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DELTA REPORT

10-Q

PR - PERMIAN RESOURCES CORP

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1156
CHANGES	307
DELETIONS	237
ADDITIONS	612

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

For the quarterly period ended March 31, 2024 June 30, 2024

OR

☐ 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 001-37697

PERMIAN RESOURCES CORPORATION
(Exact Name of Registrant as Specified in its Charter)

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

300 N. Marienfeld St., Suite 1000
Midland, Texas 79701
(Address of principal executive offices)
(432) 695-4222
(Registrant's telephone number, including area code)

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

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

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

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

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

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
☒	☐	☐	☐	☐

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

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

As of April 30, 2024 July 31, 2024, there were 769,949,894 802,536,888 shares of total common stock outstanding, including 582,405,333 701,856,780 shares of Class A Common Stock, par value $0.0001 per share, and 187,544,561 100,680,108 shares of Class C Common Stock, par value $0.0001 per share.

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GLOSSARY OF UNITS OF MEASUREMENTS AND INDUSTRY TERMS

Unless the context otherwise indicates, references in this Quarterly Report on Form 10-Q (the "Quarterly Report") to "Permian Resources," "we," "us," or "our" are references to Permian Resources Corporation and its consolidated subsidiaries, including Permian Resources Operating, LLC.

The following are abbreviations and definitions of certain terms used in this Quarterly Report, which are commonly used in the oil and natural gas industry:

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

Bbl/d. One Bbl per day.

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

Boe/d. One Boe per day.

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

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

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

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

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

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

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

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

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

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

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

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

MBoe. One thousand Boe.

Mcf. One thousand cubic feet of natural gas.

Mcf/d. One Mcf per day.

MMBtu. One million British thermal units.

MMcf. One million cubic feet of natural gas.

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

NYMEX. The New York Mercantile Exchange.

NYSE. The New York Stock Exchange.

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

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

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

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

Realized price. The cash market price less differentials.

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

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

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

SOFR. Secured Overnight Funding Rate.

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

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

Waha Hub price. A natural gas benchmark price in West Texas.

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

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

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

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

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements, other than statements of historical fact included in this Quarterly Report, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans, objectives and expectations of management are forward-looking statements. When used in this Quarterly Report, the words “could,” “may,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project,” “goal,” “plan,” “target” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on management’s current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under *“Item 1A. Risk Factors”* in our Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 Annual Report”) and the risk factors and other cautionary statements contained in our other filings with the United States Securities and Exchange Commission (“SEC”). Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve certain assumptions, risks and uncertainties and we can give no assurance that such expectations will prove to have been correct.

Forward-looking statements may include statements about:

- volatility of oil, natural gas and NGL prices or a prolonged period of low oil, natural gas or NGL prices and the effects of actions by, or disputes among or between, members of the Organization of Petroleum Exporting Countries (“OPEC”), such as Saudi Arabia, and other oil and natural gas producing countries, such as Russia, with respect to production levels or other matters related to the price of oil, natural gas and NGLs;
- political and economic conditions and events in or affecting other producing regions or countries, including the Middle East, Russia, Eastern Europe, Africa and South America;
- our business strategy and future drilling plans;
- our reserves and our ability to replace the reserves we produce through drilling and property acquisitions;
- our drilling prospects, inventories, projects and programs;
- our financial strategy, return of capital program, leverage, liquidity and capital required for our development program;
- the timing and amount of our future production of oil, natural gas and NGLs;
- our ability to identify, complete and effectively integrate acquisitions of properties, assets or businesses;
- businesses, including the timing and terms of our ability to realize the anticipated benefits recent bolt-on acquisitions and synergies from the merger (the “Earthstone Merger”) of the Company with Earthstone Energy, Inc., a Delaware corporation (“Earthstone”), and its subsidiaries and effectively integrate the assets acquired in such transaction; related transactions;
- our hedging strategy and results;
- our competition;
- our ability to obtain permits and governmental approvals;
- our compliance with government regulations, including those related to climate change as well as environmental, health and safety regulations and liabilities thereunder;
- our pending legal matters;
- the marketing and transportation of our oil, natural gas and NGLs;
- our leasehold or business acquisitions;
- cost of developing or operating our properties;
- our anticipated rate of return;
- general economic conditions;
- weather conditions in the areas where we operate;
- credit markets;
- our ability to make dividends, distributions and share repurchases;
- uncertainty regarding our future operating results; and

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- our plans, objectives, expectations and intentions contained in this Quarterly Report that are not historical.

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We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control, incident to the exploration for and development, production, gathering and sale of oil, natural gas and NGLs. Factors which could cause our actual results to differ materially from the results contemplated by forward-looking statements include, but are not limited to:

- commodity price volatility (including regional basis differentials);
- uncertainty inherent in estimating oil, natural gas and NGL reserves, including the impact of commodity price declines on the economic producibility of such reserves, and in projecting future rates of production;
- geographic concentration of our operations;
- lack of availability of drilling and production equipment and services;
- lack of transportation and storage capacity as a result of oversupply, government regulations or other factors;
- risks relating to the merger (the "Earthstone Merger") of the Company with Earthstone Merger; Energy, Inc., a Delaware corporation ("Earthstone"), and its subsidiaries;
- risks related to our recent bolt-on transactions, including the risk that we may fail to complete and integrate such acquisitions on the terms and timing currently contemplated, or at all, and/or to realize the expected benefits of such acquisitions;
- competition in the oil and natural gas industry for assets, materials, qualified personnel and capital;
- drilling and other operating risks;
- environmental and climate related risks, including seasonal weather conditions;
- regulatory changes; changes, including those that may result from the U.S. Supreme Court's recent decision overturning the Chevron deference doctrine and that may impact environmental, energy, and natural resources regulation;
- restrictions on the use of water, including limits on the use of produced water and potential restrictions on the availability to water disposal facilities;
- availability to cash flow and access to capital;
- inflation;
- changes in our credit ratings or adverse changes in interest rates;
- changes in the financial strength of counterparties to our credit agreement and hedging contracts;
- the timing of development expenditures;
- political and economic conditions and events in foreign oil and natural gas producing countries, including embargoes, continued hostilities in the Middle East and other sustained military campaigns, including the conflict in Israel and its surrounding areas, the war in Ukraine and associated economic sanctions on Russia, conditions in South America, Central America, China and Russia, and acts of terrorism or sabotage;
- changes in local, regional, national, and international economic conditions;
- security threats, including evolving cybersecurity risks such as those involving unauthorized access, denial-of-service attacks, third-party service provider failures, malicious software, data privacy breaches by employees, insiders or other with authorized access, cyber or phishing-attacks, ransomware, social engineering, physical breaches or other actions; and
- the other risks described in "*Item 1A. Risk Factors*" in our 2023 Annual Report.

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

Should one or more of the risks or uncertainties described in this Quarterly Report or our 2023 Annual Report occur, or should any underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

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

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

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

		March 31, 2024	December 31, 2023					
		June 30, 2024	December 31, 2023					
ASSETS								
Current assets								
Current assets								
Current assets								
Cash and cash equivalents								
Cash and cash equivalents								
Cash and cash equivalents								
Accounts receivable, net								
Derivative instruments								
Prepaid and other current assets								
Total current assets								
Property and Equipment								
Oil and natural gas properties, successful efforts method								
Oil and natural gas properties, successful efforts method								
Oil and natural gas properties, successful efforts method								
Unproved properties								
Unproved properties								
Unproved properties		2,476,541	2,401,317	2,401,317		2,340,796	2,401,317	2,401,317
Proved properties	Proved properties	15,492,619	15,036,687	15,036,687	Proved properties	16,403,440	15,036,687	15,036,687
Accumulated depreciation, depletion and amortization	Accumulated depreciation, depletion and amortization	(3,808,590)	(3,401,895)	(3,401,895)	Accumulated depreciation, depletion and amortization	(4,231,283)	(3,401,895)	(3,401,895)
Total oil and natural gas properties, net	Total oil and natural gas properties, net	14,160,570	14,036,109	14,036,109	Total oil and natural gas properties, net	14,512,953	14,036,109	14,036,109
Other property and equipment, net	Other property and equipment, net	45,007	43,647	43,647	Other property and equipment, net	44,773	43,647	43,647
Total property and equipment, net								
Noncurrent assets								
Operating lease right-of-use assets								
Operating lease right-of-use assets								
Operating lease right-of-use assets								
Other noncurrent assets	Other noncurrent assets	145,208	176,071	176,071	Other noncurrent assets	154,548	176,071	176,071
TOTAL ASSETS								
LIABILITIES AND EQUITY								
Current liabilities								
Current liabilities								
Current liabilities								
Accounts payable and accrued expenses								
Accounts payable and accrued expenses								
Accounts payable and accrued expenses								
Operating lease liabilities								
Derivative instruments								
Other current liabilities								
Total current liabilities	Total current liabilities	1,112,032	1,241,553	1,241,553	Total current liabilities	1,167,634	1,241,553	1,241,553
Noncurrent liabilities								
Long-term debt, net								
Long-term debt, net								
Long-term debt, net								
Asset retirement obligations								

Deferred income taxes

Operating lease liabilities

Other noncurrent liabilities

Total liabilities	Total liabilities	5,733,113	5,735,830	5,735,830	Total liabilities	5,748,780	5,735,830	5,735,830
Commitments and contingencies (Note 12)	Commitments and contingencies (Note 12)			Commitments and contingencies (Note 12)				

Shareholders’ equity

Common stock, $0.0001 par value, 1,500,000,000 shares authorized:

Common stock, $0.0001 par value, 1,500,000,000 shares authorized:

Common stock, $0.0001 par value, 1,500,000,000 shares authorized:

Class A: 587,622,487 shares issued and 582,262,542 shares outstanding at March 31, 2024 and 544,610,984 shares issued and 540,789,758 shares outstanding at December 31, 2023

Class A: 587,622,487 shares issued and 582,262,542 shares outstanding at March 31, 2024 and 544,610,984 shares issued and 540,789,758 shares outstanding at December 31, 2023

Class A: 587,622,487 shares issued and 582,262,542 shares outstanding at March 31, 2024 and 544,610,984 shares issued and 540,789,758 shares outstanding at December 31, 2023

Class C: 187,607,059 shares issued and outstanding at March 31, 2024 and 230,962,833 shares issued and outstanding at December 31, 2023

Class A: 679,497,591 shares issued and 675,001,119 shares outstanding at June 30, 2024 and 544,610,984 shares issued and 540,789,758 shares outstanding at December 31, 2023

Class A: 679,497,591 shares issued and 675,001,119 shares outstanding at June 30, 2024 and 544,610,984 shares issued and 540,789,758 shares outstanding at December 31, 2023

Class A: 679,497,591 shares issued and 675,001,119 shares outstanding at June 30, 2024 and 544,610,984 shares issued and 540,789,758 shares outstanding at December 31, 2023

Class C: 100,703,440 shares issued and outstanding at June 30, 2024 and 230,962,833 shares issued and outstanding at December 31, 2023

Additional paid-in capital

Retained earnings (accumulated deficit)

Total shareholders' equity

Noncontrolling interest

Total equity

TOTAL LIABILITIES AND EQUITY

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

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

	Three Months Ended March 31,				
	Three Months Ended March 31,				
	Three Months Ended March 31,				
		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2024	2023	2024	2023
	2024				
	2024				
Operating revenues					
Operating revenues					
Operating revenues					
Oil and gas sales					

