent discount rate.
- "U.S." means United States.
- "U.S." means United States.
- With respect to information on the working interest in wells, drilling locations and acreage, "net" wells, drilling locations and acres are determined by multiplying "gross" wells, drilling locations and acres by the Company's working interest in such wells, drilling locations or acres. Unless otherwise specified, wells, drilling locations and acres by the Company's working interest in such acreage statistics quoted herein represent gross wells, drilling locations or acres. Unless otherwise specified, wells, drilling locations and acreage statistics quoted herein represent gross wells, drilling locations or acres.
- "WASP" means weighted average sales price.
- "WASP" All currency amounts are expressed in U.S. dollars.
- means
- weighted
- average
- sales
- price.

All currency amounts are expressed in U.S. dollars.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This information in this Quarterly Annual Report on Form 10-Q10-K (this "Report" "Report") contains forward-looking statements that involve risks and uncertainties. When used in this document, the words "believes," "believes," "plans," "plans," "expects," "expects," "anticipates," "anticipates," "forecasts," "forecasts," "models," "models," "intends," "intends," "continue," "continue," "may," "may," "will," "will," "could," "could," "should," "should," "future," "future," "potential," "potential," "estimate," "estimate," or the negative of such terms and similar expressions as they relate to the Company are intended to identify forward-looking statements, which are generally not historical in nature. The forward-looking statements are based on the Company's PrimeEnergy Resources Corporation "The Company" current expectations, assumptions, estimates and projections about the Company and the industry in which the Company operates. Although the Company believes that the expectations and assumptions reflected in the forward-looking statements are reasonable as and when made, they involve risks and uncertainties that are difficult to predict and, in many cases, beyond the Company's Company's control. In addition, the Company may be subject to currently unforeseen risks that may have a materially material adverse effect on it.

These risks and uncertainties include, among other things, volatility of commodity prices; product supply and demand; the impact of armed conflict (including the war conflicts in Ukraine) Ukraine and related the Middle East or political instability on economic activity and oil and gas supply and demand; competition; the ability to obtain drilling, environmental and other permits and the timing thereof; the effect of future regulatory or legislative actions on PrimeEnergy The Company or the industry in which it operates, including potential changes to tax laws, rates or laws, new restrictions on development activities or potential changes in regulations limiting produced water disposal; the ability to obtain approvals from third parties and negotiate agreements with third parties on mutually acceptable terms; potential liability resulting from pending or future litigation; the costs, including the potential impact of cost increases due to inflation and supply chain disruptions, and results of development and operating activities; the impact of a widespread outbreak of an illness such as the COVID19 pandemic, on global and U.S. economic activity, oil and gas demand, and global and U.S. supply chains; the risk of new restrictions with respect to development activities, including potential changes to regulations resulting in limitations on the Company's ability to dispose of produced water; availability of equipment, services, resources and personnel required to perform the Company's Company's development and operating activities; access to and availability of transportation, processing, fractionation, refining, storage and export facilities; PrimeEnergy's The Company's ability to replace reserves, implement its business plans or complete its development activities as scheduled; the Company's Company's ability to achieve its emissions reductions, flaring and other ESG goals; access to and cost of capital; the financial strength of (i) counterparties to PrimeEnergy's The Company's credit facility and derivative contracts, (ii) issuers of PrimeEnergy's The Company's investment securities and (iii) purchasers of PrimeEnergy's The Company's oil, NGL and gas production and downstream sales of purchased commodities; uncertainties about estimates of reserves, identification of drilling locations and the ability to add proved reserves in the future; the assumptions underlying forecasts, including forecasts of production, operating cash flow, well costs, capital expenditures, rates of return, expenses, and cash flow from downstream purchases and sales of oil and gas, net of firm transportation commitments; tax rates; quality of technical data; environmental and weather risks, including the possible impacts of climate change on the Company's Company's operations and demand for its products; cybersecurity risks; the risks associated with the ownership and operation of the Company's water Company's well services business and acts of war or terrorism. In addition, the Company may be subject to currently unforeseen risks that may have a materially adverse effect on it.

Accordingly, no assurances can be given that the actual events and results will not be materially different than the anticipated results described in the forward-looking statements. See "Part I, Item 2. Management's 1. Business — Competition," "Part I, Item 1. Business — Regulation," "Part I, Item 1A. Risk Factors," "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" "Part 1, Item 3. Quantitative and Qualitative Disclosures About Market Risk" and "Part II, Item 1A. Risk Factors" in this Report and "Part I, Item 1. Business — Competition," "Part I, Item 1. Business — Regulation," "Part I, Item 1A. Risk Factors," "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk" Risk in the Company's Annual this Report on Form 10-K for the year ended December 31, 2022 for a description of various factors that could materially affect the ability of to achieve the anticipated results described in the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. PrimeEnergy The Company undertakes no duty to publicly update these statements except as required by law.

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PART I—FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

PART I—FINANCIAL INFORMATION

Item1.FINANCIAL STATEMENTS

PRIMEENERGY RESOURCES CORPORATION

CONSOLIDATED BALANCE SHEETS

CONSOLIDATED BALANCE SHEETS –Unaudited

(in Thousands of dollars, except share data)

	March 31, 2024	December 31, 2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,750	\$ 11,061
Accounts receivable, net	29,534	20,301
Prepaid obligations	791	376
Other current assets	38	38

Total Current Assets	32,113	31,776
Property and Equipment		
Oil and gas properties at cost	713,352	659,792
Less: Accumulated depletion and depreciation	(416,964)	(406,913)
	296,388	252,879
Field and office equipment at cost	27,298	26,955
Less: Accumulated depreciation	(23,984)	(23,715)
	3,314	3,240
Total Property and Equipment, Net	299,702	256,119
Other Assets		
Total Assets	1,081	673
	<u>\$ 332,896</u>	<u>\$ 288,568</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 11,595	\$ 15,424
Accrued property cost	61,945	33,264
Accrued liabilities	13,754	15,349
Due to related parties	44	80
Current portion of asset retirement and other long-term obligations	1,138	692
Total Current Liabilities	88,476	64,809
Long-Term Bank Debt	4,000	-
Asset Retirement Obligations	14,649	14,707
Deferred Income Taxes	55,523	47,236
Other Long-Term Obligations	828	866
Total Liabilities	163,476	127,618
Commitments and Contingencies		
Equity		
Common stock, \$.10 par value; 2024 and 2023: Authorized: 2,810,000 shares, outstanding 2024: 1,790,245; outstanding 2023: 1,820,100 shares	281	281
Paid-in capital	7,555	7,555
Retained earnings	216,988	205,669
Treasury stock, at cost; 2024: 1,019,755 shares; 2023: 989,900	(55,404)	(52,555)
Total Equity	169,420	160,950
Total Liabilities and Equity	<u>\$ 332,896</u>	<u>\$ 288,568</u>
	September 30, 2023 (Unaudited)	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 19,790	\$ 26,543
Accounts receivable, net	17,372	12,147
Prepaid obligations	413	32,839
Due from related parties	—	388
Derivative asset	—	210
Other current assets	38	38
Total current assets	37,613	72,165
Properties and equipment:		
Proved oil and gas properties, using the successful efforts method of accounting	610,655	555,280
Other property	27,004	27,246
Accumulated depletion and depreciation	(422,558)	(408,539)
Total properties, net	215,101	173,987
Right-of-useassets	458	852

Other assets	403	133
Total Assets	\$ 253,575	\$ 247,137
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 11,900	\$ 11,451
Accrued liabilities	28,450	25,750
Current portion of asset retirement and other long-term obligations	936	2,566
Due to related parties	398	—
Derivative liability	—	1,190
Total current liabilities	41,684	40,957
Long-term bank debt	—	11,000
Asset retirement obligations	11,567	13,525
Deferred income taxes	43,288	39,968
Other long-term obligations	1,035	1,334
Total Liabilities	97,574	106,784
COMMITMENTS AND CONTINGENCIES		
Equity:		
Common stock, \$.10 par value; 2,810,000 shares authorized, 1,828,500 and 1,901,000 shares outstanding as of September 30, 2023 and December 31, 2022 respectively	281	281
Additional paid in capital	7,555	7,555
Retained earnings	199,786	177,566
Treasury stock, at cost; 981,500 and 909,000 shares as of September 30, 2023 and December 31, 2022, respectively	(51,621)	(45,049)
Total Equity	156,001	140,353
Total Liabilities and Equity	\$ 253,575	\$ 247,137

The financial information included as of September 30, 2023 and 2022 has been prepared by management without audit by independent registered public accountants.

The accompanying **notes** are an integral part of these **consolidated financial statements**
Consolidated Financial Statements

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PRIMEENERGY RESOURCES CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

CONSOLIDATED STATEMENTS OF INCOME –Unaudited

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

(Thousands of dollars, except per share amounts)

	2024	2023
Revenues and other income:		
Oil	\$ 33,299	\$ 14,578
Natural gas	1,358	1,752
Natural gas liquids	4,365	2,394
Field service	3,399	3,474
Interest and other income, net	138	152
Gain on derivative instruments, net	-	414
Gain on disposition of assets, net	431	51
	42,990	22,815
Costs and expenses:		
Oil and gas production	9,130	5,470
Production and advalorem taxes	2,953	2,504
Field service	2,801	3,167

Depreciation, depletion and amortization	10,320	6,422		
Accretion of discount on asset retirement obligations	171	183		
General and administrative	3,057	3,102		
Interest	215	182		
	28,647	21,030		
Income before income taxes	14,343	1,785		
Income tax provision	3,024	375		
Net income attributable to common stockholders	\$ 11,319	\$ 1,410		
Net Income per share attributable to Common Stockholders:				
Basic	\$ 6.27	\$ 0.75		
Diluted	\$ 4.41	\$ 0.53		
Weighted average shares Outstanding:				
Basic	1,806,687	1,888,895		
Diluted	2,565,951	2,647,220		
Three Months Ended September 30,				
	2023	2022	2023	2022
Revenues:				
Oil	\$ 26,402	\$ 23,403	\$ 61,948	\$ 75,546
Natural gas	2,472	6,359	5,452	14,762
Natural gas liquids	3,149	4,204	8,323	12,477
Field service	3,337	3,509	11,442	9,998
Realized loss on derivative instruments, net	—	(4,285)	(566)	(13,992)
Unrealized gain on derivative instruments, net	—	6,124	980	1,918
Other income	—	—	38	29
Total revenues	35,360	39,314	87,617	100,738
Costs and expenses:				
Oil and gas production	7,898	6,476	21,171	20,888
Production and ad valorem taxes	1,445	2,201	5,308	5,721
Field service	3,166	2,670	9,700	8,725
Depreciation, depletion and amortization	8,924	7,569	22,857	21,386
Accretion of discount on asset retirement obligations	183	163	550	545
General and administrative	2,714	2,453	8,086	11,543
Total costs and expenses	24,330	21,532	67,672	68,808
Gain on sale and exchange of assets	2,102	494	8,206	15,330
Income from operations	13,132	18,276	28,151	47,260
Other income (expense)				
Interest expense	(133)	(253)	(428)	(752)
Interest income	113	8	286	8
Income before income taxes	13,112	18,031	28,009	46,516
Income tax provision	2,392	4,877	5,789	11,237
Net income	\$ 10,720	\$ 13,154	\$ 22,220	\$ 35,279
Net income per share attributable to common stockholders:				
Basic	\$ 5.84	\$ 6.79	\$ 11.95	\$ 17.95
Diluted	\$ 4.13	\$ 4.88	\$ 8.49	\$ 12.96
Weighted average shares outstanding:				
Basic	1,834,709	1,937,091	1,859,084	1,965,334
Diluted	2,593,924	2,694,906	2,617,758	2,722,522

The financial information included as of September 30, 2023 and 2022 has been prepared by management without audit by independent registered public accountants.