Oil and gas sales
Oil and gas sales
Operating expenses
Operating expenses
Operating expenses
Lease operating expenses
Lease operating expenses
Lease operating expenses
Severance and ad valorem taxes
Severance and ad valorem taxes
Severance and ad valorem taxes
Gathering, processing and transportation expenses
Gathering, processing and transportation expenses
Gathering, processing and transportation expenses
Depreciation, depletion and amortization
Depreciation, depletion and amortization
Depreciation, depletion and amortization
General and administrative expenses
General and administrative expenses
General and administrative expenses
Merger and integration expense
Merger and integration expense
Merger and integration expense
Impairment and abandonment expense
Impairment and abandonment expense
Impairment and abandonment expense
Exploration and other expenses
Exploration and other expenses
Exploration and other expenses
Total operating expenses
Total operating expenses
Total operating expenses
Net gain (loss) on sale of long-lived assets
Net gain (loss) on sale of long-lived assets
Net gain (loss) on sale of long-lived assets
Income from operations
Income from operations
Income from operations
Other income (expense)
Other income (expense)
Other income (expense)
Interest expense
Interest expense
Interest expense
Net gain (loss) on derivative instruments
Net gain (loss) on derivative instruments
Net gain (loss) on derivative instruments
Other income (expense)
Other income (expense)
Other income (expense)
Total other income (expense)
Total other income (expense)

Total other income (expense)
Income before income taxes
Income before income taxes
Income before income taxes
Income tax expense
Income tax expense
Income tax expense
Net income
Net income
Net income
Less: Net income attributable to noncontrolling interest
Less: Net income attributable to noncontrolling interest
Less: Net income attributable to noncontrolling interest
Net income attributable to Class A Common Stock
Net income attributable to Class A Common Stock
Net income attributable to Class A Common Stock
Income per share of Class A Common Stock:
Income per share of Class A Common Stock:
Income per share of Class A Common Stock:
Basic
Basic
Basic
Diluted
Diluted
Diluted

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

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

		Three Months Ended March 31,		Six Months Ended June 30,	
	2024	2024	2023	2024	2023
Cash flows from operating activities:					
Net income					
Net income					
Net income					
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, depletion and amortization					
Depreciation, depletion and amortization					
Depreciation, depletion and amortization					
Stock-based compensation expense					
Impairment and abandonment expense					
Deferred tax expense					
Net (gain) loss on sale of long-lived assets					
Non-cash portion of derivative (gain) loss					
Amortization of debt issuance costs, discount and premium					
Loss on extinguishment of debt					
Changes in operating assets and liabilities:					
(Increase) decrease in accounts receivable					
(Increase) decrease in accounts receivable					
(Increase) decrease in accounts receivable					
(Increase) decrease in prepaid and other assets					

Increase (decrease) in accounts payable and other liabilities
Net cash provided by operating activities
Cash flows from investing activities:
Acquisition of oil and natural gas properties, net
Acquisition of oil and natural gas properties, net
Acquisition of oil and natural gas properties, net
Drilling and development capital expenditures
Purchases of other property and equipment
Contingent considerations received related to divestiture
Proceeds from sales of oil and natural gas properties
Net cash used in investing activities
Cash flows from financing activities:
Proceeds from borrowings under revolving credit facility
Proceeds from borrowings under revolving credit facility
Proceeds from borrowings under revolving credit facility
Repayment of borrowings under revolving credit facility
Debt issuance costs
Redemption of senior notes
Proceeds from exercise of stock options
Share repurchases
Dividends paid
Distributions paid to noncontrolling interest owners
Net cash provided by (used in) financing activities
Net increase (decrease) in cash, cash equivalents and restricted cash
Net cash used in financing activities
Net decrease in cash, cash equivalents and restricted cash
Cash, cash equivalents and restricted cash, beginning of period
Cash, cash equivalents and restricted cash, end of period

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

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

		Three Months Ended March 31,		Six Months Ended June 30,	
	2024	**2024**	**2023**	**2024**	**2023**
Supplemental cash flow information					
Cash paid for interest					
Cash paid for interest					
Cash paid for interest					
Cash paid for income taxes					
Supplemental non-cash activity					
Accrued capital expenditures included in accounts payable and accrued expenses					
Accrued capital expenditures included in accounts payable and accrued expenses					
Equity issued to acquire oil and gas properties					
Equity issued to acquire oil and gas properties					
Equity issued to acquire oil and gas properties					
Accrued capital expenditures included in accounts payable and accrued expenses					
Deferred tax liability assumed in asset acquisition					
Asset retirement obligations incurred, including revisions to estimates					
Dividends payable					

Reconciliation of cash, cash equivalents and restricted cash presented on the consolidated statements of cash flows for the periods presented:

		Three Months Ended March 31,		Six Months Ended June 30,	
	2024	**2024**	**2023**	**2024**	**2023**
Cash and cash equivalents					

Restricted cash[1]	
Total cash, cash equivalents and restricted cash	

[1] Included in *Prepaid and other current assets* as of March 31, 2024 June 30, 2024 and 2023 in the consolidated balance sheets.

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

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

	Common Stock				Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total Shareholders' Equity	Non-controlling Interest	Total Equity
	Class A		Class C						
	Shares	Amount	Shares	Amount					
Balance at December 31, 2023	544,611	$ 54	230,963	$ 23	$ 5,766,881	$ 569,139	$ 6,336,097	$ 2,893,651	$ 9,229,748
Restricted stock issued	1,713	1	—	—	(1)	—	—	—	—
Restricted stock forfeited	(65)	—	—	—	—	—	—	—	—
Share repurchases - Class C	—	—	(2,000)	—	—	—	—	(31,492)	(31,492)
Stock-based compensation	—	—	—	—	9,631	—	9,631	—	9,631
Stock option exercises	7	—	—	—	58	—	58	—	58
Dividends	—	—	—	—	—	(88,784)	(88,784)	—	(88,784)
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	(28,327)	(28,327)
Conversion of common shares from Class C to Class A, net of tax	41,356	4	(41,356)	(4)	559,584	—	559,584	(533,307)	26,277
Equity impact from transactions effecting Common Units, net of tax of $1.5 million	—	—	—	—	(5,080)	—	(5,080)	6,570	1,490
Net income	—	—	—	—	—	146,575	146,575	83,020	229,595
Balance at March 31, 2024	587,622	$ 59	187,607	$ 19	$ 6,331,073	$ 626,930	$ 6,958,081	$ 2,390,115	$ 9,348,196
Balance at December 31, 2022	298,640	$ 30	269,300	$ 27	$ 2,698,465	$ 237,226	$ 2,935,748	$ 2,720,548	$ 5,656,296
Restricted stock issued	359	—	—	—	—	—	—	—	—
Restricted stock forfeited	(298)	—	—	—	—	—	—	—	—
Share repurchases - Class A	(3,384)	—	—	—	(32,160)	—	(32,160)	—	(32,160)
Share repurchases - Class C	—	—	(2,750)	—	—	—	—	(29,418)	(29,418)
Issuance of Common Stock under Employee Stock Purchase Plan	56	—	—	—	241	—	241	—	241
Performance stock vested and issued	5,406	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	17,871	—	17,871	—	17,871
Stock option exercises	39	—	—	—	231	—	231	—	231
Dividends	—	—	—	—	—	(15,669)	(15,669)	—	(15,669)
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	(13,950)	(13,950)
Conversion of common shares from Class C to Class A, net of tax	20,906	2	(20,906)	(2)	217,280	—	217,280	(214,864)	2,416
Equity impact from transactions effecting Common Units, net of tax of $3.0 million	—	—	—	—	(10,400)	—	(10,400)	13,427	3,027
Net income	—	—	—	—	—	102,120	102,120	117,681	219,801
Balance at March 31, 2023	321,724	$ 32	245,644	$ 25	$ 2,891,528	$ 323,677	$ 3,215,262	$ 2,593,424	$ 5,808,686

	Common Stock		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total Shareholders' Equity	Non-controlling Interest	Total Equity
	Class A	Class C					

	Shares	Amount	Shares	Amount					
Balance at December 31, 2023	544,611	$ 54	230,963	$ 23	$ 5,766,881	$ 569,139	$ 6,336,097	$ 2,893,651	$ 9,229,748
Restricted stock issued	1,713	1	—	—	(1)	—	—	—	—
Restricted stock forfeited	(65)	—	—	—	—	—	—	—	—
Share repurchases - Class C	—	—	(2,000)	—	—	—	—	(31,492)	(31,492)
Stock-based compensation	—	—	—	—	9,631	—	9,631	—	9,631
Stock option exercises	7	—	—	—	58	—	58	—	58
Dividends	—	—	—	—	—	(88,784)	(88,784)	—	(88,784)
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	(28,327)	(28,327)
Conversion of common shares from Class C to Class A, net of tax	41,356	4	(41,356)	(4)	559,584	—	559,584	(533,307)	26,277
Equity impact from transactions effecting Common Units, net of tax of $1.5 million	—	—	—	—	(5,080)	—	(5,080)	6,570	1,490
Net income	—	—	—	—	—	146,575	146,575	83,020	229,595
Balance at March 31, 2024	587,622	$ 59	187,607	$ 19	$ 6,331,073	$ 626,930	$ 6,958,081	$ 2,390,115	$ 9,348,196
Restricted stock issued	410	—	—	—	—	—	—	—	—
Issuance of Class A Common Stock	6,242	—	—	—	100,371	—	100,371	—	100,371
Restricted stock forfeited	(352)	—	—	—	—	—	—	—	—
Share repurchases - Class C	—	—	(1,800)	—	—	—	—	(29,556)	(29,556)
Performance stock vested and issued	457	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	22,976	—	22,976	—	22,976
Stock option exercises	15	—	—	—	199	—	199	—	199
Dividends	—	—	—	—	—	(126,996)	(126,996)	—	(126,996)
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	(29,421)	(29,421)
Conversion of common shares from Class C to Class A, net of tax	85,104	9	(85,104)	(9)	1,162,903	—	1,162,903	(1,099,555)	63,348
Equity impact from transactions effecting Common Units, net of tax of $1.9 million	—	—	—	—	(6,470)	—	(6,470)	8,367	1,897
Net income	—	—	—	—	—	235,100	235,100	73,808	308,908
Balance at June 30, 2024	679,498	$ 68	100,703	$ 10	$ 7,611,052	$ 735,034	$ 8,346,164	$ 1,313,758	$ 9,659,922

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

	Common Stock					Retained			
	Class A		Class C			Earnings	Total		
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	(Accumulated Deficit)	Shareholders' Equity	Non-controlling Interest	Total Equity
Balance at December 31, 2022	298,640	$ 30	269,300	$ 27	$ 2,698,465	$ 237,226	$ 2,935,748	$ 2,720,548	$ 5,656,296
Restricted stock issued	359	—	—	—	—	—	—	—	—
Restricted stock forfeited	(298)	—	—	—	—	—	—	—	—
Share repurchases - Class A	(3,384)	—	—	—	(32,160)	—	(32,160)	—	(32,160)
Share repurchases - Class C	—	—	(2,750)	—	—	—	—	(29,418)	(29,418)
Issuance of Common Stock under Employee Stock Purchase Plan	56	—	—	—	241	—	241	—	241
Performance stock vested and issued	5,406	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	17,871	—	17,871	—	17,871
Stock option exercises	39	—	—	—	231	—	231	—	231
Dividends	—	—	—	—	—	(15,669)	(15,669)	—	(15,669)
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	(13,950)	(13,950)