The accompanying **notes** are an integral part of these **consolidated financial statements**
Consolidated Financial Statements

CONSOLIDATED STATEMENT OF EQUITY

CONSOLIDATED STATEMENTS OF EQUITY –Unaudited

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

2023

(Thousands of dollars, except share amounts)

	Shares Outstanding	Common Stock	Paid-In Capital	Retained Earnings	Treasury Stock	Total Equity
Balance at December 31, 2022	1,901,000	\$ 281	\$ 7,555	\$ 177,566	\$ (45,049)	\$ 140,353
Purchase of treasury stock	(31,440)	—	—	—	(2,748)	(2,748)
Net Income	—	—	—	1,410	—	1,410
Balance at March 31, 2023	<u>1,869,560</u>	<u>\$ 281</u>	<u>\$ 7,555</u>	<u>\$ 178,976</u>	<u>\$ (47,797)</u>	<u>\$ 139,015</u>
Balance at December 31, 2023	1,820,100	\$ 281	\$ 7,555	\$ 205,669	\$ (52,555)	\$ 160,950
Purchase of treasury stock	(29,855)	—	—	—	(2,849)	(2,849)
Net Income	—	—	—	11,319	—	11,319
Balance at March 31, 2024	<u>1,790,245</u>	<u>\$ 281</u>	<u>\$ 7,555</u>	<u>\$ 216,988</u>	<u>\$ (55,404)</u>	<u>\$ 169,420</u>
	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Total Equity
	Shares Outstanding	Common Stock	Paid-In Capital	Retained Earnings	Treasury Stock	Total Equity
Balance at December 31, 2022	1,901,000	\$ 281	\$ 7,555	\$ 177,566	\$ (45,049)	\$ 140,353
Purchase of treasury stock	(31,440)	—	—	—	(2,748)	(2,748)
Net income	—	—	—	1,410	—	1,410
Balance at March 31, 2023	<u>1,869,560</u>	<u>\$ 281</u>	<u>\$ 7,555</u>	<u>\$ 178,976</u>	<u>\$ (47,797)</u>	<u>\$ 139,015</u>
Purchase of treasury stock	(29,060)	—	—	—	(2,616)	(2,616)
Net income	—	—	—	10,090	—	10,090
Balance at June 30, 2023	1,840,500	\$ 281	\$ 7,555	\$ 189,066	\$ (50,413)	\$ 146,489
Purchase of treasury stock	(12,000)	—	—	—	(1,208)	(1,208)
Net income	—	—	—	10,720	—	10,720
Balance at September 30, 2023	<u>1,828,500</u>	<u>\$ 281</u>	<u>\$ 7,555</u>	<u>\$ 199,786</u>	<u>\$ (51,621)</u>	<u>\$ 156,001</u>
	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Total Equity
	Shares Outstanding	Common Stock	Paid-In Capital	Retained Earnings	Treasury Stock	Total Equity
Balance at December 31, 2021	1,992,077	\$ 281	\$ 7,555	\$ 128,902	\$ (37,647)	\$ 99,091
Purchase of treasury stock	(11,188)	—	—	—	(833)	833
Net income	—	—	—	11,142	—	11,142
Balance at March 31, 2022	1,980,889	\$ 281	\$ 7,555	\$ 140,044	\$ (38,480)	\$ 109,400
Purchase of treasury stock	(28,244)	—	—	—	(2,354)	(2,354)
Net income	—	—	—	10,983	—	10,983
Balance at June 30, 2022	1,952,645	\$ 281	\$ 7,555	\$ 151,027	\$ (40,834)	\$ 118,029
Purchase of treasury stock	(21,945)	—	—	—	(1,805)	(1,805)
Net income	—	—	—	13,154	—	13,154
Balance at September 30, 2022	<u>1,930,700</u>	<u>\$ 281</u>	<u>\$ 7,555</u>	<u>\$ 164,181</u>	<u>\$ (42,639)</u>	<u>\$ 129,378</u>

The financial information included as of September 30, 2023 and 2022 has been prepared by management without audit by independent registered public accountants.

The accompanying **notes** are an integral part of these **consolidated financial statements** **Consolidated Financial Statements**

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PRIMEENERGY RESOURCES CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

CONSOLIDATED STATEMENTS OF CASH FLOWS –Unaudited

Nine

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

2023

	(Thousands of dollars)	
	2024	2023
Cash Flows from Operating Activities:		
Net Income	\$ 11,319	\$ 1,410
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, amortization and accretion on discounted liabilities	10,320	6,422
Accretion of discount on asset retirement obligations	171	183
Gain on sale and exchange of assets	(431)	(51)
Unrealized gain on derivative instruments, net	-	(980)
Deferred income taxes	8,287	419
Changes in assets and liabilities:		
Accounts receivable	(9,233)	996
Due from related parties	-	15
Due to related parties	(36)	-
Prepays obligations	(415)	16,700
Accounts payable	(3,829)	4,484
Accrued property costs	28,681	4,520
Accrued liabilities	(1,595)	(4,135)
Other long-term liabilities	(38)	654
Net Cash Provided by Operating Activities	<hr/> 43,201	<hr/> 30,637
Cash Flows from Investing Activities:		
Capital expenditures, including exploration expense	(54,094)	(30,149)
Proceeds from sale of properties and equipment	431	440
Net Cash (Used in) Investing Activities	<hr/> (53,663)	<hr/> (29,709)
Cash Flows from Financing Activities:		
Purchase of stock for treasury	(2,849)	(2,748)
Proceeds from long-term bank debt	14,000	-
Repayment of long-term bank debt and other long-term obligations	(10,000)	(11,000)
Net Cash Provided by (Used in) Financing Activities	<hr/> 1,151	<hr/> (13,748)
Net (Decrease) in Cash and Cash Equivalents	(9,311)	(12,820)
Cash and Cash Equivalents at the Beginning of the Period	<hr/> 11,061	<hr/> 26,543
Cash and Cash Equivalents at the End of the Period	<hr/> \$ 1,750	<hr/> \$ 13,723
Supplemental Disclosures:		
Income taxes paid during the year	\$ -	\$ -
Interest paid	\$ 170	\$ 167
Cash Flows from Operating Activities:		
Net Income	\$ 22,220	\$ 35,279
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, and amortization	22,857	21,386
Gain on sale and exchange of assets	(8,206)	(15,330)
Accretion of discount on asset retirement obligations	550	545
Unrealized gain on derivative instruments, net	(980)	(1,918)
Deferred income taxes	3,320	8,775
Changes in assets and liabilities:		
Accounts receivable	(5,225)	(2,735)
Due from related parties	388	—
Due to related parties	398	61
Prepays obligations	32,426	(308)
Accounts payable	449	(1,114)

Accrued liabilities	2,700	2,705
Other, net	(173)	—
Net Cash Provided by Operating Activities	70,724	47,346
Cash Flows from Investing Activities:		
Capital expenditures, including exploration expense	(67,069)	(7,972)
Proceeds from sale of properties and equipment	7,434	15,330
Net Cash Provided by (Used in) Investing Activities	(59,635)	7,358
Cash Flows from Financing Activities:		
Purchase of stock for treasury	(6,572)	(4,992)
Repayment of long-term bank debt and other long-term obligations	(11,270)	(36,000)
Net Cash Used in Financing Activities	(17,842)	(40,992)
Net (Decrease) Increase in Cash and Cash Equivalents	(6,753)	13,712
Cash and Cash Equivalents at the Beginning of the Period	26,543	10,347
Cash and Cash Equivalents at the End of the Period	\$ 19,790	\$ 24,059
Supplemental Disclosures:		
Income taxes paid	\$ 9,288	\$ 61
Interest paid	\$ 450	\$ 714

The financial information included as of September 30, 2023 and 2022 has been prepared by management without audit by independent registered public accountants.

The accompanying **notes** **Notes** are an integral part of these **consolidated financial statements**
Consolidated Financial Statements

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PRIMEENERGY RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024
NOTESTOCONSOLIDATEDFINANCIALSTATEMENTS
September 30, 2023

(1) Basis of Presentation:

The accompanying **condensed** consolidated financial statements of PrimeEnergy Resources Corporation ("PrimeEnergy" or the "Company") have not been audited by independent public accountants. Pursuant to applicable Securities and Exchange Commission ("SEC") rules and regulations, the accompanying interim financial statements do not include all disclosures presented in annual financial statements and the reader should refer to the Company's Form 10-K for the year ended December 31, 2022 December 31, 2023. In the opinion of management, the accompanying interim consolidated financial statements contain all material adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the Company's consolidated balance sheets as of September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, the consolidated results of operations, cash flows and equity for the **nine** three months ended September 30, 2023 March 31, 2024, and 2022.

2023.

As of September 30, 2023 March 31, 2024, PrimeEnergy's significant accounting policies are consistent with those discussed in Note 1—Description of Operations and Significant Accounting Policies of its consolidated financial statements contained in PrimeEnergy's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023. Certain amounts presented in prior period financial statements have been reclassified for consistency with current period presentation. The results for interim periods are not necessarily indicative of annual results. For purposes of disclosure in the consolidated financial statements, subsequent events have been evaluated through the date the statements were issued.

(2) Acquisitions and Dispositions

2023 Transactions:

In the first quarter of 2024, the Company sold 48 net acres in Lea County, New Mexico, along with minor working interest in 23 wells, receiving gross proceeds of \$375,600, and early in the second quarter of 2024, the Company has sold an additional 12 net acres in Lea County for proceeds of \$150,600.

In the first quarter of 2023, the Company sold 7.8 surface acres in Midland County, Texas receiving gross proceeds of \$436,050 and recognizing a gain of \$47,000.

In the second quarter of 2023, the Company acquired 55 net acres in the South Stiles area of Reagan County, Texas for \$605,000, and in a separate agreement also in Reagan County, the Company sold 320 non-core acres for proceeds of \$6,000,000. In addition, the Company sold 36.51% interest in one well in Midland County, Texas for proceeds of \$60,000.

In the third quarter of 2023, the Company sold a non-core 38.25-acre leasehold tract in Martin County, Texas for proceeds of \$899,000 and sold 3 surface acres in Liberty County, Texas for net proceeds of \$37,053. Also in the third quarter, in various counties of Oklahoma, the Company divested its interest in 39 wells, reducing its future plugging liability by approximately \$1.5 million. Effective July 1, 2023, the Company acquired the operations of 36 wells from DE Permian and 50% of DE Permian's original ownership in such wells. In addition, in Reagan County, Texas, the Company acquired 114.52 net acres from DE Permian for \$1,700,853 and assigned to them 203.23 net acres.

In November 2023, the Company sold 136 surface acres in Oklahoma for proceeds of \$306,000.

2022 Transactions:

In the first quarter of 2022, the Company sold 1,809 net leasehold acres in Reagan and Midland Counties, Texas through two separate transactions receiving gross proceeds of \$14.0 million.

In the second quarter of 2022, the Company sold 241 net acres in Canadian County, Oklahoma for \$845,000.

In the third quarter of 2022, the Company sold an additional 113 net acres in Canadian County, Oklahoma for \$423,700.

(3) Additional Balance Sheet Information:

Certain balance sheet amounts are comprised of the following:

	March 31, 2024	December 31, 2023
<i>(Thousands of dollars)</i>		
Accounts Receivable:		
Joint interest billing	\$ 2,794	\$ 2,560
Trade receivables	2,197	2,345
Oil and gas sales	18,699	14,457
Taxes	6,341	1,458
Other	177	155
	<hr/> 30,208	<hr/> 20,975
Less: Allowance for credit losses	(674)	(674)
Total	<hr/> \$ 29,534	<hr/> \$ 20,301
Accounts Payable:		
Trade	\$ 6,042	\$ 9,847
Royalty and other owners	4,372	4,405
Partner advances	946	946
Other	235	226
Total	<hr/> \$ 11,595	<hr/> \$ 15,424
Accrued Liabilities:		
Compensation and related expenses	\$ 8,943	\$ 10,324
Taxes	795	929
Lease operating costs	3,745	3,898
Other	271	198
Total	<hr/> \$ 13,754	<hr/> \$ 15,349

	September 30, 2023	December 31, 2022
<i>(Thousands of dollars)</i>		
Accounts Receivable:		
Joint interest billing	\$ 1,931	\$ 1,806
Trade receivables	2,193	1,762
Oil and gas sales	13,523	8,894
Other	63	21
	<hr/> 17,710	<hr/> 12,483

	September 30, 2023	December 31, 2022
<i>(Thousands of dollars)</i>		
Less: Allowance for doubtful accounts	<u>(338)</u>	<u>(336)</u>
Total	<u>\$ 17,372</u>	<u>\$ 12,147</u>
Accounts Payable:		
Trade	\$ 7,188	\$ 5,142
Royalty and other owners	3,276	3,600
Partner advances	954	1,111
Other	482	1,598
Total	<u>\$ 11,900</u>	<u>\$ 11,451</u>
<i>(Thousands of dollars)</i>		
Accrued Liabilities:		
Compensation and related expenses	\$ 4,837	\$ 9,743
Property costs	17,889	4,718
Taxes	3,024	9,352
Operating costs	2,322	1,695
Other	378	242
Total	<u>\$ 28,450</u>	<u>\$ 25,750</u>

(4) Long-Term Debt:

Bank Debt:

The

On July 5,2022, the Company maintains and its lenders entered into a revolving corporate credit facilityFourth Amended and Restated Credit Agreement (the "Credit Facility" "2022 Credit Agreement") with a group maturity date of financial institutions with aggregate loan commitments June 1,2026. Under the 2022 Credit Agreement, the Company has a revolving line of \$300 million, credit and letter of credit facility of up to \$300millionsubject to a borrowing base that is determined semi-annually by the lenders based upon the Company's consolidated financial statements and the estimated value of the Company's oil and gas properties, in accordance with a maturity date of June 1, 2026. As of December 31, 2022, the Lenders' customary practices for oil and gas loans. The initial borrowing base was \$75 million of the agreement is \$75million. The credit facility is secured by substantially all of the Company's oil and the Company had \$11 million outstanding borrowings under the gas properties. The 2022Credit Facility.

The Credit Facility requires Agreement includes terms and covenants that require the Company to maintain a minimum current ratio and total indebtedness to EBITDAX (earnings before depreciation, depletion, amortization, taxes, interest expense and exploration costs) ratio, as defined, and places restrictions are placed on the payment of dividends, the amount of treasury stock the Company may purchase, and commodity hedge agreements. As of June 30, 2023, the Company was in compliance with its debt covenants. Borrowings bear interest, at the option of the Company, based on a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Rate in effect on such day plus 0.50% and (c) Adjusted Term SOFR (secured overnight financing rate as administered by the Federal Reserve Bank of New York) for aone-monthtenor in effect on such day plus 1.00%, or a Term SOFR. Both options are subject to an additional margin, determined based upon the utilization of the borrowing base then in effect, ranging from 2.25% to 4.25% per annum. The Company also pays commitment fees on undrawn amounts under the Credit Facility of 0.50% per annum. Borrowings under the Credit Facility are secured by substantially all of the Company's oil and gas properties.