Conversion of common shares from Class C to Class A, net of tax	20,906	2	(20,906)	(2)	217,280	—	217,280	(214,864)	2,416
Equity impact from transactions effecting Common Units, net of tax of $3.0 million	—	—	—	—	(10,400)	—	(10,400)	13,427	3,027
Net income	—	—	—	—	—	102,120	102,120	117,681	219,801
Balance at March 31, 2023	321,724	$ 32	245,644	$ 25	$ 2,891,528	$ 323,677	$ 3,215,262	$ 2,593,424	$ 5,808,686
Restricted stock issued	373	—	—	—	—	—	—	—	—
Restricted stock forfeited	(357)	—	—	—	—	—	—	—	—
Share repurchases - Class A	(602)	(1)	—	—	(5,948)	—	(5,949)	—	(5,949)
Performance stock vested and issued	3,290	1	—	—	(1)	—	—	—	—
Stock-based compensation	—	—	—	—	35,694	—	35,694	—	35,694
Stock option exercises	7	—	—	—	(1)	—	(1)	—	(1)
Dividends	—	—	—	—	—	(33,195)	(33,195)	—	(33,195)
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	(24,558)	(24,558)
Conversion of common shares from Class C to Class A, net of tax	1,011	1	(1,011)	(1)	10,882	—	10,882	(10,825)	57
Equity impact from transactions effecting Common Units, net of tax of $3.7 million	—	—	—	—	12,631	—	12,631	(16,309)	(3,678)
Net income	—	—	—	—	—	73,399	73,399	75,555	148,954
Balance at June 30, 2023	325,446	$ 33	244,633	$ 24	$ 2,944,785	$ 363,881	$ 3,308,723	$ 2,617,287	$ 5,926,010

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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

Description of Business

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

Principles of Consolidation and Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and the rules and regulations of the United States Securities and Exchange Commission ("SEC") for interim financial reporting. Accordingly, certain disclosures normally included in an Annual Report on Form 10-K have been omitted. The consolidated financial statements and related notes included in this Quarterly Report should be read in conjunction with the Company's consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the period ended December 31, 2023 (the "2023 Annual Report"). Except as disclosed herein, there have been no material changes to the information disclosed in the notes to the consolidated financial statements included in the Company's 2023 Annual Report.

In the opinion of management, all normal, recurring adjustments and accruals considered necessary to present fairly, in all material respects, the Company's interim financial results have been included. Operating results for the periods presented are not necessarily indicative of expected results for the full year. The consolidated financial statements include the accounts of the Company and its subsidiary OpCo, and OpCo's wholly-owned subsidiaries. Noncontrolling interest represents third-party ownership in OpCo and is presented as a component of equity. Refer to *Note 9—Shareholders' Equity and Noncontrolling Interest* for a discussion of noncontrolling interest.

Use of Estimates

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

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

Leases

The Company has operating leases for drilling rig contracts, office rental agreements and other wellhead equipment and a financing lease for a ground lease for its office building in Midland, Texas. During the three six months ended March 31, 2024 June 30, 2024, the Company entered into two drilling rig contracts each with lease terms of three-years. three years. A lease right-of-use asset and related liability were recorded for these drilling rig agreements contracts based on the present value of the future lease payments of the drilling rigs over the lease terms. As of March 31, 2024 June 30, 2024, the Company had recorded in aggregate a $21.9 $22.2 million current operating lease liability and a $43.2 $37.6 million noncurrent operating lease liability related to these drilling rig agreements. contracts.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The following table provides additional information related to the Company's lease assets and liabilities as presented on balance sheet for the periods presented:

(in thousands)	(in thousands)	Balance Sheet Classification	March 31, 2024	December 31, 2023	(in thousands)	Balance Sheet Classification	June 30, 2024	December 31, 2023
Assets								
Operating right-of-use assets								
Operating right-of-use assets								
Operating right-of-use assets								
Finance right-of-use asset								
Liabilities								
Current								
Current								
Current								
Operating lease liabilities								
Operating lease liabilities								
Operating lease liabilities								
Finance lease liability								
Noncurrent								
Operating lease liabilities								
Operating lease liabilities								
Operating lease liabilities								
Finance lease liability								

There have been no other significant changes in leases during the three six months ended March 31, 2024 June 30, 2024. Refer to *Note 16—Leases* in the notes to the consolidated financial statements in Part II, Item 8 of the Company's 2023 Annual Report for additional information on the Company's operating and financing leases.

Income Taxes

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

Income tax expense recognized during interim periods is based on applying an estimated annual effective income tax rate to the Company's year-to-date income, plus any significant unusual or infrequently occurring items which are recorded in the interim period. The computation of the annual estimated effective tax rate at each interim period requires certain estimates and significant judgment including, but not limited to, the expected operating income for the year, projections of the proportion of income earned and taxed in various state jurisdictions, permanent and temporary differences and the likelihood of recovering deferred tax assets generated. The accounting estimates used to compute the provision for income taxes may change as new events occur, additional information becomes known or as the tax environment changes.

Note 2—Acquisitions and Divestitures

Earthstone Merger

On November 1, 2023, the Company completed its merger (the "Earthstone Merger") with Earthstone Energy, Inc. ("Earthstone"). Earthstone was an independent oil and gas company engaged in the operation and development of oil and natural gas properties in the Permian Basin in both Texas and New Mexico. Refer to *Note 2—Business Combinations* footnote in the notes to the consolidated financial statements in Item 8 of the Company's 2023 Annual Report for additional details regarding the Earthstone Merger.

Purchase Price Allocation

As of the date of this filing, the fair value of assets acquired and liabilities assumed are not complete and adjustments may be made. The Company expects to complete the purchase price allocation during the 12-month period subsequent to the Earthstone Merger closing date. There were no significant adjustments to the purchase price allocation during the three six months ended March 31, 2024 June 30, 2024.

Supplemental Unaudited Pro Forma Financial Information

The results of Earthstone's operations have been included in the Company's consolidated financial statements since November 1, 2023, the effective date of the Earthstone Merger. The following supplemental unaudited pro forma financial information ("pro forma information") for the three and six months ended March 31, 2023 June 30, 2023 has been prepared from the respective historical consolidated financial statements of the Company and Earthstone and has been adjusted to reflect the Earthstone Merger as if it had occurred on January 1, 2023.

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

		Three Months Ended March 31, 2023
Total Revenue	$	1,121,644
Net Income		149,739
Earnings per share:		
Basic	$	0.33
Diluted		0.29

		Three Months Ended June 30, 2023		Six Months Ended June 30, 2023
Total Revenue	$	1,081,169	$	2,202,813
Net Income		121,000		271,938
Earnings per share:				
Basic	$	0.26	$	0.59
Diluted		0.25		0.54

2024 Bolt-On Asset Acquisitions

During the three six months ended March 31, 2024 June 30, 2024, the Company completed multiple acquisitions of oil and natural gas properties for a cumulative adjusted purchase price of $92 approximately $355 million. These transactions were recorded as asset acquisitions in accordance with Accounting Standards Codifications (“ASC”) Topic 805, *Business Combinations* (“ASC 805”). The acquired assets consist predominately of undeveloped acreage that is directly offsetting our existing assets.

2023 Bolt-On Acquisition

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

The acquisition was recorded as an asset acquisition in accordance with ASC 805. Total consideration paid was $107.3 million after settlement statement adjustments, of which $60.8 million was allocated to proved properties and $59.5 million to unproved properties on a relative fair value basis, $9.8 million to net working capital (including $11.3 million in cash acquired), less a deferred tax liability assumed of $22.8 million. As of March 31, 2024, the Company incurred $1.7 million in direct transaction costs related to this purchase that have been capitalized as acquisition costs.

2023 SWD Divestiture

On March 13, 2023, the Company completed the sale of its operated saltwater disposal wells and the associated produced water infrastructure in Reeves County, Texas. The total cash consideration received at closing was $125 million of which $65 million was directly related to the sale and transfer of control of its water assets, while the remaining $60 million consisted of contingent consideration that is tied to the Company’s future drilling, completion and water connection activity in Reeves County, Texas. The $60 million of contingent consideration will require repayment if certain performance obligations through September 2026 are not met, and it has been recorded as a liability within the Company’s consolidated balance sheet accordingly. All performance obligations have been met during the payment periods and as of March 31, 2024 June 30, 2024, the remaining balance of the contingent consideration was $50 million. There was no gain or loss recognized as a result of this divestiture.

Note 3—Accounts Receivable, Accounts Payable and Accrued Expenses

Accounts receivable are comprised of the following:

(in thousands)	(in thousands)	March 31, 2024	December 31, 2023	(in thousands)	June 30, 2024	December 31, 2023
Accrued oil and gas sales receivable, net						
Joint interest billings, net						
Accrued derivative settlements receivable						
Other						
Accounts receivable, net						

Accounts payable and accrued expenses are comprised of the following:

(in thousands)		June 30, 2024		December 31, 2023
Accounts payable	$	46,270	$	94,533
Accrued capital expenditures		249,826		271,569

Revenues payable		505,196		527,470
Accrued employee compensation and benefits		14,465		29,836
Accrued interest		104,716		100,882
Accrued expenses and other		131,682		143,235
Accounts payable and accrued expenses	$	1,052,155	$	1,167,525

PERMIAN RESOURCES CORPORATION
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(Unaudited)

Accounts payable and accrued expenses are comprised of the following:

(in thousands)	**March 31, 2024**		**December 31, 2023**	
Accounts payable	$	43,511	$	94,533
Accrued capital expenditures		239,440		271,569
Revenues payable		493,841		527,470
Accrued employee compensation and benefits		14,995		29,836
Accrued interest		79,050		100,882
Accrued expenses and other		106,277		143,235
Accounts payable and accrued expenses	$	977,114	$	1,167,525

Note 4—Long-Term Debt

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

(in thousands)	**(in thousands)**	**March 31, 2024**	**December 31, 2023**	**(in thousands)**	**June 30, 2024**	**December 31, 2023**
Credit Facility due 2027						
Senior Notes						
Senior Notes						
Senior Notes						
5.375% Senior Notes due 2026						
5.375% Senior Notes due 2026						
5.375% Senior Notes due 2026						
7.75% Senior Notes due 2026						
6.875% Senior Notes due 2027						
8.00% Senior Notes due 2027						
3.25% Convertible Senior Notes due 2028						
5.875% Senior Notes due 2029						
9.875% Senior Notes due 2031						
7.00% Senior Notes due 2032						
Unamortized debt issuance costs on Senior Notes						
Unamortized debt (discount)/premium						
Senior Notes, net						
Total long-term debt, net						
Total long-term debt, net						
Total long-term debt, net						

Credit Agreement

OpCo, the Company’s consolidated subsidiary, has a credit agreement with a syndicate of banks that provides for a five-year secured revolving credit facility, maturing in February 2027 (the “Credit Agreement”) that, as of March 31, 2024 June 30, 2024, had a borrowing base of $4.0 billion and elected commitments of $2.0 billion $2.5 billion. As of March 31, 2024 June 30, 2024, the Company had $60.0 million $375.0 million in borrowings outstanding and $1.9 billion $2.1 billion in available borrowing capacity, net of $5.6 million in letters of credit outstanding.

In connection with the spring borrowing base redetermination in April 2024, the Company entered into the seventh amendment to its Credit Agreement (the “Seventh Amendment”). The Seventh Amendment, among other things, increased the elected commitments under the Credit Agreement to $2.5 billion from $2.0 billion and reaffirmed the borrowing base at $4.0 billion.