Effective January 20, 2023January 20,2023, in lieu of a formal amendment, a borrowing base letter authorized by all lenders and Prime the Company of the 2022Credit Agreement resulted in an adjustment to decrease the amount of the Borrowing Base available from \$75\$75 million to \$60 millionuntil such time as the next redetermination date as required by the agreement.

Effective July 24,2023, in lieu of a formal amendment, a borrowing base letter authorized by all lenders and the Company of the 2022Credit Agreement resulted in an adjustment to increase the amount of the Borrowing Base available from \$60million to \$65million until such time as the next redetermination date as required by the agreement.

Effective July 24, 2023

As of December 31,2023, the borrowing base was increased to \$65 million. The borrowing base as of September 30, 2023 remained at \$65 million \$65 million and the Company hand had no outstanding borrowings under the Credit Facility at that time.

Facility.

Effective February 9,2024, the Company and its lenders entered into the SecondAmendment to the 2022Credit Agreement. This amendment included an increase of the Borrowing Base from \$65 million to \$85 million and will remain in effect until the next scheduled

redetermination date in accordance with the Credit Agreement.

As of November 15, 2023 March 31, 2024 the Company had no \$4 million of outstanding borrowings and \$81 million available under the Credit Facility credit facility. As of May 15, 2024, the Company had \$2 million of outstanding borrowings and \$83 million available under the credit facility.

(5) Other Long-Term Obligations and Commitments:

Operating Leases:

The Company leases office facilities under operating leases and recognizes lease expense on a straight-line basis over the lease term. Lease assets and liabilities are initially recorded at commencement date based on the present value of lease payments over the

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lease term. As most of the Company's lease contracts do not provide an implicit discount rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The weighted average discount rate used was 7.82% 9.71%. Certain leases may contain variable costs above the minimum required payments and are not included in the right-of-use assets or liabilities. Leases may include renewal, purchase or termination options that can extend or shorten the term of the lease. The exercise of those options is at the Company's sole discretion and is evaluated at inception and throughout the contract to determine if a modification of the lease term is required. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

Operating lease costs for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 were \$525,000 \$179,000 and \$468,000 \$165,000, respectively. Cash payments included in the operating lease cost for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 were \$552,000 \$191,000 and \$499,000 \$178,000, respectively. The weighted-average remaining operating lease terms as of September 30, 2023 March 31, 2024 and 2022 2023 were 7.88 7.81 months and 6.33 9.63 months, respectively. The As of March 31, 2024, the Company acquired and amended had certain leases for office space in Texas providing for which included future payments of \$187,000 in 2023, \$275,000 in \$601,000 for 2024 and \$45,000 in \$149,000 for 2025.

All current leases have been included within the current balance sheet and the Company has not entered into any new leases since the reporting date. Rent expense for office space for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 was \$555,000 \$204,000 and \$563,000 \$141,000, respectively.

The payment schedule for the Company's operating lease obligations as of September 30, 2023 March 31, 2024 is as follows:

<i>(Thousands of dollars)</i>	<i>Operating Leases</i>
2023	\$ 187
2024	275
2025	<u>45</u>
Total undiscounted lease payments	\$ 507
Less: Amount associated with discounting	<u>(49)</u>
Total net operating lease liabilities	\$ 458
Less: Current portion included in current portion of asset retirement and other long-term obligations	<u>381</u>
Non-current portion included in other long-term obligations	<u>\$ 77</u>

<i>(Thousands of dollars)</i>	<i>Operating Leases</i>
2024	\$ 601
2025	149
 <i>Total undiscounted lease payments</i>	 \$ 750
<i>Less: Amount associated with discounting</i>	<u>(58)</u>
<i>Total net operating lease liabilities</i>	\$ 692
<i>Less: Current portion asset retirement and other long-term obligations</i>	<u>692</u>
<i>Non-current portion included in Other long-term obligations</i>	<u>\$ -</u>

Asset Retirement Obligation:

A reconciliation of the liability for plugging and abandonment costs for the nine three months ended September 30, 2023 March 31, 2024 is as follows:

	September 30, 2023
Asset retirement obligation at December 31, 2022	\$ 15,443
Additions	16
Dispositions	(1,161)
Liabilities settled	(2,727)
Accretion of discount	550
Asset retirement obligation at September 30, 2023	\$ 12,121
Less current portion of asset retirement obligations	554
Asset retirement obligations, long-term	<u><u>11,567</u></u>

	March 31, 2024
(Thousands of dollars)	
Asset retirement obligation at December 31, 2023	\$ 15,153
Liabilities settled	(229)
Accretion of discount	171
Asset retirement obligation at March 31, 2024	\$ 15,095
Less current portion of asset retirement obligations	446
Asset retirement obligations, long-term	<u><u>14,649</u></u>

The Company's liability is determined using significant assumptions, including current estimates of plugging and abandonment costs, annual inflation of these costs, the productive life of wells and a risk-adjusted interest rate. Changes in any of these assumptions can result in significant revisions to the estimated asset retirement obligation. Revisions to the asset retirement obligation are recorded with an offsetting change to producing properties, resulting in prospective changes to depreciation, depletion and amortization expense and accretion of discount. Because of the subjectivity of assumptions and the relatively long life of most of the Company's wells, the costs to ultimately retire the wells may vary significantly from previous estimates.

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(6) Contingent Liabilities:

The Company is subject to environmental laws and regulations. Management believes that future expenses, before recoveries from third parties, if any, will not have a material effect on the Company's financial condition. This opinion is based on expenses incurred to date for remediation and compliance with laws and regulations, which have not been material to the Company's results of operations.

From time to time, the Company is party to certain legal actions arising in the ordinary course of business. While the outcome of these events cannot be predicted with certainty, management does not expect these matters to have a materially adverse effect on the financial position or results of operations of the Company.

(7) Stock Options and Other Compensation:

In May 1989, non-statutory stock options were granted by the Company to four key executive officers for the purchase of shares of common stock. At **September 30, 2023** **March 31, 2024** and **2022**, the **2023**, remaining options held by two key executive officers on 767,500 shares were outstanding and exercisable at prices ranging from \$1.00 to \$1.25. According to their terms, the options have no expiration date.

(8) Related Party Transactions:

Amounts due to or from related parties primarily represent receipts or expenses, related to oil and gas properties, collected or paid by the Company as agent for the joint venture partners, which may include members of the Company's Board of Directors.

(9) Financial Instruments

Fair Value Measurements:

Authoritative guidance on fair value measurements defines fair value, establishes a framework for measuring fair value and stipulates the related disclosure requirements. The Company follows a three-level hierarchy, prioritizing and defining the types of inputs used to measure fair value. The fair values of the Company's interest rate swaps, natural gas and crude oil price collars and swaps are

designated as Level 3. The following fair value hierarchy table presents information about the Company's assets and liabilities measured at fair value on a recurring basis at September 30, 2023 and December 31, 2022:

	September 30, 2023 (Thousands of dollars)	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2023
Assets					
Commodity derivative contracts	\$ —	\$ —	\$ —	\$ —	\$ —
Total assets	\$ —	\$ —	\$ —	\$ —	\$ —
Liabilities					
Commodity derivative contracts	\$ —	\$ —	\$ —	\$ —	\$ —
Total liabilities	\$ —	\$ —	\$ —	\$ —	\$ —
December 31, 2022 (Thousands of dollars)		Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2022
Assets					
Commodity derivative contracts	\$ —	\$ —	\$ 210	\$ 210	\$ 210
Total assets	\$ —	\$ —	\$ 210	\$ 210	\$ 210
Liabilities					
Commodity derivative contracts	\$ —	\$ —	\$ (1,190)	\$ (1,190)	\$ (1,190)
Total liabilities	\$ —	\$ —	\$ (1,190)	\$ (1,190)	\$ (1,190)

The derivative contracts were measured based on quotes from the Company's counterparties. Such quotes have been derived using valuation models that consider various inputs including current market and contractual prices for the underlying instruments, quoted forward prices for natural gas and crude oil, volatility factors and interest rates, such as a LIBOR curve for a similar length of time as the derivative contract term as applicable. These estimates are verified using comparable NYMEX futures contracts or are compared to multiple quotes obtained from counterparties for reasonableness.

The significant unobservable inputs for Level 3 derivative contracts include basis differentials and volatility factors. An increase (decrease) in these unobservable inputs would result in an increase (decrease) in fair value, respectively. The Company does not have access to the specific assumptions used in its counterparties' valuation models. Consequently, additional disclosures regarding significant Level 3 unobservable inputs ~~were~~ would not be provided.

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The following table sets forth a reconciliation As of changes in the fair value balance sheet reporting dates of financial assets March 31, 2024 and liabilities classified as Level 3 in December 31, 2023, the fair value hierarchy for the nine months ended September 30, 2023.

(Thousands of dollars)	
Net Liabilities – December 31, 2022	\$ (980)
Total realized and unrealized gains (losses):	
Included in earnings (a)	414
Purchases, sales, issuances and settlements	566
Net Liabilities — September 30, 2023	\$ —

(a) Derivative instruments are reported in revenues as realized gain/loss and on a separately reported line item captioned unrealized gain/loss on derivative instruments.

Company had no active derivative instruments.

Derivative Instruments:

The Company is exposed to commodity price and interest rate risk, and management considers periodically the Company's exposure to cash flow variability resulting from the commodity price changes and interest rate fluctuations. Futures, swaps and options are used to manage the Company's exposure to commodity price risk inherent in the Company's oil and gas production operations. The Company does not apply hedge accounting to any of its commodity-based derivatives. Both realized and unrealized gains and losses associated with commodity derivative instruments are recognized in earnings.

The following table sets forth the effect of derivative instruments on the consolidated balance sheets at September 30, 2023 and December 31, 2022:

(Thousands of dollars)	Balance Sheet Location	Fair Value		
		September 30, 2023	December 31, 2022	
Asset Derivatives:				
<i>Derivatives not designated as cash-flow hedging instruments:</i>				
Crude oil commodity contract	Derivative asset	\$ —	\$ 162	
Natural gas commodity contract	Derivative asset	—	48	
Total		\$ —	\$ 210	
Liability Derivatives:				
<i>Derivatives not designated as cash-flow hedging instruments:</i>				
Crude oil commodity contracts	Derivative liability	\$ —	\$ (931)	
Natural gas commodity contracts	Derivative liability	—	(259)	
Total		\$ —	\$ (1,190)	
Total derivative instruments		\$ —	\$ (980)	

The following table sets forth the effect of derivative instruments on the consolidated statements of operations income for the nine three months ended September 30, 2023 March 31, 2024 and 2022: 2023:

(Thousands of dollars)	Location of gain/loss recognized in income	Amount of gain/loss recognized in income		
		2024	2023	
<i>Derivatives not designated as cash-flow hedge instruments:</i>				
Natural gas commodity contracts				
Natural gas commodity contracts	Gain on derivative instruments, net	-	235	
Crude oil commodity contracts	Gain on derivative instruments, net	-	179	
		\$ —	\$ 414	

(Thousands of dollars)	Location of gain/loss recognized in income	Amount of gain (loss) recognized in income		
		2023	2022	
<i>Derivatives not designated as cash-flow hedge instruments:</i>				
Natural gas commodity contracts				
Natural gas commodity contracts	Unrealized gain (loss) on derivative instruments, net	211	(800)	
Crude oil commodity contracts	Unrealized gain on derivative instruments, net	769	2,718	
Natural gas commodity contracts	Realized gain (loss) on derivative instruments, net	24	(3,603)	
Crude oil commodity contracts	Realized loss on derivative instruments, net	(590)	(10,389)	
		\$ 414	\$ (12,074)	

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(10) Earnings Per Share:

Basic earnings per share are computed by dividing earnings available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect per share amounts that would have resulted if dilutive potential common stock had been converted to common stock in gain periods. The following reconciles amounts reported in the consolidated financial statements:

	Quarter Ended March 31,					
	2024		2023			
	Net Income (In 000's)	Shares Outstanding	Weighted Average Number of Shares Outstanding	Per Share Amount	Net Income (In 000's)	Shares Outstanding
Basic	\$ 11,319	1,806,687	\$ 6.27	\$ 1,410	1,888,895	\$ 0.75

Effect of dilutive securities:						
Options	759,264			758,325		
Diluted	\$ 11,319	2,565,951	\$ 4.41	\$ 1,410	2,647,220	\$ 0.53
Nine Months Ended September 30,						
	2023			2022		
	Net Income (in 000's)	Weighted Average Number of Shares Outstanding	Per Share Amount	Net Loss (in 000's)	Weighted Average Number of Shares Outstanding	Per Share Amount
Basic	\$ 22,220	1,859,084	\$ 11.95	\$ 35,279	1,965,334	\$ 17.95
Effect of dilutive securities:						
Options (a)	—	758,674	—	—	757,218	—
Diluted	\$ 22,220	2,617,758	\$ 8.49	\$ 35,279	2,722,522	\$ 12.96
Three Months Ended September 30,						
	2023			2022		
	Net Income (in 000's)	Weighted Average Number of Shares Outstanding	Per Share Amount	Net Loss (in 000's)	Weighted Average Number of Shares Outstanding	Per Share Amount
Basic	\$ 10,720	1,834,709	\$ 5.84	\$ 13,154	1,937,091	\$ 6.79
Effect of dilutive securities:						
Options (a)	—	759,214	—	—	757,815	—
Diluted	\$ 10,720	2,593,924	\$ 4.13	\$ 13,154	2,694,906	\$ 4.88

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Item 2. MANAGEMENT'S

Item2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to assist you in understanding our results of operations and our present financial condition. Our Condensed Consolidated Financial Statements and the accompanying Notes to the Condensed Consolidated Financial Statements included elsewhere in this Report contain additional information that should be referred to when reviewing this material. Our subsidiaries are listed in Note 1 to the Consolidated Financial Statements.

OVERVIEW

We are an independent oil and natural gas company engaged in acquiring, developing, and producing oil and natural gas. We presently own producing and non-producing properties located primarily in Texas, and Oklahoma. All of our oil and gas properties and interests are located in the United States. Assets in our principal focus areas include mature properties with long-lived reserves and significant development opportunities as well as more recently developed horizontal newer properties with relatively high flow rates. The Company development and exploration potential. We also own a 12.5% overriding royalty interest in over 30,000 acres in the state of West Virginia, although we are currently not receiving revenue from this asset as development has not begun. In Texas, we own well-servicing equipment that is used to service our operated properties as well as to provide oil field services to third-party operators. In addition, we own a 60-mile-long pipeline offshore on the shallow shelf of Texas that is currently idle but that we believe has future value for producers in the area. In Oklahoma, we own 649 acres of land with an estimated value of approximately \$848,000, however, in November of this year have agreed to sell 136 acres for \$306,000. Also, in Prattville, Alabama, we hold a 33.3% interest in a limited partnership that owns a 138,000-square-foot retail shopping center on ten acres in Prattville, Alabama. There is currently no debt on the shopping center and it has approximately \$500,000 of working capital on its balance sheet. We believe our balanced portfolio of oil and gas assets positions us well for both the current commodity price environment and future potential upside as we develop our attractive resource opportunities. Our primary sources of liquidity are cash generated from operations, our credit facility, and existing cash on our balance sheet.

In addition to developing our oil and natural gas reserves, we continue to actively pursue the acquisition of producing properties. We attempt to assume the position of operator in all acquisitions of producing properties and will continue to evaluate properties for leasehold acquisition and for exploration and development in areas in which we operate. To diversify and broaden our asset base, we will consider acquiring the assets or stock in other entities in the oil and gas business. Our main objective in making any such acquisitions will be to acquire income-producing assets or developable leasehold acreage to build stockholder value.

Our cash flows depend on many factors, including the price of oil and gas, the success of our acquisition and drilling activities, and the operational performance of our producing properties. On occasion, we will use derivative instruments to manage our commodity price risk. This practice may prevent us from receiving the full advantage of increases in oil and gas prices above the maximum fixed amount

specified in the derivative agreements and subjects us to the credit risk of the counterparties to such agreements. When used our derivative contracts are accounted for under mark-to-market accounting and we can expect volatility in gains and losses on contracts in our consolidated statement of operations as changes occur in the NYMEX price indices. **Our most recent** We currently have no derivative instruments expired in March of 2023 contracts and at this time we do not intend to enter into future derivative contracts unless required to do so for our bank line of credit. credit, or we believe we would significantly benefit from near term price stability.

Our financial results depend on many factors, particularly the price of natural gas and crude oil and our ability to market our production on economically attractive terms. Commodity prices are affected by many factors outside of our control, including changes in market supply and demand, which are impacted by weather conditions, pipeline capacity constraints, inventory storage levels, basis differentials and other factors. In addition, our realized prices are further impacted by our derivative and hedging activities when used to manage commodity price risk. As mentioned above, our **most recent** existing contracts expired in March of 2023 and we currently do not intend to use future derivative contracts unless required by our bank loan.

We derive our revenue and cash flow principally from the sale of oil, natural gas, and NGLs. As a result, our revenues are determined, to a large degree, by prevailing prices for crude oil, natural gas, and NGLs. We sell our oil and natural gas on the open market at prevailing market prices or through forward delivery contracts. Because some of our operations are located outside major markets, we are directly impacted by regional prices regardless of Henry Hub, WTI, or other major market pricing. The market price for oil, natural gas, and NGLs is dictated by supply and demand; consequently, we cannot accurately predict or control the price we may receive for our oil, natural gas, and NGLs. Index prices for oil, natural gas, and NGLs are higher than in the recent past, however, prices may be volatile therefore, and, consequently, we cannot determine with any degree of certainty what effect increases or decreases in these prices will have on our capital program, production volumes or revenue.

The Company is actively developing non-producing additional reserves of its leasehold acreage positions in Texas and Oklahoma. In the Permian Basin of West Texas and eastern New Mexico the Company maintains an acreage position of approximately 9,266 net 16,407 gross (9,341 net) acres, 97% 96% of which is located in Reagan, Upton, Martin, and Midland counties of Texas where our current horizontal drilling activity is focused. In addition to the recent 22 horizontal wells completed so far in 2023 in West Texas, we We believe this acreage has significant resource potential in the Spraberry Jo Mill, and Wolfcamp reservoirs intervals for additional horizontal drilling that could support the drilling of as many as 250 190 additional horizontal wells. In Oklahoma our we maintain an acreage position of approximately 46,960 gross (10,137 net) acres. Our Oklahoma horizontal development is focused primarily in Canadian, Kingfisher, Grady, and Garvin counties where we have counties. We believe approximately 4,113 2,355 net acres within these counties hold significant additional resource potential that could support the drilling of as many as 43 new horizontal wells based on an estimate of four wells per section: section, two in the Mississippian and two in the Woodford Shale. Should we choose to participate with a working interest in such future development, our share of these future capital expenditures would be approximately \$33 million at an average 10% ownership level.

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Future development plans are established based on various factors, including the expectation of available cash flows from operations and the availability of funds under our revolving credit facility.

District Information

The following table represents certain reserves and well information as of December 31, 2022 December 31, 2023.

						Gulf	Mid-	West	Other	Total
	Gulf	Mid-	West	Other	Total	Coast	Continent	Texas	Other	Total
Proved Reserves as of										
December 31, 2022										
(MBoe)										
Proved Reserves as of										
December 31, 2023										
(MBoe)										
Developed	790	2,549	7,001	13	10,353	563	2,210	10,778	7	13,558
Undeveloped	—	110	6,256	—	6,366	—	—	15,488	—	15,488
Total	790	2,659	13,257	13	16,719	563	2,210	26,266	7	29,046

Average Production (Boe per day)	Net Production (Boe per day)	Daily	227	897	3,257	4	4,385	173	831	6,172	4	7,181
Gross Productive Wells (Working Interest and ORRI Wells)			150	508	557	151	1,373	114	511	647	222	1,494
Gross Productive Wells (Working Interest Only)			132	383	511	82	1,108	72	361	541	144	1,118
Net Productive Wells (Working Interest Only)			69	169	254	6	498	21	132	275	5	433
Gross Operated Productive Wells			89	176	310	—	575	28	128	334	—	490
Gross Operated Water Disposal, Injection and Supply wells			7	40	6	—	53	5	39	8	—	52

In several of our West Texas and Gulf Coast producing regions we have field service groups that to service our operated wells and provide well-site services to locations as well as third-party operators. These services consist of well service support, site preparation and construction services for drilling and workover operations. Our operations are performed primarily utilizing workover or swab rigs, water transport trucks, hot-oil trucks, and saltwater disposal facilities, that various land excavating equipment and trucks we own and that are operated by our field employees.

Gulf Coast Region

Our development, exploitation, exploration and production activities in the Gulf Coast region are primarily concentrated in east and southeast Texas. This region is managed from our office in Houston, Texas. Principal producing intervals are in the Wilcox Yegua and Yegua Wilcox formations at depths ranging from 5,000 to 11,000 feet. On December 31, 2022 We had 114 producing wells (21 net) in the Gulf Coast region as of December 31, 2023, of which 28 wells are operated by us. Average net daily production in our Gulf Coast Region at year-end 2023 was 173 Boe. At December 31, 2023, we had 790 563 MBoe of proved reserves in the Gulf Coast region, which represented 4.7% of our total proved reserves. As of that date, we had 150 producing wells (69 net) in the Gulf Coast region. Focus during the past year has been on the plug and abandonment of non-performing assets and we currently operate 29 wells in the region and have a working interest in an additional 43 non-operated wells. We maintain an acreage position of over 8,707 7,468 gross (3,782 4,699 net) acres in this region, primarily in Colorado, Newton, and Polk County, counties. We operate a field service group in this region from a field office in Carrizo Springs, Texas utilizing four two workover rigs, twenty water transport trucks, two commercial hot-oil trucks, a cement truck, and two saltwater disposal wells to provide oil trucks, and plugging equipment, field services for third-party operators in South Texas. As of September 30, 2023 March 31, 2023, the Gulf Coast region has no operated wells in the process of being drilled, no waterfloods in the process of being installed and no other related activities of material importance.

Mid-Continent Region

Our Mid-Continent activities are concentrated in central Oklahoma. This region is managed from our office in Oklahoma City, Oklahoma. As of December 31, 2022 December 31, 2023, we had 508 511 producing wells (169 132 net) in the Mid-Continent area, of which 176 128 wells are operated by us. Principal producing intervals are in the Robberson, Avant, Skinner, Sycamore, Bromide, McLish, Hunton, Mississippian, Oswego, Red Fork, and Chester formations at depths ranging from 1,100 to 10,500 feet. The average Average net daily production in our Mid-Continent Region in 2022 2023 was 897 831 Boe. On December 31, 2022 At December 31, 2023, we had 2,659 2,210 MBoe of proved reserves in this region, the Mid-Continent area, representing 16% 8% of our total proved reserves. We currently maintain an acreage position of approximately 46,960 gross (10,137 net) acres in this region, primarily in Canadian, Kingfisher, Grant, Major, and Garvin counties. Our Mid-Continent region is actively participating with third-party operators in the horizontal development of lands that include Company owned interest in several counties in the Stack and Scoop plays of Oklahoma where drilling is primarily targeting reservoirs of the Mississippian, and Woodford formations. On July 1, 2023, we divested of 38 marginally productive operated wells and one well on September 1, 2023 located in various counties of Oklahoma reducing our future plugging liability without a significant change in value of our producing reserves.

Year-to-date, in the Mid-Continent region, the Company has participated with 1.96% interest in the drilling and completion of three 3-mile-long horizontal wells in Canadian County, Oklahoma operated by Ovintiv Mid-Continent Inc. All three wells were brought on production in June of this year. The expected reserves of these three wells were included in the 2022 year-end reserve report as proved undeveloped. The Company has added additional proved-producing reserves through various over-riding royalty interests in 12 horizontal wells, totaling 5.78% net revenue interest.

West Texas Region

Our West Texas activities are concentrated in the Permian Basin where much of the United States' oil reserves are produced from the prolific Wolfcamp in Texas and Spraberry reservoirs. The oil is West Texas Intermediate Sweet and the produced casing-head gas has a high BTU content making it the primary source of our natural gas liquids. New Mexico. The oil and gas in this basin are produced primarily from five producing intervals; the Upper and Lower Spraberry, the Wolfcamp, the Strawn, and the Atoka, at depths ranging from 6,700 feet to 11,300 feet. This region is managed from our office in Midland, Texas. As of December 31, 2022 December 31, 2023, we had 557 647 wells (254 (275 net) in the West Texas area, of which 310 334 wells are operated by us. The average Principal producing intervals are in the Spraberry, Wolfcamp, and San Andres formations at depths ranging from 4,200 to 12,500 feet. Average net daily production in Our West Texas Region at year-end 2022 2023 was 3,257 6,172 Boe. As of December 31, 2022 At December 31, 2023, we had 13,256 26,267 MBoe of proved reserves in the West Texas area, or 79.3 % 90% of our total proved reserves. We maintain an acreage position of approximately 16,171 16,407 gross (9,266 (9,341 net) acres in the Permian Basin in West Texas, primarily in Reagan, Upton, Martin and Midland counties and believe this acreage has significant resource potential for additional horizontal drilling in the Spraberry, Jo Mill, and Wolfcamp pay intervals. We operate a field service group in this region utilizing nine workover rigs, three hot oiler trucks, and one kill truck. Services, including well service Oil field support site preparation, and construction services is provided for drilling and workover operations are provided both to third-party operators as well as utilized in for our own operated wells and locations.

In the first three quarters

As of 2023, March 31, 2024, the Company has added 22 completed was participating in the drilling or completion of 34 horizontal wells to its West Texas proved-producing portfolio through our participation in 15 wells in Reagan County, five Texas with an average of 39% interest in Martin County, 14 wells, 8.3% in 12 wells, 50% in six wells and less than 1% in two in Upton County. Ten of the 15 wells in Reagan County are operated by Civitas Resources (formerly Hibernia Energy III, LLC), located on our Brynn Tract, and five are operated by DE IV Operating, LLC (Double Eagle), located on our Prime East Tract. The five wells in Martin County are operated by ConocoPhillips on our Schenecker A Tract, and the two in Upton County, operated by Apache Corporation, are our Mt. Moran wells. The Company has invested Combined, we expect to spend approximately \$78 \$80 million in these 22 horizontals and owns an average 32.2% working interest.