The amount available to be borrowed under the Credit Agreement is equal to the lesser of (i) the borrowing base, which is set at $4.0 billion; (ii) aggregate elected commitments, which was set at $2.0 billion $2.5 billion as of March 31, 2024 June 30, 2024; or (iii) $6.0 billion. The borrowing base is redetermined semi-annually in the spring and fall by the lenders in their sole discretion. It also allows for the Company to request two optional borrowing base redeterminations in between the scheduled redeterminations. The borrowing base depends on, among other things, the quantities of OpCo's proved oil and natural gas reserves, estimated cash flows from those reserves, and the Company's commodity hedge positions. Upon a redetermination of the borrowing base, if actual borrowings outstanding exceed the revised borrowing capacity, OpCo could be required to immediately repay a portion of its debt outstanding. Borrowings under the Credit Agreement are guaranteed by certain of OpCo's subsidiaries. Refer to *Note 14—Subsequent Events* for additional information regarding the 2024 spring borrowing base redetermination.

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

points, depending on the percentage of the borrowing base utilized. OpCo also pays a commitment fee of 37.5 to 50 basis points on unused elected commitment amounts under its facility.

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

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

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

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

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

OpCo was in compliance with the covenants and the applicable financial ratios described above as of March 31, 2024 June 30, 2024.

Convertible Senior Notes

On March 19, 2021, OpCo issued $150.0 million in aggregate principal amount of 3.25% senior unsecured convertible notes due 2028 (the "Convertible Senior Notes"). On March 26, 2021, OpCo issued an additional $20.0 million of Convertible Senior Notes pursuant to the exercise of the underwriters' over-allotment option to purchase additional Convertible Senior Notes. These issuances resulted in aggregate net proceeds to OpCo of $163.6 million, after deducting debt issuance costs of $6.4 million. Interest is payable on the Convertible Senior Notes semi-annually in arrears on each April 1 and October 1.

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

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

OpCo can settle conversions by paying or delivering, as applicable, cash, shares of Class A Common Stock, or a combination of cash and shares of Class A Common Stock, at OpCo's election. The initial conversion rate was 159.2610 shares of Class A Common Stock per $1,000 principal amount of Convertible Senior Notes, which represents an initial conversion price of approximately $6.28 per share of Class A Common Stock. The conversion rate and conversion price are subject to customary adjustments upon the occurrence of certain events (as defined in the indenture governing the Convertible Senior Notes) which, in certain circumstances, will increase the conversion rate for a specified period of time. As of March 31, 2024 June 30, 2024, the conversion rate was adjusted to 166.7965 168.8570 shares of Class A Common Stock per $1,000 principal amount of Convertible Senior Notes as a result of cash dividends and distributions paid. In the context of this debt issuance, we refer to the notes as convertible in accordance with ASC 470 - *Debt.* However, per the terms of the Convertible Senior Notes' indenture, the Convertible Senior Notes were issued by OpCo and are exchangeable into shares of the Company's Class A Common Stock.

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

If certain corporate events occur, including certain business combination transactions involving the Company or OpCo or a stock de-listing with respect to the Class A Common Stock, noteholders may require OpCo to repurchase their Convertible Senior

Notes at a cash repurchase price equal to the principal amount of the Convertible Senior Notes to be repurchased, plus accrued and unpaid interest as of the repurchase date.

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

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At issuance, the Company recorded a liability equal to the face value the Convertible Senior Notes, net of unamortized debt issuance costs, in *Long-term debt, net* in the consolidated balance sheets. As of March 31, 2024 June 30, 2024, the net liability related to the Convertible Senior Notes was $166.1 $166.3 million.

Capped Called Transactions

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

Senior Unsecured Notes

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

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

On September 1, 2022, the Company completed its merger (the “Colgate Merger”) with Colgate Energy Partners III, LLC (“Colgate”). In connection with the Colgate Merger, the Company entered into supplemental indentures whereby all of Colgate’s outstanding senior notes were assumed and became the senior unsecured debt obligations of OpCo. The senior notes assumed by OpCo included $300 million of 7.75% senior notes due 2026 (the “2026 7.75% Senior Notes”) and $700 million of 5.875% senior notes due 2029 (the “2029 Senior Notes”). The Company recorded the acquired senior notes at their fair values as of the Colgate Merger closing date on September 1, 2022, which were equal to 100% of par for the 2026 7.75% Senior Notes and 92.96% of par (a $49.3 million debt discount) for the 2029 Senior Notes. Interest on the 2026 7.75% Senior Notes is paid semi-annually each February 15 and August 15 and interest on the 2029 Senior Notes is paid semi-annually each January 1 and July 1. Since February 15, 2024 (for the 2026 7.75% Senior Notes) and beginning on or after July 1, 2024 (for the 2029 Senior Notes), OpCo may, on any one or more occasions, redeem all or a portion of the acquired senior notes at a redemption price decreasing annually from 103.88% to 100% (for the 2026 7.75% Senior Notes) and 102.94% to 100% (for the 2029 Senior Notes) of the principal amount redeemed plus accrued and unpaid interest. Refer to *Note 14—Subsequent Events* for additional information regarding the Tender Offer and redemption of the 2026 7.75% Senior Notes subsequent to the period ended June 30, 2024.

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On November 30, 2017, OpCo issued $400.0 million of 5.375% senior notes due 2026 (the "2026 5.375% Senior Notes") and on March 15, 2019, OpCo issued $500.0 million of 6.875% senior unsecured notes due 2027 (the "2027 6.875% Senior Notes") in a 144A private placement at a price equal to 99.235% of par that resulted in net proceeds to OpCo of $489.0 million, after deducting the original issuance discount of $3.8 million and, debt issuance costs of $7.2 million. Interest is payable on together with the 2027 6.875% Senior Notes semi-annually in arrears each April 1 and October 1. Since April 1, 2022, OpCo may, on any one or more occasions, redeem all or a portion of the 2027 6.875% Senior Notes at a redemption price decreasing annually from 103.44% to 100% of the principal amount redeemed plus accrued and unpaid interest.

On November 30, 2017, OpCo issued at par $400.0 million of 5.375% senior unsecured notes due 2026 (the "2026 5.375% Senior Notes" and collectively with the 2032 8.00% Senior Notes, 2031 Senior Notes, 2027 8.00% 2032 Senior Notes, 2027 6.875% 2026 5.375% Senior Notes, 2029 Senior Notes and the 2026 7.75% Senior Notes, the "Senior Unsecured Notes") in a 144A private placement that resulted placements. In May 2020, $110.6 million aggregate principal amount of the 2026 5.375% Senior Notes and $143.7 million aggregate principal amount of the 2027 6.875% Senior Notes were validly tendered and exchanged by certain eligible bondholders for consideration consisting of $127.1 million aggregate principal amount of 8.00% second lien senior secured notes, which were fully redeemed at par in net proceeds connection with the Convertible Senior Notes issuance during the second quarter of 2021. On April 5, 2024, all of OpCo's remaining outstanding 2027 6.875% Senior Notes were redeemed at a price equal to OpCo 100% of $391.0 million the aggregate principal amount outstanding of $356.4 million.

As of June 30, 2024, after deducting $9.0 million in debt issuance costs. the remaining aggregate principal amount of the 2026 5.375% Senior Notes outstanding was $289.4 million. Interest is payable on the 2026 5.375% Senior Notes semi-annually in arrears each January 15 and July 15. Since January 15, 2023, OpCo may, on any one or more occasions, redeem all or a portion of the 2026 5.375% Senior Notes at a redemption price of 100% of the principal amount redeemed plus accrued and unpaid interest.

In May 2020, $110.6 million aggregate principal amount of the 2026 5.375% Senior Notes and $143.7 million aggregate principal amount of the 2027 6.875% Senior Notes were validly tendered and exchanged by certain eligible bondholders for consideration consisting of $127.1 million aggregate principal amount of 8.00% second lien senior secured notes, which were fully redeemed at par in connection with the Convertible Senior Notes issuance during the second quarter of 2021. As of March 31, 2024, the remaining aggregate principal amount of 2027 6.875% Senior Notes and 2026 5.375% Senior Notes outstanding was $356.4 million and $289.4 million, respectively. Refer to *Note 14—Subsequent Events* for additional information regarding the redemption of the remaining 2027 6.875% Senior Notes that occurred subsequent to the period ended March 31, 2024.

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

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

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

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

The indentures governing the Senior Unsecured Notes contain covenants that, among other things and subject to certain exceptions and qualifications, limit OpCo's ability and the ability of OpCo's restricted subsidiaries to: (i) incur or guarantee additional indebtedness or issue certain types of preferred stock; (ii) pay dividends on capital stock or redeem, repurchase or retire capital stock or subordinated indebtedness; (iii) transfer or sell assets; (iv) make investments; (v) create certain liens; (vi) enter into agreements that restrict dividends or other payments from their subsidiaries to them; (vii) consolidate, merge or transfer all or substantially all of their assets; (viii) engage in transactions with affiliates; and (ix) create unrestricted subsidiaries. OpCo was in compliance with these covenants as of March 31, 2024 June 30, 2024.

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

significant subsidiary, or any group of restricted subsidiaries that, taken together, would constitute a significant subsidiary, will automatically cause all outstanding Senior Unsecured Notes to become due and payable.

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Note 5—Asset Retirement Obligations

The following table summarizes changes in the Company's asset retirement obligations ("ARO") associated with its working interests in oil and gas properties for the three six months ended March 31, 2024 June 30, 2024:

(in thousands)		
Asset retirement obligations, beginning of period	$	121,417
Liabilities incurred		3,507 5,885
Liabilities acquired		3,640 4,742
Liabilities divested and settled		(2,549) (3,014)
Accretion expense		2,145 4,423
Asset retirement obligations, end of period		133,453
Less current portion(1)		(2,977)
Asset retirement obligations - long-term, end of period	$	128,160 130,476

(1) The current portion of ARO is included within *Other current liabilities* in the consolidated balance sheets.

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

Note 6—Stock-Based Compensation

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

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

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

	Three Months Ended March 31,				
	Three Months Ended March 31,				
	Three Months Ended March 31,				
		Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	(in thousands)	2024	2023	2024	2023
(in thousands)					
(in thousands)					
Equity Awards					
Equity Awards					
Equity Awards					
Restricted stock					
Restricted stock					
Restricted stock					
Stock option awards					
Stock option awards					
Stock option awards					
Performance stock units					
Performance stock units					
Performance stock units					
Total stock-based compensation expense					
Total stock-based compensation expense					
Total stock-based compensation expense					

Equity Awards

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

In connection with the Colgate Merger, the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") approved a resolution to extend severance benefits under the Company's Second Amended and Restated Severance Plan (the "Severance Plan") to employees that experience a Qualifying Termination (as defined in the Severance Plan) following the Colgate Merger. As a result, affected employees of the Company received an accelerated vesting of their unvested restricted stock awards and PSUs upon termination, which changed the terms of the vesting conditions and were treated as modifications in accordance with ASC 718. During the three six months ended March 31, 2024 June 30, 2024, no four employees had Qualifying Terminations related to the Colgate Merger as compared to nine seventeen employees that during the six months ended June 30, 2023, all of which received accelerated vesting of their unvested stock awards during the three months ended March 31, 2023. or had changes in their service periods resulting in modifications of such impacted stock awards. These modifications resulted in an increase to total stock-based compensation expense of $6.3 million $12.9 million for the three and six months ended March 31, 2023 June 30, 2024 and $25.9 million and $32.2 million for the three and six months ended June 30, 2023, respectively, as a result of the change in the fair value of the modified awards. The restricted stock shares and performance stock units that were accelerated are included within the vested line items in the below tables.

Restricted Stock

The following table provides information about restricted stock activity during the three six months ended March 31, 2024 June 30, 2024:

	Restricted Stock	Restricted Stock	Weighted Average Fair Value	Restricted Stock	Weighted Average Fair Value
Unvested balance as of December 31, 2023					
Granted					
Vested					
Forfeited					
Unvested balance as of March 31, 2024					
Unvested balance as of June 30, 2024					

The Company grants service-based restricted stock to certain officers and employees, which either vests ratably over a three-year service period or cliff vests upon a three or five-year to five year service period, and to directors, which vest over a one-year service period. Compensation cost for these service-based restricted stock grants is based on the closing market price of the Company's Class A Common Stock on the grant date, and such costs are recognized ratably over the applicable vesting period. The total fair value of restricted stock that vested during the three six months ended March 31, 2024 June 30, 2024 and 2023 was $1.0 million $12.5 million and $8.3 million $23.3 million, respectively. Unrecognized compensation cost related to restricted shares that were unvested as of March 31, 2024 June 30, 2024 was $45.0 million $39.6 million, which the Company expects to recognize over a weighted average period of 2.6 2.5 years.

Stock Options

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

The following table provides information about stock option awards outstanding during the three six months ended March 31, 2024 June 30, 2024:

	Options	Options	Weighted Average Exercise Price	Weighted Average Remaining Term (in years)	Aggregate Intrinsic Value (in thousands)	Options	Weighted Average Exercise Price	Weighted Average Remaining Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2023									
Granted									
Granted									
Granted									
Exercised									
Exercised									
Exercised									
Forfeited									
Expired									
Expired									
Expired									
Outstanding as of March 31, 2024									
Outstanding as of March 31, 2024									
Outstanding as of March 31, 2024									
Exercisable as of March 31, 2024									

Outstanding as of June 30, 2024
Outstanding as of June 30, 2024
Outstanding as of June 30, 2024
Exercisable as of June 30, 2024

Performance Stock Units

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

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

The following table summarizes the key assumptions and related information used to determine the fair value of PSUs granted during the three six months ended March 31, 2024 June 30, 2024:

	2024 Awards
Number of PSUs granted	662,455 691,136
Fair value per share	$24.81
Expected implied stock volatility	43.9%
Risk-free interest rate	4.3%

The following table provides information about PSUs outstanding during the three six months ended March 31, 2024 June 30, 2024:

	Awards	Awards	Weighted Average Fair Value	Awards	Weighted Average Fair Value
Unvested balance as of December 31, 2023					
Granted					
Vested (1)					
Forfeited					
Unvested balance as of March 31, 2024					
Unvested balance as of June 30, 2024					

(1) This balance includes vested PSU awards as of June 30, 2024 based on the original number of PSUs granted. Actual PSUs vested is based upon the Company's absolute annualized TSR calculation at the time of vesting, which may be greater than or less than the original number granted.

As of March 31, 2024 June 30, 2024, there was $56.5 million $49.4 million of unrecognized compensation cost related to PSUs that were unvested, which the Company expects to recognize on a pro-rata basis over a weighted average period of 2.5 2.3 years.

Note 7—Derivative Instruments

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

Commodity Derivative Contracts

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

Commodity Swaps, Collar Contracts and Deferred Premium Puts. The Company may use commodity derivative instruments known as fixed price swaps to realize a known price for a specific volume of production, basis swaps to hedge the difference

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between the index price and a local or future index price, costless collars to establish fixed price floors and ceilings, or deferred premium puts to establish fixed price floors while delaying the premium payment until the option's expiration. All transactions are settled in cash with one party paying the other for the resulting difference in price multiplied by the contract volume.

The following table summarizes the approximate volumes and average contract prices of derivative contracts the Company had in place as of March 31, 2024 June 30, 2024:

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Crude Price ($/Bbl)(1)
Crude oil swaps	April 2024 - June 2024	3,339,500	36,698	$76.71
	July 2024 - September 2024	3,358,000	36,500	75.64
	October 2024 - December 2024	3,358,000	36,500	74.61
	January 2025 - March 2025	1,845,000	20,500	73.62
	April 2025 - June 2025	1,865,500	20,500	72.46
	July 2025 - September 2025	1,886,000	20,500	71.35
	October 2025 - December 2025	1,886,000	20,500	70.38
	January 2026 - March 2026	135,000	1,500	70.57
	April 2026 - June 2026	136,500	1,500	69.69
	July 2026 - September 2026	138,000	1,500	68.86
	October 2026 - December 2026	138,000	1,500	68.16

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

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

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Differential ($/Bbl)(4)
Crude oil basis differential swaps	April 2024 - June 2024	3,689,018	40,539	$0.97
	July 2024 - September 2024	3,772,000	41,000	0.97
	October 2024 - December 2024	3,772,000	41,000	0.97
	January 2025 - March 2025	1,845,000	20,500	1.09
	April 2025 - June 2025	1,865,500	20,500	1.09
	July 2025 - September 2025	1,886,000	20,500	1.09
	October 2025 - December 2025	1,886,000	20,500	1.09

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Crude Price ($/Bbl)(1)
Crude oil swaps	July 2024 - September 2024	3,634,000	39,500	$76.08
	October 2024 - December 2024	3,634,000	39,500	74.94
	January 2025 - March 2025	2,250,000	25,000	74.30
	April 2025 - June 2025	2,275,000	25,000	73.05

	July 2025 - September 2025	2,300,000	25,000	71.88
	October 2025 - December 2025	2,300,000	25,000	70.88
	January 2026 - March 2026	405,000	4,500	71.74
	April 2026 - June 2026	409,500	4,500	70.75
	July 2026 - September 2026	414,000	4,500	69.80
	October 2026 - December 2026	414,000	4,500	69.00

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

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

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Differential ($/Bbl)(4)
Crude oil basis differential swaps	July 2024 - September 2024	4,048,000	44,000	$0.98
	October 2024 - December 2024	4,048,000	44,000	0.98
	January 2025 - March 2025	2,250,000	25,000	1.10
	April 2025 - June 2025	2,275,000	25,000	1.10
	July 2025 - September 2025	2,300,000	25,000	1.10
	October 2025 - December 2025	2,300,000	25,000	1.10
	January 2026 - March 2026	405,000	4,500	1.12
	April 2026 - June 2026	409,500	4,500	1.12
	July 2026 - September 2026	414,000	4,500	1.12
	October 2026 - December 2026	414,000	4,500	1.12

		Period	Volume (Bbls)		Volume (Bbls/d)		Wtd. Avg. Differential ($/Bbl)(5)		Period		Volume (Bbls)		V (B
Crude oil roll differential swaps	Crude oil roll differential swaps	April 2024 - June 2024	3,659,018	40,209	40,209	$0.48		$0.48	Crude oil roll differential swaps	July 2024 - September 2024		4,048,000	44,000
		July 2024 - September 2024		3,772,000		41,000		0.49					
October 2024 - December 2024	October 2024 - December 2024		3,772,000	41,000		41,000	0.49		0.49	October 2024 - December 2024			4,0
January 2025 - March 2025	January 2025 - March 2025		1,845,000	20,500		20,500	0.39		0.39	January 2025 - March 2025			2,2
April 2025 - June 2025	April 2025 - June 2025		1,865,500	20,500		20,500	0.39		0.39	April 2025 - June 2025			2,2
July 2025 - September 2025	July 2025 - September 2025		1,886,000	20,500		20,500	0.39		0.39	July 2025 - September 2025			2,3
October 2025 - December 2025	October 2025 - December 2025		1,886,000	20,500		20,500	0.39		0.39	October 2025 - December 2025			2,3

January 2026 - March 2026	405,000	4,500	0.37
April 2026 - June 2026	409,500	4,500	0.37
July 2026 - September 2026	414,000	4,500	0.37
October 2026 - December 2026	414,000	4,500	0.37

(1) These crude oil swap transactions are settled based on the NYMEX WTI index price on each trading day within the specified monthly settlement period versus the contractual swap price for the volumes stipulated.

(2) These crude oil collars are settled based on the NYMEX WTI index price on each trading day within the specified monthly settlement period versus the contractual floor and ceiling prices for the volumes stipulated.

(3) These crude oil deferred premium puts are settled based on the NYMEX WTI index price on each trading day within the specified monthly settlement period versus the contractual put prices for the volumes stipulated.

(4) These crude oil basis swap transactions are settled based on the difference between the arithmetic average of ARGUS MIDLAND WTI and ARGUS WTI CUSHING indices, during each applicable monthly settlement period.

(5) These crude oil roll swap transactions are settled based on the difference between the arithmetic average of NYMEX WTI calendar month prices and the physical crude oil delivery month price.

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Gas Price ($/MMBtu)(1)
Natural gas swaps	April 2024 - June 2024	5,906,321	64,905	$3.29
	July 2024 - September 2024	5,949,388	64,667	3.43
	October 2024 - December 2024	5,933,899	64,499	3.86
	January 2025 - March 2025	3,600,000	40,000	4.32
	April 2025 - June 2025	3,640,000	40,000	3.65
	July 2025 - September 2025	3,680,000	40,000	3.83
	October 2025 - December 2025	3,680,000	40,000	4.20

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

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Collar Price Ranges ($/MMBtu)(3)		
Natural gas collars	April 2024 - June 2024	5,013,679	55,095	$2.68	-	$5.04
	July 2024 - September 2024	5,090,612	55,333	2.68	-	5.06
	October 2024 - December 2024	5,106,101	55,501	2.75	-	5.29

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Gas Price ($/MMBtu)(1)
Natural gas swaps	July 2024 - September 2024	5,949,388	64,667	$3.43
	October 2024 - December 2024	5,933,899	64,499	3.86
	January 2025 - March 2025	3,600,000	40,000	4.32
	April 2025 - June 2025	3,640,000	40,000	3.65
	July 2025 - September 2025	3,680,000	40,000	3.83
	October 2025 - December 2025	3,680,000	40,000	4.20
	January 2026 - March 2026	990,000	11,000	4.18
	April 2026 - June 2026	1,001,000	11,000	3.48
	July 2026 - September 2026	1,012,000	11,000	3.80
	October 2026 - December 2026	1,012,000	11,000	4.21

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Differential ($/MMBtu)(2)
Natural gas basis differential swaps	July 2024 - September 2024	11,040,000	120,000	$(0.99)
	October 2024 - December 2024	11,040,000	120,000	(0.98)
	January 2025 - March 2025	3,600,000	40,000	(0.74)
	April 2025 - June 2025	3,640,000	40,000	(0.74)
	July 2025 - September 2025	3,680,000	40,000	(0.74)
	October 2025 - December 2025	3,680,000	40,000	(0.74)
	January 2026 - March 2026	990,000	11,000	(0.61)
	April 2026 - June 2026	1,001,000	11,000	(1.67)
	July 2026 - September 2026	1,012,000	11,000	(1.17)
	October 2026 - December 2026	1,012,000	11,000	(1.02)

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Collar Price Ranges ($/MMBtu)(3)		
Natural gas collars	July 2024 - September 2024	5,090,612	55,333	$2.68	-	$5.06
	October 2024 - December 2024	5,106,101	55,501	2.75	-	5.29

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

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

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

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

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

	Three Months Ended March 31,					
	Three Months Ended March 31,					
	Three Months Ended March 31,					
(in thousands)						
(in thousands)						
		Three Months Ended June 30,		Six Months Ended June 30,		
(in thousands)	(in thousands)	2024	2023		2024	2023
Net gain (loss) on derivative instruments						
Net gain (loss) on derivative instruments						
Net gain (loss) on derivative instruments						

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

	Balance Sheet Classification	Balance Sheet Classification	Gross Fair Value Asset/Liability Amounts	Gross Amounts Offset(1)		Net Recognized Fair Value Assets/Liabilities	Balance Sheet Classification	Gross Fair Value Asset/Liability Amounts	Gross Amounts Offset(1)	Net Recognized Fair Value Assets/Liabilities
(in thousands)	(in thousands)		March 31, 2024		(in thousands)			June 30, 2024		
Derivative Assets										
Commodity contracts										
Commodity contracts										
Commodity contracts										
	Other noncurrent assets									
Derivative Liabilities										
Commodity contracts										
Commodity contracts										
Commodity contracts										
	Other noncurrent liabilities									

December 31, 2023

December 31, 2023

December 31, 2023

Derivative Assets		
Commodity contracts		
Commodity contracts		
Commodity contracts		
	Other noncurrent assets	
Derivative Liabilities		
Commodity contracts		
Commodity contracts		
Commodity contracts		
	Other noncurrent liabilities	

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

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

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

Note 8—Fair Value Measurements

Recurring Fair Value Measurements

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

- Level 1: Quoted Prices in Active Markets for Identical Assets – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

- Level 2: Significant Other Observable Inputs – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

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

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

(in thousands)	Level 1	Level 2	Level 3
March 31, June 30, 2024			
Total assets	$ —	$ 5,788 2,902	$ —
Total liabilities	—	40,689 31,069	—
December 31, 2023			
Total assets	$ —	$ 97,625	$ —
Total liabilities	—	4,052	—

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

Derivatives

The Company uses Level 2 inputs to measure the fair value of its oil and natural gas commodity derivatives. The Company uses industry-standard models that consider various assumptions including current market and contractual prices for the underlying instruments, implied market volatility, time value, nonperformance risk, as well as other relevant economic measures. Substantially all of these inputs are observable in the marketplace throughout the full term of the instrument and can be supported by observable data. The Company utilizes its counterparties' valuations to assess the reasonableness of its own valuations. Refer to *Note 7—Derivative Instruments* for details of the gross and net derivative assets, liabilities and offset amounts as presented in the consolidated balance sheets.