In the fourth quarter of 2023, the Company is participating in an additional 18 horizontal wells operated by Double Eagle, located in our Hughes Alpine area of Reagan County (Studley Tracts): we are participating with 6.82% working interest in 6 two-mile-long horizontals that are expected to be on production in December of this year, and participating with 20% interest in 12 two and a half-mile-long laterals that are expected to be on production in February of 2024. In total, the Company is investing approximately \$27 million in these 18 new horizontals and their associated facilities.

As a result of the recent success of wells completed by Double Eagle and Civitas in Reagan County, as well as existing analogs and relatively high oil prices, both Twenty-eight of these companies have accelerated 34 wells and their development plans forecast reserves are included in the area where 2023 year-end reserve report as proved undeveloped, whereas the reserves of six wells are considered probable undeveloped and not included in the reserve report. Additionally, we have significant leasehold acreage. Double Eagle and Civitas each have three rigs running in the area and in the fourth quarter of 2023, we expect 12 horizontals slated to begin drilling an additional 20 wells with Double Eagle in the second quarter of 2024 and 14 wells with Civitas. The Company has an average of approximately 50% interest in six wells (Prime West), 8.3% interest in twelve wells (Kramer and O'Bannon), less than 1% interest in two wells (State Pink Floyd), and an average of 41% interest in 14 wells (Christi). In total, we expect to invest \$84 million in these 34 wells that are all expected to be on production in the second quarter of 2024, third quarter.

In addition to the drilling activity described above, 2024, we expect another 12 to complete 54 new horizontal wells, operated by Double Eagle, to begin drilling on adjacent or nearby acreage in the first quarter of 2024 with an expected investment by the Company of \$48 million for our 50% interest in these wells.

In summary, we are investing approximately \$27 million in 18 horizontal wells operated by Double Eagle in Reagan County that \$140 million. We are expected to begin production by February 2024, and also preparing to invest \$84 million approximately \$95 million in 14 another 23 horizontal wells with Civitas Resources to be drilled and 20 wells with Double Eagle completed in Reagan County that are expected to begin drilling in the fourth quarter of 2023 and have production starts in the second quarter of 2024, 2025. In addition, we expect the drilling of 12 more have identified 28 horizontal wells locations for future development in West Texas that we anticipate to begin be drilled in the first quarter of 2024, carrying 2026-2027 timeframe and would require a net capital requirement investment of approximately \$48 million. Therefore, the total capital commitment for wells to spud by the end of the first quarter of 2024 is approximately \$159 \$67 million.

Reserves

Our

All of our interests in proved developed and undeveloped oil and gas properties have been evaluated by Ryder Scott Company, L.P. for each of the three years ended December 31, 2022 December 31, 2023. The professional qualifications of the technical persons primarily responsible for overseeing the preparation of the reserve estimates can be found in Exhibit 99.1, the Ryder Scott Company, L.P.

Report on Registrant's Reserves Estimates. In matters related to the preparation of our reserve estimates, our district managers report to the Engineering Data manager, who maintains oversight and compliance responsibility for the internal reserve estimate process and provides oversight for the annual preparation of reserve estimates of 100% of our year-end reserves by our independent third-party engineers, Ryder Scott Company, L.P. The members of our ~~district and central groups~~ consist of degreed engineers and geologists with ~~between approximately twenty and thirty-five~~ over twenty-five years of industry experience and between ~~eighteen~~ and twenty-five years of

experience managing our reserves. Our Engineering Data manager, the technical person primarily responsible for overseeing the preparation of reserves estimates, has over thirty years of experience, holds a ~~Bachelor's~~ Bachelor degree in Geology and an MBA in finance and is a member of the Society of Petroleum Engineers and American Association of Petroleum Geologist. All of our reserves are located within the continental United States. The following table summarizes our oil and gas reserves at each of the respective dates:

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The following table summarizes our oil and gas reserves at each of the respective dates:

As of	Reserve Category												
	Proved Developed				Proved Undeveloped				Total				
	December	Oil (MBbls)	NGLs (MBbls)	Gas (MMcf)	Total (MBoe)	Oil (MBbls)	NGLs (MBbls)	Gas (MMcf)	Total (MBoe)	Oil (MBbls)	NGLs (MBbls)	Gas (MMcf)	Total (MBoe)
31,	2021	5,386	2,882	23,902	12,252	—	—	—	—	5,386	2,882	23,902	12,252
	2022	4,143	2,497	22,277	10,353	3,028	1,833	9,030	6,366	7,171	4,330	31,307	16,719
	2023	5,757	3,676	24,749	13,558	6,254	5,156	24,470	15,488	12,011	8,832	49,219	29,046

As of	Reserve Category												
	Proved Developed				Proved Undeveloped				Total				
	December 31,	Oil (MBbls)	NGLs (MBbls)	Gas (MMcf)	Total (MBoe)	Oil (MBbls)	NGLs (MBbls)	Gas (MMcf)	Total (MBoe)	Oil (MBbls)	NGLs (MBbls)	Gas (MMcf)	Total (MBoe)
December 31,	2020	2,684	2,258	13,633	7,214	1,784	787	3,897	3,221	4,468	3,045	17,530	10,435
	2021	5,386	2,882	23,902	12,252	—	—	—	—	5,386	2,882	23,902	12,252
	2022	4,143	2,497	22,277	10,353	3,028	1,833	9,030	6,366	7,171	4,330	31,307	16,719

(a) In computing total reserves on a barrels of oil equivalent (Boe) basis, gas is converted to oil based on its relative energy content at the rate of six Mcf of gas to one barrel of oil and NGLs are converted based upon volume; one barrel of oil and NGLs are converted based upon volume; natural gas liquids equals one barrel of natural gas liquids equals one barrel of oil.

In 2020, in West Texas we participated in the drilling of seven wells: one with PrimeEnergy Resources Corporation for 8.6% interest which was brought into production in July of 2020, and six wells with Apache on our Kashmir tract with an average of 47.5% interest that were drilled but not completed at year-end and therefore classified as Proved Undeveloped in the year-end 2020 reserve report. The Company invested approximately \$8.0 million in these seven wells in 2020. Also in 2020, reserves were added in West Texas through the addition of 11 horizontal wells completed in Midland County, Texas, in which we receive 0.56% to 1% over-riding royalty interest. In our Gulf Coast Region, in 2020, we successfully recompleted one operated well in the Segno field of Polk County, Texas with a 72.5% interest.

On December 31, 2020, in total, the Company had 3,221 Mboe of proved undeveloped reserves attributable to 13 wells operated by others, 10 of which were drilled but not completed by year-end 2020, and three that were not drilled until 2021. The three new horizontals along with the six uncompleted wells at year-end were brought online in late September and early October of 2021. These successful new wells are on our Kashmir tract in Upton County, Texas operated by Apache Corporation. These nine PUD wells at year-end 2020 accounted for 3,127 Mboe of the total undeveloped. The four other PUD wells, drilled but not completed at year-end 2020, are located in Grady County, Oklahoma, and accounted for 95 Mboe of the total undeveloped reserves.

In 2021, in West Texas, we participated with Apache in the drilling of three additional horizontals on the Kashmir Tract in Upton County, Texas and completed these three wells in September of 2021 along with six other wells drilled in 2020 on the same lease that were drilled but uncompleted at year-end. The Company has an average of 47.8% interest in these nine wells and invested approximately \$30 million in these horizontal wells. Also in 2021, the Company participated with Ovintiv Mid-Continent for 11.25% interest in four two-mile horizontal wells in Canadian County, Oklahoma. Twelve of these thirteen horizontal wells were successfully completed and placed into production in the fourth quarter of 2021. One of the Ovintiv wells had a casing leak issue and has been temporarily

abandoned. The Company invested approximately \$32 million in these thirteen wells. In addition, in 2021, the Company added minor reserves through over-riding royalty interest in two wells drilling and completed in Grady County, Oklahoma.

On

At December 31, 2021, the Company had 159 Mboe of proved-developed proved developed shut-in reserves attributable to three horizontals drilled and completed in Canadian County, Oklahoma, but not yet online at year-end. These reserves were converted to proved producing in the first quarter of 2022. At year-end 2021, we did not include proved-undeveloped proved undeveloped reserves in our reserve report because we had not yet received definitive drilling proposals from third-party operators for the more than fifteen horizontal wells that we planned to participate in located primarily in West Texas.

In 2022, the Company completed participated in eight horizontal wells: wells that were drilled and completed; four located in Irion County, West Texas, operated by SEM Operating Company, in which we have 10.13% interest, and four located in Canadian County, Oklahoma, operated by Ovintiv Mid-Continent, Inc., in which we have an average 9% interest. Our investment in these eight wells was approximately \$4 million and all were brought on production in August of 2022. In addition, the Company added reserves through 15 wells in which we have various minor over-riding royalty interests; eight interest. Eight of these wells are located in West Texas and seven are located in Oklahoma.

In the fourth quarter of 2022, we began participation in the drilling of 20 horizontal wells located in West Texas: Texas operated by three different operators. In Martin County, we participated with ConocoPhillips in the drilling of five 2.5-mile-long horizontal laterals (Schenecker A Tract) wells in which the Company has 20.83% interest with a and had capital investment of approximately \$12.1 million. In Reagan County, we participated with Hibernia Energy III (now Civitas Resources) in 10 two-mile horizontals (Brynn Tract) with 25% interest with and an investment of approximately \$25.6 million. Also in Reagan County, we participated with Double Eagle (DE IV) in five two-mile-long horizontals (Prime East Tract) with nearly 50% interest, and carried carrying a net capital outlay of approximately \$23.4 million. All twenty of these West Texas wells were brought on production by completed and online in the end of the third second quarter of 2023.

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In the first quarter of 2023, the Company joined Ovintiv USA, Inc. in the drilling of three 3-mile-long horizontal wells in Canadian County, Oklahoma with 1.96% interest, investing approximately \$645,000 (Redhead tract). These three wells were put online in June of 2023. Also in the first quarter, the Company began participation with Apache Corporation in the drilling of two 3-mile-long horizontals in Upton County, Texas (Mt. Moran). We have 49.4% interest in these wells and have made a capital investment of approximately \$16.1 million, and both were brought online in October.

At year-end 2022, the Company had 6,366 Mboe of proved undeveloped reserves all attributable to the 25 horizontal wells described above.

In 2023, the Company participated with five operators in the drilling and completion of 35 horizontal wells: 32 of these are located in West Texas and three are located in Oklahoma. In total, including the cost of facilities, the Company will invested approximately \$91 million, 99% of which is attributable to the wells in West Texas where we have invested \$78 million in these 25 been drilling horizontal wells targeting various proven pay intervals in the Wolfcamp and Spraberry formations. At December 31, 2023, we had 12 wells completed but not producing that were all brought into production in January of 2024. These 12 wells account for 1,278 MBOE of proved developed reserves at year-end. In addition, as of December 31, 2023, the Company was in the process of drilling and completing 34 wells in West Texas, 28 of which have been completed are considered proved undeveloped, and began producing by mid-October.

Summarized six of which are considered probable undeveloped. The year-end reserve report includes only proved reserves, therefore expected reserves from the six probable undeveloped wells are not included in the table below (in thousands reserve report).

At year-end 2023, the Company had 15,488 MBOE of dollars proved undeveloped reserves that are attributable to 52 undeveloped wells, 28 of which were in the process of being drilled or completed at year-end.

The estimated future net revenue (using current prices and costs as of those dates) and the present value of future net revenue (at a 10% discount for estimated timing of cash flow) for our proved developed and proved undeveloped oil and gas reserves at the end of each of the three years ended December 31, 2022 December 31, 2023, are summarized as follows (in thousands of dollars):

Proved Developed	Proved Undeveloped	Total	Proved Developed
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As of December 31,	Present Value 10								Present Value 10		Present Value 10		Future Net Revenue	Present Value				
	Of Future		Present Value 10		Of Future		Present Value 10		Present Value 10		Present Value 10							
	Future Net Revenue	Net Revenue	Future Net Revenue	Net Revenue	Future Net Revenue	Net Revenue	Income Taxes	Discounted Cash flow	Future Net Revenue	Net Revenue	Future Net Revenue	Net Revenue						
2020	\$ 43,886	\$ 34,717	\$ 37,346	\$ 21,823	\$ 81,232	\$ 56,539	\$ 14,920	\$ 41,619	\$ 275,227	\$ 171,906	\$ 36,100	\$ 135,806	\$ 275,227	\$ 171,906				
2021	\$ 275,227	\$ 171,906	\$ —	\$ —	\$ 275,227	\$ 171,906	\$ 36,100	\$ 135,806	\$ 320,146	\$ 192,688	\$ 200,790	\$ 118,081	\$ 520,936	\$ 310,769	\$ 66,233	\$ 244,536	\$ 320,146	\$ 192,688
2022	\$ 320,146	\$ 192,688	\$ 200,790	\$ 118,081	\$ 520,936	\$ 310,769	\$ 66,233	\$ 244,536	\$ 314,415	\$ 213,								
2023																		

The PV10 Value represents the discounted future net cash flows attributable to our proved oil and gas reserves before income tax, discounted at 10%. Although this measure is not in accordance with U.S. generally accepted accounting principles ("GAAP"), we believe that the presentation of the PV10 Value is relevant and useful to investors because it presents the discounted future net cash flow attributable to proved reserves prior to taking into account corporate future income taxes and the current tax structure. We use this measure when assessing the potential return on investment related to oil and gas properties. The PV10 of future income taxes represents the sole reconciling item between this non-GAAP PV10 Value versus the GAAP measure presented in the standardized measure of discounted cash flow. A reconciliation of these values is presented in the last three columns of the table above. The standardized measure of discounted future net cash flows represents the present value of future cash flows attributable to proved oil and natural gas reserves after income tax, discounted at 10%.

"Proved developed" oil and gas reserves are reserves that can be expected to be recovered from existing wells with existing equipment and operating methods. "Proved undeveloped" oil and gas reserves are 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 recompletion.

In accordance with U.S. generally accepted accounting principles, product prices are determined using the twelve-month average oil and gas index prices, calculated as the unweighted arithmetic average for the first day of the month price for each month, adjusted for oilfield or gas gathering hub and wellhead price differentials (e.g. grade, transportation, gravity, sulfur, and basic sediment and water) as appropriate. Also, in accordance with SEC specifications and U.S. generally accepted accounting principles, changes in market prices subsequent to December 31 are not considered.

While it may be reasonably anticipated that the prices received for the sale of our production may be higher or lower than the prices used in this evaluation, as described above, and the operating costs relating to such production may also increase or decrease from existing levels, such possible changes in prices and costs were, in accordance with rules adopted by the SEC, omitted from consideration in making this evaluation for the SEC case. Actual volumes produced, prices received and costs incurred may vary significantly from the SEC case.

Natural gas prices, based on the twelve-month average of the first of the month Henry Hub index price, were \$6.358 per MMBtu in 2023 as compared to \$6.36 per MMBtu in 2022 as compared to \$3.598 and \$3.60 per MMBtu in 2021, and \$1.985 per MMBtu in 2020, 2021. Oil prices, based on the West Texas Intermediate (WTI) Light Sweet Crude first-of-the-month first-of-the-month average spot price, were \$78.22 per barrel in 2023 as compared to \$93.67 per barrel in 2022, as compared to and \$66.56 per barrel in 2021, and \$39.57 per barrel in 2020, 2021. Since January 1, 2022 January 1, 2023, we have not filed any estimates of our oil and gas reserves with, nor were any such estimates included in any reports to, any federal authority or agency, other than the Securities and Exchange Commission.

RECENT ACTIVITIES

The Company's activities include development and exploratory drilling. Our strategy is to develop the Company's extensive oil and gas reserves primarily through horizontal drilling. This strategy includes targeting reservoirs with high initial production rates and cash flow as well as targeting reservoirs with somewhat lower average initial production rates but steady production and with higher expected return on investment. We believe that with today's technology, horizontal drilling and completion technologies provide development of our reserves provides superior economic results as compared to vertical development, by delivering higher production rates through greater contact and stimulation of a larger volume of reservoir rock while minimizing the surface footprint required to develop those same reserves.

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Maintaining a strong balance sheet and ample liquidity are key components of our business strategy. In 2023, 2024, we intend to will continue our focus on preserving financial flexibility and ample liquidity as we manage the risks facing our industry. Our capital budget for the year is reflective of current commodity prices and has been established based on an expectation of available cash flows, with any cash

flow deficiencies expected to be funded by borrowings under our revolving credit facility. As we have done historically to preserve or enhance liquidity, we may adjust our capital program throughout the year, divest non-strategic assets, or enter into strategic joint ventures. **We are actively developing**

Horizontal development of our leasehold acreage has continued at a fast pace, particularly in West Texas, where in 2023 we participated with Double Eagle, Apache, Civitas, and ConocoPhillips in the drilling and completion of 32 new horizontal wells and in 2024 we are on track to complete 54 new horizontal wells. In Oklahoma, in 2023, we participated with Ovintiv MidContinent with a minor interest in three 3-mile-long horizontal laterals.

In 2023, the Company participated with five operators in the drilling and completion of 35 horizontal wells: 32 of these are located in West Texas and Oklahoma and three in 2023, through Oklahoma. In total, including the third quarter, we have brought on production 25 new horizontal wells. Current activity includes cost of facilities, the drilling Company invested approximately \$91 million in these wells, 99% of 18 wells in Reagan County, and an additional 34 wells anticipated which is attributable to spud by year-end. The following is a description of recent, current, and expected near-term drilling activities. Note, the drilling activities described below were previously described on a district basis in the District Information section above.

In the fourth quarter of 2022, we began participation in 20 horizontal wells in West Texas that where we have been completed targeting proven pay intervals in the Wolfcamp and put on production Spraberry formations.

In Reagan County, in 2023: in Martin County, 2023, we participated with ConocoPhillips Hibernia Energy II (Now Civitas) in five 2.5-mile-long horizontal ten 2-mile-long horizontals having 25% interest and investing \$25.6 million in our "Brynn" wells (Schenecker A Tract) with 20.83% interest, investing approximately \$12.1 million, that began production in April 2023. Also in Reagan County, we participated with Hibernia Energy III DE IV, LLC (Double Eagle) in 10 two-mile horizontals (Brynn Tract) with 25% interest, investing approximately \$25.6 million, and, also 15 horizontals: five 2-mile-long laterals in Reagan County, which we partnered with Double Eagle (DE IV) in five two-mile-long horizontals (Prime East Tract) with have nearly 50% interest, called the "Prime East" wells that were placed on production in May 2023, another six 2-mile-long laterals in which we have 7% interest, our "Studley AV" wells, that were brought on production in December 2023, and invested approximately \$23.4 million. four 2.5-mile laterals with 20% interest, part of our "Studley CKO" wells, that were completed in December 2023 but not put online until January 2024. All 20 of these West Texas twelve Studley CKO wells were put brought on production in January 2024 and were included in the 2023 year-end reserve report as proved developed non-producing.

Also in 2023, in Upton County, Texas we participated for 50% interest in two 3-mile-long horizontals operated by Apache. These wells were brought into production in 2023.

October 2023 and we invested approximately \$17 million in these wells and their associated facilities. In the first quarter of Martin County, Texas we participated with ConocoPhillips for 20.8% interest in five 2.5-mile-long horizontal laterals, investing approximately \$12 million. These five wells were completed and brought online in September 2023. Also in 2023, in Oklahoma, the Company joined Ovintiv USA, Inc. in the drilling of three 3-mile-long horizontal wells horizontals located in Canadian County Oklahoma with 1.96% 2% interest, invested approximately \$645,000.

In the first quarter of 2024, in Reagan County, Texas, with Double Eagle, we have completed eight "Studley CKO" 2.5-mile horizontals with an average 19.7% interest, investing \$15.5 million, as well as three O'Bannon horizontals with 8.2% interest and two Pink Floyd horizontals with less than 1% interest. These five are also 2.5-mile-long laterals and we have invested approximately \$2.6 million in them. With Civitas Resources an additional nine 2-mile-long horizontals were completed in the first quarter. In these "Christi" wells we have approximately 40% working interest and invested \$29 million. All 12 Studley CKO wells were brought into production in the first quarter.

In the Second Quarter of 2024, as of the writing of this report, the Company has completed nine additional wells in Reagan County, Texas: three more O'Bannon wells and six Kramer wells. In these nine 2.5-mile-long-horizontals the Company has an average 8.3% ownership and invested approximately \$645,000. Production of these \$7.5 million. These nine wells, along with the three O'Bannon wells began in June. Also completed in the first quarter, of 2023, the Company began participation with Apache Corporation were brought on line in the drilling of two 3-mile-long horizontals April. Also in Upton County, Texas (Mt. Moran wells). The Company has a 49.4% interest in April nine Christi wells were brought on production. In addition to these two wells has invested approximately \$16.1 million and the wells were brought on production in October.

In total, April, the Company has invested approximately \$78 million is participating with 37.5% interest in these 25 horizontal five more "Christi" wells operated by Civitas and with 50% interest in six "Prime West" wells operated by Double Eagle. The estimated cost for the remaining five Christi wells and their associated facilities. In December of 2022, we prepaid \$32 million toward drilling costs, the six Prime West wells is \$14 million and the remaining \$46 million in estimated drilling, completion and facilities expenses will be incurred as billed in 2023.

The success of the 22 horizontals in West Texas described above is leading to additional near-term horizontal drilling across five leasehold blocks in three counties. Both Civitas Resources and Double Eagle have accelerated their development plans and have six rigs running \$23.9 million respectively. These 11 wells are in the area. We process of being stimulated and are currently participating expected to be on production later in the second quarter. In April of this year, also with Double Eagle, in 18 the Company spud 12 new wells in Reagan County, and will invest an estimated \$27 million in Texas. In these "Honey RF" wells that are expected to be completed and online in February 2024. In addition, we have received AFEs from Double Eagle for 20 additional horizontals in Reagan County. We will have varying interests in these 20 wells and will make an estimated capital investment of \$34 million in them. Also expected soon are AFEs from Civitas for 14 wells in Reagan County where we will have an average of 41% the Company has 50% working interest and will invest approximately \$50 million. The \$43.5 million. We expect these wells to be finished with completion and be brought on production in the third quarter of 2024.

Also in 2024, we have added plans to drill a 2-mile-long horizontal well in Reagan County, Texas that will target the Wolfcamp "D" interval which is promising but has had few production tests. We will have approximately 6% interest in this initial well, but if successful in establishing economically viable reserves from this interval it would potentially set-up development of as many as 25 additional horizontals on our acreage in Reagan County. In these wells the Company would have a range of interest from 6% to 50% that will average approximately 26% and require future investment of approximately \$65 million.

In total, of these two near-term projects is \$84 million. In addition, in 2024, we expect drilling proposals from four operators for the development of an additional 35 to complete 54 new horizontal wells, investing approximately \$140 million. We are also preparing to invest approximately \$95 million in West Texas expected to spud in the first three quarters of 2024. Our interest in these 35 wells will vary from 20% to 50% and we expect a capital outlay related to these wells and their facilities of approximately \$143 million.

All of the current and expected near-term activities described above encompass the drilling, completion, stimulation, and facilities of 90 new another 23 horizontal wells to be added to our proved-producing portfolio. These 90 wells will require an estimated \$260 million net capital investment over the next two years, drilled partially this year and completed in 2025. In addition, we have identified 27 28 horizontal locations for future development in West Texas that are a natural progression of development for three project areas in Upton and Reagan counties and are anticipated we anticipate to be drilled in the 2025-2026 2026-2027 timeframe and will would require a net investment of approximately \$100 \$67 million.

In summary, total, we have invested \$78 million in 25 new horizontals this year that are all producing, and we plan planning to invest about \$400 in excess of \$300 million in horizontal development in West Texas over the next several years. Included

In the Permian Basin of West Texas and eastern New Mexico, we maintain an acreage position of approximately 16,407 gross (9,341 net) acres, 96.4% of which is located in this \$400 million estimate Reagan, Upton, and Martin counties of Texas where our current West Texas horizontal drilling activities are focused. In addition to the above-described investment of \$27 million for 18 wells currently being drilled or completed, we believe this acreage has the resource potential to support the drilling of as many as 190 future horizontal wells.

In Oklahoma, we are focused on the development of our reserves in Canadian, Grady, Kingfisher, Garfield, Major, and Garvin counties where we have approximately 4,113 net leasehold acres in the process Scoop/Stack Play. Of this acreage, we believe 2,355 net leasehold acres hold significant additional resource potential that could support the drilling of being completed, the \$84 million in near-term development as many as 43 new horizontal wells based on an estimate of four wells per multi-section drilling for 34 wells (20 wells with Double Eagle and 14 wells with Civitas), the \$143 million in expected investment for 35 wells to spud unit, two in the first three quarters of 2024, Mississippian and two in the \$100 million investment Woodford Shale. Proposals may be received on the remaining 2,017 acres, however, rather than participate we may choose to sell the acreage or farm-out, receiving cash and retaining an over-riding royalty interest. In regard to 13 newly drilled wells in 27 drill-sites that are a natural progression of leasehold development, plus approximately \$40 million 2023, we chose to farm-out our interest and own an over-riding-royalty interest in additional investments for proved and probable drill-sites that are not yet scheduled for development. these wells.

RESULTS OF OPERATIONS: OPERATIONS

We reported net income of \$22.2 \$11.3 million, or \$11.95 per share and \$10.7 million, or \$5.84 \$6.27 per share, for the nine and three months ended September 30, 2023, respectively, as March 2024 compared to \$35.3 with \$1.4 million, or \$17.95 per share and \$13.2 million, or \$6.79 \$0.75 per share, for the nine and three months ended September 30, 2022, respectively. Current same period of 2023. The current year net income reflects changes in oil, gas and NGLs sales related to increases in production and combined with slightly increased oil commodity prices over the three and nine months ended September 30, 2022, fluctuations in gains related to the sale of assets lower gas and changes related to the valuation of derivative instruments, natural gas liquid commodity prices. The significant components of income and expense are discussed below.