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Nonrecurring Fair Value Measurements

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

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

Impairment of Oil and Natural Gas Properties. The Company reviews its proved oil and natural gas properties for impairment whenever events and circumstances indicate that the fair value of these assets may be below their carrying value. An impairment loss is indicated if the sum of the expected undiscounted future net cash flows from oil and gas properties is less than the carrying amount of the assets. In this circumstance, the Company then recognizes impairment expense for the amount by which the carrying amount of proved properties exceeds their estimated fair value. The Company reviews its oil and natural gas properties on a field-by-field basis.

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

Asset Retirement Obligations. The initial measurement of ARO at fair value is calculated using discounted cash flow techniques and is based on internal estimates of future retirement costs associated with property, plant and equipment. Significant Level 3 inputs used in the calculation of ARO include the estimated future costs to plug and abandon oil and gas properties and reserve lives. Refer to *Note 5—Asset Retirement Obligations* for additional information on the Company's ARO.

Other Financial Instruments

The carrying amounts of the Company's cash, cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate their fair values because of the short-term maturities and/or liquid nature of these assets and liabilities.

The Company's senior notes and borrowings under its Credit Agreement are accounted for at cost. The following table summarizes the carrying values, principal amounts and fair values of these instruments as of the periods indicated:

	March 31, 2024		December 31, 2023											
	June 30, 2024		December 31, 2023											
	Carrying Value	Carrying Value	Principal Amount	Fair Value	Carrying Value	Principal Amount	Fair Value	Carrying Value	Principal Amount	Fair Value	Carrying Value	Principal Amount	Fair Value	
Credit Facility due 2027(1)														
5.375% Senior Notes due 2026(2)														
7.75% Senior Notes due 2026(2)														
6.875% Senior Notes due 2027(2)														
8.00% Senior Notes due 2027(2)														
3.25% Convertible Senior Notes due 2028(2)(3)														
5.875% Senior Notes due 2029(2)														
9.875% Senior Notes due 2031(2)														
7.00% Senior Notes due 2032(2)														

(1) The carrying values of the amounts outstanding under OpCo's Credit Agreement approximate fair value because its variable interest rates are tied to current market rates and the applicable credit spreads represent current market rates for the credit risk profile of the Company.

(2) The carrying values include associated unamortized debt issuance costs and any debt discounts as reflected in the consolidated balance

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sheets. The fair values are determined using quoted market prices for these debt securities, a Level 1 classification in the fair value hierarchy, and are based on the aggregate principal amount of the senior notes outstanding.

(3) The Convertible Senior Notes are subject to certain conditions that allow them to be convertible prior to their maturity and as of March 31, 2024 June 30, 2024, noteholders have the right to convert during the second third quarter of 2024. The Company has Capped Call Transactions that cover the aggregate number of shares of Class A Common Stock that underlie the Convertible Senior Notes and would offset any cash payment OpCo is required to make in excess of the principal amount of these notes. Refer to *Note 4—Long-Term Debt* for additional information on the Convertible Senior Notes and associated Capped Call Transactions.

Note 9—Shareholders' Equity and Noncontrolling Interest

Stock Conversion

During the three six months ended March 31, 2024 June 30, 2024 and 2023, certain legacy owners of Colgate and Earthstone exchanged 41.4 126.5 million and 20.9 21.9 million, respectively, of their common units of OpCo ("Common Unit") and corresponding shares of Class C Common Stock for Class A Common Stock. Deferred tax assets of $26.3 $89.6 million and $2.4 $2.5 million were recorded in equity as a result of the conversions of shares from the noncontrolling interest owners for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. No cash proceeds were received by the Company in connection with these conversions.

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Stock Issuance

During the six months ended June 30, 2024, the Company issued 6.2 million shares of Class A Common Stock, which were issued as partial consideration for a portion of the 2024 asset acquisitions discussed in *Note 2—Acquisitions and Divestitures*. No cash proceeds were received by the Company in connection with this issuance.

Dividends

The following table summarizes the Company's base and variable dividend per share of Class A Common Stock and distribution per Common Unit (each of which has an underlying share of Class C Common Stock) declared and paid during each period:

	Dividend/Distribution per Share Base	Dividend/Distribution per Share	Total Dividends/Distributions Declared and Paid	Dividend/Distribution per Share	Total Dividends/Distributions Declared and Paid
Three Months Ended,					
Three Months Ended,					
Three Months Ended,			**(in thousands)**		**(in thousands)**
March 31, 2024					
March 31, 2023					
June 30, 2024					
June 30, 2023					
Six Months Ended,					
June 30, 2024					
June 30, 2024					
June 30, 2024					
June 30, 2023					

Stock Repurchase Program

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

During the three six months ended March 31, 2024 June 30, 2024 and 2023, the Company paid $31.4 million $61.0 million and $29.4 million, respectively, to repurchase 2.0 3.8 million and 2.8 million, respectively, Common Units of OpCo resulting in an equal number of the underlying shares of Class C Common Stock simultaneously being canceled under its Repurchase Program.

Noncontrolling Interest

The noncontrolling interest relates to Common Units that were issued in connection with the Colgate Merger and the Earthstone Merger. The noncontrolling interest percentage is affected by various equity transactions such as Common Unit and Class C Common Stock exchanges and transactions involving Class A Common Stock.

As of March 31, 2024 June 30, 2024, the noncontrolling interest ownership of OpCo had decreased to 24% 13% from 30% as of December 31, 2023. This decrease was mainly the result of (i) exchanges of Common Units (and corresponding shares of Class C Common Stock) for Class A Common Stock and (ii) Class C Common Stock repurchases completed by the Company as discussed above.

The Company consolidates the financial position, results of operations and cash flows of OpCo and reflects the portion retained by other holders of Common Units as a noncontrolling interest. Refer to the consolidated statements of shareholders' equity for a summary of the activity attributable to the noncontrolling interest during the period.

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Note 10—Earnings Per Share

Basic earnings per share (“EPS”) is calculated by dividing net income attributable to Class A Common Stock by the weighted average shares of Class A Common Stock outstanding during each period. Diluted EPS is calculated by dividing adjusted net income by the weighted average shares of diluted Class A Common Stock outstanding, which includes the effect of potentially dilutive securities. Potentially dilutive securities for the diluted EPS calculation consists of (i) unvested equity-based restricted stock and performance stock units and outstanding stock options, all using the treasury stock method; (ii) equity-based restricted stock and performance stock units that were vested but not outstanding, using the treasury stock method; and (iii) the Company’s Class C Common Stock and potential shares issuable under our Convertible Senior Notes, both using the “if-converted” method, which is net of tax.

The following table reflects the EPS computations for the periods indicated based on a weighted average number of Class A Common Stock outstanding each period:

	Three Months Ended March 31,				
	Three Months Ended March 31,				
	Three Months Ended March 31,				
		Three Months Ended June 30,		**Six Months Ended June 30,**	
(in thousands, except per share data)	**(in thousands, except per share data)**	**2024**	**2023**	**2024**	**2023**
(in thousands, except per share data)					
(in thousands, except per share data)					
Net income attributable to Class A Common Stock					
Net income attributable to Class A Common Stock					
Net income attributable to Class A Common Stock					
Add: Interest on Convertible Senior Notes, net of tax					
Add: Interest on Convertible Senior Notes, net of tax					
Add: Interest on Convertible Senior Notes, net of tax					
Adjusted net income (attributable to Class A Common Stock)					
Adjusted net income (attributable to Class A Common Stock)					
Adjusted net income (attributable to Class A Common Stock)					
Basic weighted average shares of Class A Common Stock outstanding					
Basic weighted average shares of Class A Common Stock outstanding					
Basic weighted average shares of Class A Common Stock outstanding					
Add: Dilutive effects of Convertible Senior Notes					
Add: Dilutive effects of Convertible Senior Notes					
Add: Dilutive effects of Convertible Senior Notes					
Add: Dilutive effects of equity awards					
Add: Dilutive effects of equity awards					
Add: Dilutive effects of equity awards					
Diluted weighted average shares of Class A Common Stock outstanding					
Diluted weighted average shares of Class A Common Stock outstanding					
Diluted weighted average shares of Class A Common Stock outstanding					
Basic net earnings per share of Class A Common Stock					
Basic net earnings per share of Class A Common Stock					
Basic net earnings per share of Class A Common Stock					
Diluted net earnings per share of Class A Common Stock					
Diluted net earnings per share of Class A Common Stock					
Diluted net earnings per share of Class A Common Stock					

The following table presents shares excluded from the diluted earnings per share calculation for the periods presented as their impact was anti-dilutive:

	Three Months Ended March 31,		
	Three Months Ended March 31,		
	Three Months Ended March 31,		
(in thousands)			
(in thousands)			
		Three Months Ended June 30,	**Six Months Ended June 30,**

(in thousands)	(in thousands)	2024	2023		2024		2023
Out-of-the-money stock options							
Out-of-the-money stock options							
Out-of-the-money stock options							
Weighted average shares of Class C Common Stock							
Restricted stock							
Performance stock units							
Weighted average shares of Class C Common Stock							
Weighted average shares of Class C Common Stock							
Weighted average shares of Class C Common Stock							

Note 11—Transactions with Related Parties

Pearl Energy Investments ("Pearl"), EnCap Partners GP, LLC ("EnCap"), Riverstone Investment Group LLC ("Riverstone"), NGP Energy Capital ("NGP") and related affiliates of each entity each beneficially owned more than 5% of any class of common stock in the Company as of March 31, 2024 June 30, 2024. Due to Pearl, EnCap, Riverstone Pearl's, EnCap's and NGP's Riverstone's beneficial ownership, and NGP, Pearl and OpCo's management's previously held interest in CEP III Holdings, LLC, these entities are considered related parties to the Company. NGP Energy Capital ("NGP"), was a related party through the first quarter of 2024, however, NGP no longer beneficially owns more than 5% of any class of common stock in the Company as of June 30, 2024 and is no longer considered a related party to the Company.

The Company has a vendor arrangement with Streamline Innovations Inc, ("Streamline") who was a former affiliate of Riverstone beginning in the second quarter of 2022 and is now an affiliate of Pearl as of March 31, 2024 June 30, 2024 that represents a related party transaction. The Company believes that the terms of this arrangement is are no less favorable to either party than those held with unaffiliated parties.

The following table summarizes the costs incurred from the arrangement during the periods it was considered a related party, as discussed above, as included in the consolidated statements of operations for the periods indicated:

		Three Months Ended March 31,					
		Three Months Ended March 31,					
		Three Months Ended March 31,					
		Three Months Ended June 30,			Six Months Ended June 30,		
(in thousands)	(in thousands)	2024	2023		2024		2023
(in thousands)							
(in thousands)							
Streamline							
Streamline							
Streamline							
Lease operating expenses							
Lease operating expenses							
Lease operating expenses							

During the three six months ended March 31, 2024 June 30, 2024 and 2023, the Company paid various affiliates of NGP and EnCap for revenues earned based upon their net revenue interests held in wells that are operated by the Company. These relationships are considered ordinary in the course of business and the terms of these relationships are no more favorable than those held with unaffiliated parties.

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During the three six months ended March 31, 2024 June 30, 2024 and 2023, the Company repurchased 2.0 3.8 million and 2.8 million respectively, Common Units of OpCo from NGP, respectively, for $31.4 million $61.0 million and $29.4 million, respectively, under the Repurchase Program. The equal number of underlying shares of Class C Common Stock were simultaneously canceled by the Company.

Note 12—Commitments and Contingencies

Commitments

The Company routinely enters into, extends or amends operating agreements in the ordinary course of business. There has been no material, non-routine changes in commitments during the three six months ended March 31, 2024 June 30, 2024. Please refer to *Note 14—Commitments and Contingencies* included in Part II, Item 8 in the Company's 2023 Annual Report.

Contingencies

The Company may at times be subject to various commercial or regulatory claims, prior period adjustments from service providers, litigation or other legal proceedings that arise in the ordinary course of business. While the outcome of these lawsuits and claims cannot be predicted with certainty, management believes it is remote that the impact of such matters, other than those discussed below, that are reasonably possible to occur will have a material adverse effect on the Company's financial position, results of operations, or cash flows.

In February 2021, the Permian Basin was impacted by record-low temperatures and a severe winter storm ("Winter Storm Uri") that resulted in multi-day electrical outages and shortages, pipeline and infrastructure freezes, transportation disruptions, and regulatory actions in Texas, which led to significant increases in gas prices, gathering, processing and transportation fees and electrical rates during this time. As a result, many oil and gas operators, including upstream producers like the Company, gas processors and purchasers, and transportation providers experienced operational disruptions. During this time, the Company was unable to utilize the entire volume of its reserved capacity on pipelines and as a result has made certain force majeure declarations. One third-party transportation provider filed a lawsuit against the Company claiming compensation for the full amount of the reserved capacity, both utilized and unutilized. The Company paid for the utilized capacity and filed a separate lawsuit against the transportation provider requesting declaratory relief for the purpose of construing the provisions of the transportation agreement relating to the unutilized capacity. At this time, the Company believes that a loss in relation to these matters is probable and in accordance with ASC Topic 450-20, *Loss Contingencies* has recorded a net estimated liability of $6.5 million, inclusive of estimated interest penalties, as of March 31, 2024 June 30, 2024. Future changes in facts and circumstances not currently known or foreseeable could result in the actual liability exceeding the estimated loss accrued, however, the Company believes that any such loss above the amount accrued would not be material to the consolidated financial statements.

Other than the matter above, management is unaware of any pending litigation brought against the Company requiring a contingent liability to be recognized as of the date of these consolidated financial statements.

Note 13—Revenues

Revenue from Contracts with Customers

Crude oil, natural gas and NGL sales are recognized at the point that control of the product is transferred to the customer and collectability is reasonably assured. Virtually Substantially all of the Company's contract pricing provisions are tied to a market index, with certain adjustments based on, among other factors, transportation costs to an active spot market and quality differentials. As a result, the Company's realized prices of oil, natural gas, and NGLs fluctuate to remain competitive with other available oil, natural gas, and NGLs supplies both globally (in the case of crude oil) and locally.

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Oil and gas revenues presented within the consolidated statements of operations relate to the sale of oil, natural gas and NGLs as shown below:

	Three Months Ended March 31,				
	Three Months Ended March 31,				
	Three Months Ended March 31,				
	Three Months Ended June 30,		**Six Months Ended June 30,**		
	2024	**2024**	**2023**	**2024**	**2023**
	2024				
	2024				
Operating revenues (in thousands):					
Operating revenues (in thousands):					
Operating revenues (in thousands):					
Oil sales					
Oil sales					
Oil sales					
Natural gas sales(1)					
Natural gas sales(1)					
Natural gas sales(1)					
NGL sales(2)					
NGL sales(2)					
NGL sales(2)					
Oil and gas sales					
Oil and gas sales					
Oil and gas sales					

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(1) Natural gas sales include a portion of gathering, processing and transportation costs ("GP&T") that are reflected as a reduction to natural gas sales of $25.3 million $23.6 million and $48.9 million for the three and six months ended March 31, 2024 June 30, 2024, respectively, and $11.3 million $7.4 million and $18.7 million for the three and six months ended March 31, 2023. June 30, 2023, respectively.

(2) NGL sales include a portion of GP&T that are reflected as a reduction to NGL sales of $22.9 million $18.8 million and $41.7 million for the three and six months ended March 31, 2024 June 30, 2024, respectively, and $16.1 million $16.5 million and $32.6 million for the three and six months ended March 31, 2023. June 30, 2023, respectively.

Oil sales

The Company's crude oil sales contracts are generally structured whereby oil is delivered to the purchaser at a contractually agreed-upon delivery point at which the purchaser takes title of the product. This delivery point is usually at the wellhead or at the inlet of a transportation pipeline. Revenue is recognized when control transfers to the purchaser at the delivery point based on the net price received from the purchaser. Any downstream transportation costs incurred by crude purchasers are reflected as a net reduction to oil sales revenues.

Natural gas and NGL sales

Under the Company's natural gas processing contracts, liquids rich natural gas is delivered to a midstream gathering and processing entity at the agreed upon delivery point at which the purchaser takes title of the product. The midstream processing entity gathers and processes the raw gas and then remits proceeds to the Company. For these contracts, the Company evaluates when control is transferred and revenue should be recognized. Where the Company elects to take its residue gas or NGL product "in-kind" at the plant tailgate, fees incurred prior to transfer of control at the outlet of the plant are presented as GP&T within the consolidated statements of operations. Where the Company does not take its residue gas or NGL products "in-kind", transfer of control occurs at the inlet of the gas gathering systems, or prior, and fees incurred subsequent to this point are reflected as a net reduction to natural gas and NGL sales revenues presented in the table above.

Performance obligations

For all commodity products, the Company records revenue in the month production is delivered to the purchaser. Settlement statements for crude oil are generally received within 30 days following the date that production volumes are delivered, but for natural gas and NGL sales, statements may not be received for 30 to 60 days after delivery has occurred. However, payment is unconditional once the performance obligations have been satisfied. At such time, the volumes delivered and sales prices can be reasonably estimated and amounts due from customers are accrued in *Accounts receivable, net* in the consolidated balance sheets. As of March 31, 2024 June 30, 2024 and December 31, 2023, such receivable balances were $390.4 million $287.7 million and $346.0 million, respectively.

The Company records any differences between its estimates and the actual amounts received for product sales in the month that payment is received from the purchaser. Historically, any identified differences between revenue estimates and actual revenue received have not been significant. For the three six months ended March 31, 2024 June 30, 2024 and 2023, revenue recognized in the reporting period related to performance obligations satisfied in prior reporting periods were not material.

Transaction price allocated to remaining performance obligations

For the Company's product sales that have a contract term greater than one year, the Company has utilized the practical expedient in ASC Topic 606, *Revenue from contracts with Customers,* which states the Company is not required to disclose the transaction price allocated to the remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Under these sales contracts, monthly sales of a product generally represent a separate performance obligation. Therefore, future commodity volumes to be delivered and sold are wholly unsatisfied, and disclosure of the transaction price allocated to such unsatisfied performance obligations is not required.

Note 14—Subsequent Events

Senior Note Redemption Pending Bolt-On Acquisition

On April 5, 2024 July 27, 2024, the Company redeemed entered into a purchase and sale agreement with certain affiliates of Occidental Petroleum Corporation to acquire oil and gas properties for total consideration of $817.5 million, subject to customary post-closing purchase price adjustments, (the "Bolt-On Acquisition"). The Bolt-On Acquisition includes approximately 29,500 net leasehold acres and approximately 9,900 net royalty acres that are predominately located directly offsetting the Company's existing assets in Reeves County, Texas, as well as Eddy County, New Mexico. Additionally, the acquired assets in Reeves County include a fully integrated midstream system, consisting of over 100 miles of operated oil and gas gathering systems, approximately 10,000 surface acres, and water infrastructure including saltwater disposal wells, a recycling facility, frac ponds and water wells. The Bolt-On Acquisition is expected to close during the third quarter of 2024, subject to satisfaction of customary closing conditions. The Company intends to fund the Bolt-On Acquisition with cash on hand and a portion of the net proceeds from the July 2024 equity offering and August 2024 senior notes issuance, each discussed below. The Company is currently evaluating the accounting treatment of this transaction.

Equity Offering

On July 30, 2024, the Company completed an underwritten public offering of 26.5 million shares of its Class A Common Stock in which the Company received net cash proceeds of $402.8 million after underwriting discounts and commissions. The Company intends to use the net proceeds from this equity offering to fund a portion of the aggregate purchase price of the Bolt-On Acquisition or for general corporate purposes.

Senior Notes Issuance

On August 5, 2024 the Company issued $1.0 billion of 6.25% senior notes due 2033 (the “2033 Senior Notes”) in a 144A private placement. The 2033 Senior Notes were issued at par resulting in aggregate net proceeds to the Company of approximately $987.9 million after deducting the debt issuance costs. The Company intends to use the net proceeds from the 2033 Senior Notes to (i) fund the Tender Offer (as defined below) and the redemption of 2026 7.75% Senior Notes not purchased in the Tender Offer (as discussed below); (ii) fund a portion of the purchase price of the Bolt-On Acquisition; and (iii) repay a portion of borrowings outstanding under its credit facility. The 2033 Senior Notes mature on February 1, 2033 and pay interest at the rate of 6.25% per year, payable on August 1 and February 1 of each year.

Senior Notes Tender & Redemption

In connection with the 2033 Senior Notes issuance, the Company issued a cash tender offer to purchase any and all of its outstanding 2027 6.875% 2026 7.75% Senior Notes (“Tender Offer”), which is expected to settle in the third quarter of 2024. Subject to the completion of the Tender Offer, the Company intends to redeem all 2026 7.75% Senior Notes not purchased in the Tender Offer on or about February 15, 2025 at a redemption price equal to of 100% of the aggregate principal amount, outstanding of $356.4 million plus accrued and unpaid interest, up if any, to but excluding, the redemption date.

Amended Credit Agreement

In connection with the spring borrowing base redetermination on April 25, 2024, the Company entered into the seventh amendment to its Credit Agreement (the “Seventh Amendment”). The Seventh Amendment, among other things, increased the elected commitments under the Credit Agreement to $2.5 billion from $2.0 billion and reaffirmed the borrowing base at $4.0 billion.