Oil, gas and NGLs sales decreased \$2.0 million, or 5.9% from \$34.0 million increased 108.4% to \$39 million for the three months ended **September 30, 2022** to \$32.0 **March 2024** from \$18.7 million for in the three months ended **September 30, 2023**, and \$27.1 million, or 26.4% from \$102.8 million for the nine months ended September 30, 2022 to \$75.7 million for the nine months ended **September 30, 2023**, same period of 2023. Sales vary due to changes in volumes of production sold and realized commodity prices. Our oil production reflects increased due to the natural decline additional West Texas wells added in production from our previously existing wells offset by the second half of 2023 and the new wells placed added in production during 2023.

the first quarter of 2024. The changes in volumes and prices are presented in the table below. The following table summarizes the primary components of production volumes and average sales prices realized for the three and six months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** (excluding realized gains and losses from derivatives).

	Three Months Ended March 31,			
	2024	2023	Increase / (Decrease)	
			(Decrease)	(Decrease)
Barrels of Oil Produced	431,000	193,351	237,649	122.91 %
Average Price Received	\$ 77.26	\$ 75.40	\$ 1.86	2.47 %
Oil Revenue (In 000's)	\$ 33,299	\$ 14,578	\$ 18,721	128.42 %
Mcf of Gas Sold	1,157,000	801,084	355,916	44.43 %
Average Price Received	\$ 1.17	\$ 2.19	\$ (1.02)	(46.58) %
Gas Revenue (In 000's)	\$ 1,358	\$ 1,752	\$ (394)	(22.49) %
Barrels of Natural Gas Liquids Sold	206,000	105,825	100,175	94.66 %
Average Price Received	\$ 21.19	\$ 22.62	\$ (1.43)	(6.32) %
Natural Gas Liquids Revenue (In 000's)	\$ 4,365	\$ 2,394	\$ 1,971	82.33 %
Total Oil & Gas Revenue (In 000's)	\$ 39,022	\$ 18,724	\$ 20,298	108.41 %

	Nine months ended September 30,			
	2023	2022	Increase / (Decrease)	
			(Decrease)	(Decrease)
Barrels of Oil Produced	813,561	752,500	61,061	8.1 %
Average Price Received	\$ 76.14	\$ 100.39	\$ (24.25)	(24.2) %
Oil Revenue (In 000's)	\$ 61,948	\$ 75,546	\$ (13,598)	(18.0) %
Mcf of Gas Sold	2,766,128	2,456,800	309,328	12.6 %
Average Price Received	\$ 1.97	\$ 6.01	\$ (4.04)	(67.2) %
Gas Revenue (In 000's)	\$ 5,452	\$ 14,762	\$ (9,310)	(63.1) %
Barrels of Natural Gas Liquids Sold	412,487	332,400	80,087	24.1 %
Average Price Received	\$ 20.18	\$ 37.54	\$ (17.36)	(46.2) %
Natural Gas Liquids Revenue (In 000's)	\$ 8,323	\$ 12,477	\$ (4,154)	(33.3) %
Total Oil & Gas Revenue (In 000's)	\$ 75,723	\$ 102,785	\$ (27,062)	(26.3) %
	Three months ended September 30,			
	2023	2022	Increase / (Decrease)	
			(Decrease)	(Decrease)
Barrels of Oil Produced	323,188	244,500	78,688	32.2 %
Average Price Received	\$ 81.69	\$ 95.72	\$ (14.03)	(14.7) %
Oil Revenue (In 000's)	\$ 26,402	\$ 23,403	\$ 2,999	12.8 %
Mcf of Gas Sold	1,080,588	879,800	200,788	22.8 %

Average Price Received	\$ 2.29	\$ 7.23	\$ (4.94)	(68.3)%
Gas Revenue (In 000's)	\$ 2,472	\$ 6,359	\$ (3,887)	(61.1)%
Barrels of Natural Gas Liquids Sold	161,003	122,400	38,603	31.5%
Average Price Received	\$ 19.56	\$ 34.35	\$ (14.79)	(43.1)%
Natural Gas Liquids Revenue (In 000's)	\$ 3,149	\$ 4,204	\$ (1,055)	(25.1)%
Total Oil & Gas Revenue (In 000's)	\$ 32,023	\$ 33,966	\$ (1,943)	(5.7)%

Oil, Natural Gas and NGL Derivatives Gains or Losses on derivative instruments We do not apply hedge accounting to any of our commodity based commodity-based derivatives, thus changes in the fair market value of commodity contracts held at the end of a reported period, referred to as mark-to-market adjustments, are recognized as unrealized gains and losses in the accompanying condensed consolidated statements of operations. As oil and natural gas prices remain volatile, mark-to-market accounting treatment creates volatility in our revenues. The following Unrealized and realized losses by product are presented in the table summarizes the results of our derivative instruments below for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023. The Company has no active derivative instruments as of the filing of this report.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Oil derivatives – realized losses	\$ —	\$ (2,668)	\$ (590)	\$ (10,389)
Oil derivatives – unrealized gains	—	5,958	769	2,718
Total gains (losses) on oil derivatives	\$ —	\$ 3,290	\$ 179	\$ (7,671)
Natural gas derivatives – realized gains (losses)	\$ —	\$ (1,617)	\$ 24	\$ (3,603)
Natural gas derivatives – unrealized gains (losses)	—	166	211	(800)
Total gains (losses) on natural gas derivatives	\$ —	\$ (1,451)	\$ 235	\$ (4,403)
Total gains (losses) on oil and natural gas derivatives	\$ —	\$ 1,839	\$ 414	\$ (12,074)

	2024	2023
Oil derivatives – gains, net	\$ -	\$ 179
Natural gas derivatives – gains, net	—	235
Total gains on oil and natural gas derivatives	\$ -	\$ 414

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Prices Average oil and gas prices received for the nine months ended September 30, 2023 and 2022, respectively, March 31, including the impact of derivatives were:

	2023	2022
Oil Price	\$ 75.42	\$ 86.59
Gas Price	\$ 1.98	\$ 4.54
NGLS Price	\$ 20.18	\$ 37.54

	2024	2023
Average sales prices per barrel of oil	\$ 77.26	\$ 76.32

Average sales prices per MCF of gas	\$ 1.17	\$ 2.48
Average sales price Natural Gas Liquids	\$ 21.19	\$ 22.62

Oil and gas Gas, production expense and ad valorem taxes increased \$1.4 \$4.1 million or 21.5% 51.2% from \$6.5 \$8 million for the first quarter 2023 to \$12.1 million for the first quarter 2024. The change in the overall expenses is reflective of the increase in production costs due to the additional West Texas wells added in the second half of 2023 and the new wells added in the first quarter of 2024.

Field service income decreased \$0.1 million or 2.16% for the first quarter 2024 to \$3.4 million from \$3.5 million for the first quarter 2023 reflects no changes in the current utilization of the field equipment.

Field service expense decreased \$0.4 million or 11.6% to \$2.8 million for the first quarter 2024 from \$3.2 million for the first quarter 2023 due to streamlined overhead operations.

Depreciation, depletion and amortization increased \$3.9 million or 60.7% from \$6.4 million for the first quarter 2023 to \$10.3 million for the first quarter 2024 reflecting the increase production and basis due to the additional West Texas wells added in the second half of 2023 and the new wells added in the first quarter of 2024.

General and administrative expense decreased \$0.05 million or 1.5% from \$3.1 million for the three months ended September 30, 2022 March 31, 2024 to \$7.9 \$3.05 million for the three months ended September 30, 2023, and March 31, 2024. The costs associated with this caption period remained unchanged.

Interest expense increased \$0.3 \$0.03 million or 1.4% 18.1% from \$20.9 \$0.18 million for the nine months ended September 30, 2022 first quarter 2023 to \$21.2 \$0.21 million for the nine months ended September 30, 2023. These changes reflect the cost savings related to wells that have been plugged offset by rising service costs and additional costs related to the new wells that have been placed on production.

Production and ad valorem taxes decreased \$0.8 million, or 36.4% from \$2.2 million for the three months ended September 30, 2022 to \$1.4 million for the three months ended September 30, 2023, and decreased \$0.4 million, or 7.0% from \$5.7 million for the nine months ended September 30, 2022 to \$5.3 million for the nine months ended September 30, 2023. These decreases reflect the changes in oil and gas revenues in the related periods.

Field service income decreased \$0.2 million or 5.7% from \$3.5 million for the third first quarter 2022 to \$3.3 million for the third quarter 2023 and increased \$1.4 million, or 14.0% from \$10.0 million for the nine months ended September 30, 2022 to \$11.4 million for the nine months ended September 30, 2023. Workover rig services, hot oil treatments, saltwater hauling and disposal represent the bulk of our field service operations. These changes reflect the variance in equipment utilization and service rates during these periods.

Field service expense increased \$0.5 million or 18.5% from \$2.7 million for the third quarter 2022 to \$3.2 million for the third quarter 2023 and increased \$1.0 million, or 11.5% from \$8.7 million for the nine months ended September 30, 2022 to \$9.7 million for the nine months ended September 30, 2023. Field service expenses primarily consist of wages and vehicle operating expenses which have fluctuated during the three and nine months ended September 30, 2023 compared with the same periods of 2022. These changes reflect the variance in equipment utilization during these periods.

Depreciation, depletion and amortization expense increased \$1.3 million or 17.1% from \$7.6 million for the third quarter 2022 to \$8.9 million for the third quarter 2023 and increased \$1.5 million, or 7.0% from \$21.4 million for the nine months ended September 30, 2022 to \$22.9 million for the nine months ended September 30, 2023. This increase reflects the expense related company's current borrowings applied to the new wells placed on production in 2023.

General and administrative expense decreased \$3.4 million, or 29.6% from \$11.5 million for the nine months ended September 30, 2022 to \$8.1 million for the nine months ended September 30, 2023, and increased \$0.2 million, or 8.0% from \$2.5 million for the three months ended September 30, 2022 to \$2.7 million for the three months ended September 30, 2023. These changes are primarily related to employee compensation and benefits.

Interest expense decreased \$0.4 million, or 50.0% from \$0.8 million for the nine months ended September 30, 2022 to \$0.4 million for the nine months ended September 30, 2023, and decreased \$0.2 million, or 66.7% from \$0.3 million for the three months ended September 30, 2022 to \$0.1 million for the three months ended September 30, 2023. This decrease reflects the increase in higher interest rates and lower current borrowings under our revolving credit agreement.

Income tax expense for the September 30, 2023 March 31, 2024 and 2022 periods 2023 quarters varied due to the change in net income.

LIQUIDITY AND CAPITAL RESOURCES

Maintaining a strong balance sheet and ample liquidity are key components of our business strategy. For **2023, 2024**, we will continue our focus on preserving financial flexibility and ample liquidity as we manage the risks facing our industry. Our **2023, 2024** capital budget is reflective of commodity prices and has been established based on an expectation of available cash flows, with any cash flow deficiencies expected to be funded by borrowings under our revolving credit facility. As we have done historically to preserve or enhance liquidity, we may adjust our capital program throughout the year, divest assets, or enter into strategic joint ventures.

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Our primary sources of liquidity are cash generated from our operations, through our producing oil and gas properties, field services business and sales of acreage. Net cash provided by operating activities and proceeds from the sale of properties for the nine months ended September 30, 2023 was \$78.1 million, compared to \$62.7 million in the prior year.

Excluding the effects of significant unforeseen expenses or other income, our cash flow from operations fluctuates primarily because of variations in oil and gas production and prices or changes in working capital accounts. Our oil and gas production will vary based on actual well performance but may be curtailed due to factors beyond our control.

Our realized oil and gas prices vary due to world political events, supply and demand of products, product storage levels, and weather patterns. We sell the majority of our production at spot market prices. Accordingly, product price volatility will affect our cash flow from operations. To mitigate price volatility, we sometimes lock in prices for some portion of our production through the use of derivatives.

Our credit agreement **required** **requires** us to hedge a portion of our production as forecasted for the PDP reserves included in our borrowing base review engineering reports. If the borrowing base utilization percentage is less than 15% of total available borrowings, the Company is not required to enter into any hedge agreements. **The** **As of May 10, 2024, the Company has no outstanding borrowings and all is not required to enter into any hedge agreements were settled or terminated prior to March 31, 2023, agreements.** Additional drilling and future development plans will be established based on an expectation of available cash flows from operations and availability of funds under our revolving credit facility.

The Company maintains a Credit Agreement providing for a reserves-based line of credit totaling \$300 million, with a current borrowing base of **\$65** **\$85** million. As of **November 15, 2023** **May 15, 2024**, the **Company has no Company's** outstanding borrowings under this **line**, **line are \$2 million**. The bank reviews the borrowing base semi-annually and, at their discretion, may decrease or propose an increase to the borrowing base relative to a re-determined estimate of proved oil and gas reserves. The next borrowing base review is scheduled for **December 2023**, **June 2024**. Our oil and gas properties are pledged as collateral for the line of credit and we are subject to certain financial and operational covenants defined in the agreement. We are currently in compliance with these covenants and expect to be in compliance over the next twelve months. If we do not comply with these covenants on a continuing basis, the lenders have the right to refuse to advance additional funds under the facility and/or declare all principal and interest immediately due and payable. Our borrowing base may decrease as a result of lower natural gas or oil prices, operating difficulties, declines in reserves, lending requirements or regulations, the issuance of new indebtedness or for other reasons set forth in our revolving credit agreement. In the event of a decrease in our borrowing base due to declines in commodity prices or otherwise, our ability to borrow under our revolving credit facility may be limited and we could be required to repay any indebtedness in excess of the re-determined borrowing base.

The majority of our capital spending is discretionary, and the ultimate level of expenditures will be dependent on our assessment of the oil and gas business environment, the number and quality of oil and gas prospects available, the market for oilfield services, and oil and gas business opportunities in general.

The Company has a stock repurchase program in place, spending under this program during the first **nine months** **quarter** of **2023** **2024** was **\$6.6** **\$2.85** million. The Company expects continued spending under the stock repurchase program in **2023** **2024**.

Item 3.

The Company's activities include development and exploratory drilling. Our strategy is to develop a balanced portfolio of drilling prospects that includes lower-risk wells with a high probability of success and higher-risk wells with greater economic potential. Horizontal development of our resource base provides superior returns relative to vertical development due to the ability of each horizontal wellbore to come in contact with a greater volume of reservoir rock across a greater distance, more efficiently draining the reserves with less infrastructure and thus at a lower cost per acre.

In 2023, including 20 wells spud in the fourth quarter of 2023, the Company participated in the drilling of 35 horizontal wells with five operators, 32 of which are located in West Texas and three located in Oklahoma. The Company invested approximately \$91 million in these wells and their production facilities, nearly all of which was toward the drilling and completions of the wells in West Texas where we are focused on horizontal drilling of proven pay intervals in the Wolfcamp and Spraberry formations.

On December 31, 2023, we had 12 wells completed that were brought into production in January of 2024. In addition to the \$7.9 million invested in these 12 wells in 2023, the Company invested an additional \$15.5 million in 2024. Also at the start of 2024, the Company was in the process of drilling and completing 34 wells in West Texas that carry an expense of \$80.6 million, and we are planning to participate for 50% in an additional 12 wells to be drilled in 2024 that will require an investment of approximately \$43 million. In total, the Company expects to invest \$140 million in 54 wells this year and, in 2025, to invest \$95 million in an additional 23 wells in West Texas.

During 2023, to supplement cash flow and finance our future drilling programs, the Company sold 368 net mineral acres as well as 7.8 surface acres in Midland County, Texas receiving gross proceeds of \$436,050 and recognizing a gain of \$47,000. In the first two quarters of 2024, the Company has sold 60 net acres in Lea County, New Mexico, along with minor working interest in 23 wells, receiving gross proceeds of \$526,200.

In the second quarter of 2023, the Company acquired 55 net acres in the South Stiles area of Reagan County, Texas for \$605,000, and in a separate agreement also in Reagan County, the Company sold 320 non-core acres for proceeds of \$6,000,000. In addition, the Company sold 36.51% interest in one well in Midland County, Texas for proceeds of \$60,000.

In the third quarter of 2023, the Company sold a non-core 38.25-acre leasehold tract in Martin County, Texas for proceeds of \$899,000 and sold 3 surface acres in Liberty County, Texas for net proceeds of \$37,053. Also in the third quarter, in various counties of Oklahoma, the Company divested its interest in 39 wells, reducing its future plugging liability by approximately \$1.5 million. Effective July 1, 2023, the Company acquired the operations of 36 wells from DE Permian and 50% of DE Permian's original ownership in such wells. In addition, in Reagan County, Texas, the Company acquired 114.52 net acres from DE Permian for \$1,700,853 and assigned to them 203.23 net acres.

In the fourth quarter of 2023, the Company sold 136 surface acres in Oklahoma for net proceeds of \$306,000 and in Midland Texas sold 9.35 net acres for proceeds of \$280,423.

Proceeds from these sales in 2023, along with our cash flow, were used to eliminate the Company's outstanding bank debt as of March 31, 2023. As noted above, as of March 31, 2024, the Company had \$4 million in outstanding borrowings and \$81 million in availability under this facility.

In the first quarter of 2024, the Company sold 48 net acres in Lea County, New Mexico, along with minor working interest in 23 wells, receiving gross proceeds of \$375,600, and early in the second quarter of 2024, the Company sold an additional 12 net acres in Lea County for proceeds of \$150,600.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is a smaller reporting company and no response is required pursuant to this Item.

Item 4.**Item 4. CONTROLS AND PROCEDURES**

As of the end of the current reported period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective with respect to the recording, processing, summarizing and reporting, within the time periods specified in the Commission's rules and forms, of information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act.

There were no changes in the Company's internal control over financial reporting that occurred during the first **nine** **three** months of **2023** **2024** that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 1. Item1.LEGAL PROCEEDINGS

None.

Item 1A. Item1A.RISK FACTORS

The Company is a smaller reporting company and no response is required pursuant to this Item.

Item 2. Item2.UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There were no sales of equity securities by the Company during the period covered by this report. There was no The following table details the Company's purchase of equity securities by shares for the Company during the period covered by this report. three months ended March 31, 2024.

2023 Month	Number of Shares	Average Price Paid per share	Maximum Number of Shares that May Yet Be Purchased Under The Program at Month—End (1)
January	9,500	\$ 90.36	45,044
February	3,000	\$ 90.32	42,044
March	18,940	\$ 85.44	23,104
April	10,560	\$ 86.21	12,544
May	11,000	\$ 86.69	1,544
June	7,500	\$ 100.35	294,044
July	4,000	\$ 94.00	290,044
August	4,000	\$ 98.09	286,044
September	4,000	\$ 109.73	282,044
 Total/Average	 72,500	 \$ 90.64	

2024 Month	Number of Shares	Average Price Paid per share	Maximum Number of Shares that May Yet Be Purchased Under The Program at Month—End (1)
January	5,059	\$ 101.73	268,585
February	6,711	\$ 95.58	261,874
March	18,085	\$ 92.04	243,789
 Total/Average	 29,855	 \$ 94.48	

(1) In December 1993, we announced that the Board of Directors authorized a stock repurchase program whereby we may purchase outstanding shares of the common stock from time-to-time, in open market transactions or negotiated sales. On October 31, 2012, June 13, 2018 and June 7, 2023, the Board of Directors of the Company approved an additional 500,000, 200,000 and 300,000 shares respectively, of the Company's stock to be included in the stock repurchase program. A total of 4,000,000 shares have been authorized to date under this program. Through September 30, 2023 March 31, 2024, a total of 3,717,956 3,756,211 shares have been repurchased under this program for \$89,053,479 \$92,808,168 at an average price of \$23.95 \$24.71 per share. Additional purchases of shares may occur as market conditions warrant. We expect future purchases will be funded with internally generated cash flow or from working capital.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None

Item 4. RESERVED

Item 5. OTHER INFORMATION

None

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Item5.OTHER INFORMATION

None

Item 6. Item6.EXHIBITS

The following exhibits are filed as a part of this report:

Exhibit	No.
Exhibit	1. Financial statements (Index to Consolidated Financial Statements at page F-1 of this Report)
No.	
3.1	2. Financial Statement Schedules - All Financial Statement Schedules have been omitted because the required information is included in the Consolidated Financial Statements or the notes thereto, or because it is not required.
3.	Exhibits:
3.1	Certificate of Incorporation of PrimeEnergy Resources Corporation, as amended and restated of December 21, 2018, December 21, 2018, (filed as Exhibit 3.1 of PrimeEnergy Resources Corporation Form 8-K on December 27, 2018, December 27, 2018, and incorporated herein by reference).
3.2	Bylaws of PrimeEnergy Resources Corporation as amended and restated as of April 24, 2020 April 24, 2020 (filed as Exhibit 3.2 of PrimeEnergy Resources Corporation Form 8-K on April 27, 2020 April 27, 2020 and incorporated herein by reference).
10.18	PrimeEnergy Resources Corporation Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, (filed as exhibit 4.1 of PrimeEnergy Resources Corporation Form 10-K for the year Ended December 31, 2023, and incorporated by reference).
4.1	
10.18	Composite copy of Non-Statutory Option Agreements (Incorporated by reference to Exhibit 10.18 of PrimeEnergy Resources Corporation Form 10-K for the year ended December 31, 2004, December 31, 2004).
10.22.6	FOURTH AMENDED AND RESTATED CREDIT AGREEMENT dated as of July 5, 2022, July 5, 2022, is among PRIMEENERGY RESOURCES CORPORATION, a Delaware corporation (the "Borrower"), each of the Lenders from time to time party hereto and CITIBANK, N.A. (in its individual capacity, "Citibank"), as administrative agent for the Lenders (in such capacity, together with its successors in such capacity, the "Administrative Agent") (filed as exhibit 10.22.6 of PrimeEnergy Resources Corporation Form 10-Q for the Quarter Ended June 30 2022, and incorporated by reference).

10.22.6.1

[FIRST AMENDMENT TO FOURTH AMENDED AND RESTATED CREDIT AGREEMENT, dated as of October 31, 2022 October 31, 2022 \(the "First Amendment Effective Date"\), is among PRIMEENERGY RESOURCES CORPORATION, a Delaware corporation \(the "Borrower"\), CITIBANK, N.A., as administrative agent \(in such capacity, the "Administrative Agent"\) and as Issuing Bank, each Guarantor party hereto and the financial institutions party hereto as Lenders \(Incorporated and incorporated by reference reference\).](#)

10.22.6.2 [Second Amendment to Exhibit 10.22.6.1 Fourth Amended and Restated Credit Agreement, dated as of February 9, 2024, among PrimeEnergy Resources Corporation, Citibank, N.A., as administrative agent, the guarantors and the lenders party thereto \(filed as exhibit 10.22.6.2\) of PrimeEnergy Resources Corporation Form 10-K for the year ended December 31, 2022, 8-K on February 13, 2024, and incorporated by reference.](#)

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31.1

[PrimeEnergy Resources Corporation Code of Business Conduct and Ethics, as amended December 16, 2011 \(Incorporated by reference to Exhibit 14 of PrimeEnergy Resources Corporation Form 10-K for the year ended December 31, 2011\).](#)

31.1

[Certification of Chief Executive Officer pursuant to Rule 13\(a\)-14\(a\)/15d-14\(a\) of the Securities Exchange Act of 1934, as amended \(filed herewith\).](#)

31.2

[Certification of Chief Financial Officer pursuant to Rule 13\(a\)-14\(a\)/15d-14\(a\) of the Securities Exchange Act of 1934, as amended \(filed herewith\).](#)

32.1

[Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(filed herewith\).](#)

32.2

[Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(filed herewith\).](#)

101.INS [PrimeEnergy Resources Corporation Compensation Recoupment \(CLAWBACK\) Policy, filed as exhibit 97.1 of PrimeEnergy Resources Corporation Form 10-K for the Year Ended December 31, 2023, and incorporated by reference\).](#)

101.INS [Inline XBRL \(eXtensible Business Reporting Language\) Instance Document \(filed herewith\)](#)

101.SCH

[Inline XBRL Taxonomy Extension Schema Document \(filed herewith\)](#)

101.CAL

[Inline XBRL Taxonomy Extension Calculation Linkbase Document \(filed herewith\)](#)

101.DEF

[Inline XBRL Taxonomy Extension Definition Linkbase Document \(filed herewith\)](#)

101.LAB

[Inline XBRL Taxonomy Extension Label Linkbase Document \(filed herewith\)](#)

101.PRE

[Inline XBRL Taxonomy Extension Presentation Linkbase Document \(filed herewith\)](#)

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SIGNATURES

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

PrimeEnergy Resources Corporation
(Registrant)

November May 17, 2023 2024

(Date)

/s/ Charles E. Drimal, Jr.

Charles E. Drimal, Jr.

President

Principal Executive Officer

/s/ Beverly A. Cummings

Beverly A. Cummings

Executive Vice President

Principal Financial Officer

November May 17, 2023 2024

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EXHIBIT 31.1

CERTIFICATIONS

I, Charles E. Drimal, Jr., Chief Executive Officer of PrimeEnergy Resources Corporation, certify that:

1. I have reviewed this Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 of PrimeEnergy Resources Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November

May 17, 2023 2024

/s/ Charles E. Drimal, Jr.

Charles E. Drimal, Jr.

Chief Executive Officer

PrimeEnergy Resources Corporation

EXHIBIT 31.2

CERTIFICATIONS

I, Beverly A. Cummings, Chief Financial Officer of PrimeEnergy Resources Corporation, certify that: **CERTIFICATIONS**

I, Beverly A. Cummings, Chief Financial Officer of PrimeEnergy Resources Corporation, certify that:

- 1. I have reviewed this Form 10-Q for the quarter ended **September 30, 2023** **March 31, 2024** of PrimeEnergy Resources Corporation;
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November

May 17, 2023 2024

/s/ Beverly A. Cummings

Beverly A. Cummings

Chief Financial Officer

PrimeEnergy Resources Corporation

EXHIBIT 32.1

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

In connection with the Quarterly Report of PrimeEnergy Resources Corporation (the "Company") on Form 10-Q for the period ending September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles E. Drimal Jr., Chief Executive Officer of PrimeEnergy Resources Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Charles E. Drimal, Jr.

Charles E. Drimal, Jr.

Chief Executive Officer

November May 17, 2023 2024

EXHIBIT 32.2

CERTIFICATION PURSUANT TO

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

In connection with the Quarterly Report of PrimeEnergy Resources Corporation (the "Company") on Form 10-Q for the period ending **September 30, 2023** **March 31, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Beverly A. Cummings, Chief Financial Officer of PrimeEnergy Resources Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Beverly A. Cummings

Beverly A. Cummings
Chief Financial Officer

November

May 17, 2023 2024

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