Dividends Declared

On May 7, 2024 August 6, 2024, the Company announced that its Board of Directors declared a quarterly base dividend of $0.06 per share of Class A Common Stock and a quarterly distribution of $0.06 per share of Class C Common Stock (each of which has an underlying Common Unit of OpCo. OpCo). Additionally, the Company’s Board of Directors declared a variable dividend of $0.14 $0.15 per share of Class A Common Stock and a quarterly variable distribution of $0.14 $0.15 per share of Class C Common Unit of OpCo. Stock. The base and variable dividend represent a total return of $0.20 $0.21 per share. The dividend is payable on May 29, 2024 August 27, 2024 to shareholders of record as of May 21, 2024 August 19, 2024.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying consolidated financial statements and related notes. The following discussion and analysis contain forward-looking statements that reflect our future plans, estimates, beliefs and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside our control. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, future market prices for oil, natural gas and NGLs, future production volumes, estimates of proved reserves, capital expenditures, economic and competitive conditions, inflation, regulatory changes, the implementation and actual result of the Earthstone Merger (defined below), and other uncertainties, as well as those factors discussed in “Cautionary Statement Concerning Forward-Looking Statements” and under the heading “Item 1A. Risk Factors” in this Quarterly Report and our Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 Annual Report”); all of which are difficult to predict. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may or may not occur. We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law.

Overview

Permian Resources Corporation is an independent oil and natural gas company focused on the responsible acquisition, optimization and development of high-return oil and natural gas properties. Our assets are mainly located in the core of the Permian Basin. Our principal business objective is to increase shareholder value by efficiently developing our oil and natural gas assets in an environmentally and socially responsible way, with an overall objective of improving our rates of return and generating sustainable free cash flow. Unless otherwise specified or the context otherwise requires, all references in these discussions to “Permian Resources,” “we,” “us,” or “our” are to Permian Resources Corporation and its consolidated subsidiaries, including Permian Resources Operating, LLC (“OpCo”).

On November 1, 2023, we completed the Earthstone merger (the “Earthstone Merger”) with Earthstone Energy, Inc. (“Earthstone”). Earthstone’s results of operations were included in our financial statements and results of operations beginning on November 1, 2023.

Market Conditions

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

The Organization of Petroleum Exporting Countries and other oil producing countries (“OPEC+”) undertook a series of actions in an effort to support commodity prices throughout 2023 in response to global recession concerns, a high interest rate environment, lower than expected demand from China and a regional banking crisis in the U.S. and further geopolitical disruptions. , among other events. In addition, both Saudi Arabia and Russia announced unilateral production curtailments at separate times during 2023. These actions, coupled with relatively strong global demand and rising tensions in the Middle East, caused crude oil prices to increase during 2023, with NYMEX WTI spot prices reaching a high of $93.68 per barrel on September 27, 2023. However, further concerns of global economic growth, inflation and increases in oil and natural gas supply levels resulted in additional price deterioration at the end of 2023 with and into 2024. More recently, prices have been positively supported by seasonal peak summer consumption and plans of OPEC+ extending their oil finishing production cuts through the year at $71.65 per barrel. Similar market conditions continued fourth quarter of 2025 resulting in the start NYMEX WTI spot price averaging $80.55 per barrel during the second quarter of 2024. Natural gas prices remained low throughout the first half of 2024 driven by an over-supply due to mild winter weather, liquefied natural gas (LNG) project delays and higher than expected natural gas production. Market prices in the Permian Basin were further impacted by low demand as a result of current pipeline capacity constraints out of the basin and additional pipeline maintenance, which lead to negative regional gas prices being realized at the Waha Hub in West Texas (“Waha”) throughout the first half of 2024. Specifically, the Waha price of natural gas averaged negative $0.59 per MMBtu during the second quarter of 2024 until a reescalation of Middle East tensions caused oil prices leading to rise with NYMEX WTI finishing the first quarter at $83.17 per barrel. negative gas realizations.

The oil and natural gas industry is cyclical, and it is likely that commodity prices, as well as commodity price differentials, will continue to be volatile due to fluctuations in global supply and demand, inventory levels, geopolitical events, federal and state government regulations, weather conditions, the global transition to alternative energy sources, supply chain constraints and other factors. The following table highlights the quarterly average price trends for NYMEX WTI spot prices for crude oil and NYMEX Henry Hub index price for natural gas since the first quarter of 2022:

		2022			2022			2023		2024		2022			2023		2024			
	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Crude oil (per Bbl)																				
Natural gas (per MMBtu)																				

Lower commodity prices and lower futures curves for oil and gas prices can result in impairments of our proved oil and natural gas properties or undeveloped acreage and may materially and adversely affect our operating cash flows, liquidity, financial condition, results of operations, future business and operations, and/or our ability to finance planned capital expenditures, which could in turn impact our ability to comply with covenants under our five-year secured revolving credit facility (the "Credit Agreement") and senior notes. Lower realized prices may also reduce the borrowing base under our Credit

Agreement, which is determined at the discretion of the lenders and is based on the collateral value of our proved reserves that have been mortgaged to the lenders. Upon a redetermination, if any borrowings in excess of the revised borrowing capacity were outstanding, we could be forced to immediately repay a portion of the debt outstanding under the Credit Agreement.

Due to the cyclical nature of the oil and gas industry, fluctuating demand for oilfield goods and services can put pressure on the pricing structure within our industry. As commodity prices rise, costs of oilfield goods and services generally also increase; however, during periods of commodity price declines, oilfield costs typically lag and do not adjust downward as fast as oil prices do. In addition, the U.S. inflation rate has been steadily increasing seen higher than normal inflation during 2023 and 2024. Inflationary pressures such as these may also result in increases to the costs of our oilfield goods, services and personnel, which can in turn cause our capital expenditures and operating costs to rise.

2024 Highlights and Future Considerations

Return of Capital Program

During the three six months ended March 31, 2024 June 30, 2024, we declared and paid a quarterly dividend of $0.05 base dividends totaling $0.11 per share of Class A Common Stock and a quarterly distribution distributions totaling $0.11 per share of $0.05 per Class C Common Stock (each of which has an underlying common unit of OpCo ("Common Units")). Additionally, our Board In addition, during the first half of Directors 2024, we declared and paid a variable dividend and distribution of $0.10 dividends totaling $0.24 per share of Class A Common Stock and distributions totaling $0.24 per share of Class C Common Stock. The cash dividends and distributions paid to common unitholders totaled $115.5 million $270.1 million for the three six months ended March 31, 2024 June 30, 2024.

During the three six months ended March 31, 2024 June 30, 2024, we paid $31.4 million $61.0 million to repurchase 2.0 3.8 million Common Units resulting in an equal number of the underlying shares of Class C Common Stock simultaneously being canceled under our stock repurchase program.

Financing

On April 5, 2024, we redeemed all of OpCo's outstanding 2027 6.875% Senior Notes at a redemption price equal to 100% of the aggregate principal amount outstanding of $356.4 million plus accrued and unpaid interest up to, but excluding, the redemption date.

In connection with the spring borrowing base redetermination on April 25, 2024, in April 2024, we entered into the seventh amendment to the Credit Agreement (the "Seventh Amendment"). The Seventh Amendment, among other things, increased the elected commitments under the Credit Agreement to $2.5 billion from $2.0 billion and reaffirmed the borrowing base at $4.0 billion.

2024 Bolt-on Asset Acquisitions

During the three six months ended March 31, 2024 June 30, 2024, we completed multiple acquisitions of oil and natural gas properties for a cumulative adjusted purchase price of $92 approximately $355 million. The acquired assets consist predominately of undeveloped acreage that is directly offsetting our existing assets. These acquisitions are part of our ongoing bolt-on and grassroots acquisition programs.

Recent Developments

On July 27, 2024, we entered into a purchase and sale agreement with certain affiliates of Occidental Petroleum Corporation to acquire oil and gas properties for total consideration of $817.5 million, subject to customary post-closing purchase price adjustments, (the "Bolt-On Acquisition"). The Bolt-On Acquisition includes approximately 29,500 net leasehold acres and approximately 9,900 net royalty acres that are predominately located directly offsetting our existing assets in Reeves County, Texas, as well as Eddy County, New Mexico. Additionally, the acquired assets in Reeves County include a fully integrated midstream system, consisting of over 100 miles of operated oil and gas gathering systems, approximately 10,000 surface acres, and water infrastructure including saltwater disposal wells, a recycling facility, frac ponds and water wells. The Bolt-On Acquisition is expected to close during the third quarter of 2024, subject to satisfaction of customary closing conditions, and we plan to fund with cash on hand and a portion of the net proceeds from the July 2024 equity offering and senior notes issuance.

On July 30, 2024, we completed an underwritten public offering of 26.5 million shares of its Class A Common Stock resulting in net cash proceeds of $402.8 million after underwriting discounts and commissions.

On August 5, 2024 we issued $1.0 billion of 6.25% senior notes due 2033 (the "2033 Senior Notes") in a 144A private placement at par. We expect to use the net proceeds from the 2033 Senior Notes to (i) fund the Tender Offer and remaining redemption of the 2026 7.75% Senior Notes (defined and discussed *Note 14—Subsequent Events)*; (ii) fund a portion of the purchase price of the Bolt-On Acquisition; and (iii) repay a portion of borrowings outstanding under its credit facility.

Results of Operations

Three Months Ended March 31, 2024 June 30, 2024 Compared to Three Months Ended March 31, 2023 June 30, 2023

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

		Three Months Ended March 31,				Increase/(Decrease)			
		Three Months Ended June 30,				Increase/(Decrease)			
		2024		2024		2023		$	
Net revenues (in thousands):									
Oil sales									
Oil sales									
Oil sales		$ 1,051,642	$	$ 524,386	$	$ 527,256	101	101 %	$
Natural gas sales(1)	Natural gas sales(1)	38,767	32,122	32,122	6,645	6,645	21	21	
NGL sales(2)	NGL sales(2)	152,590	59,760	59,760	92,830	92,830	155	155	
Oil and gas sales	Oil and gas sales	$ 1,242,999	$	$ 616,268	$	$ 626,731	102	102 %	sal
Average sales prices:									
Average sales prices:									
Average sales prices:									
Oil (per Bbl)									
Oil (per Bbl)									
Oil (per Bbl)		$ 76.13	$	$ 74.38	$	$ 1.75	2	2 %	$
Effect of derivative settlements on average price (per Bbl)	Effect of derivative settlements on average price (per Bbl)	(0.12)	3.65	3.65	(3.77)	(3.77)	(103)	(103)	
Oil including the effects of hedging (per Bbl)	Oil including the effects of hedging (per Bbl)	$ 76.01	$	$ 78.03	$	$ (2.02)	(3)	(3) %	Oi
Average NYMEX WTI price for oil (per Bbl)									
Average NYMEX WTI price for oil (per Bbl)									
Average NYMEX WTI price for oil (per Bbl)		$ 76.96	$	$ 76.13	$	$ 0.83	1	1 %	$
Oil differential from NYMEX	Oil differential from NYMEX	(0.83)	(1.75)	(1.75)	0.92	0.92	53	53	
Natural gas price excluding the effects of GP&T (per Mcf)(1)									
Natural gas price excluding the effects of GP&T (per Mcf)(1)									
Natural gas price excluding the effects of GP&T (per Mcf)(1)		$ 1.24	$	$ 1.81	$	$ (0.57)	(31)	(31) %	$

Effect of derivative settlements on average price (per Mcf) Effect of derivative settlements on average price (per Mcf)	0.17	0.58	0.58	(0.41)	(0.41)	(71)	(71)	
Natural gas including the effects of hedging (per Mcf) Natural gas including the effects of hedging (per Mcf)	$ 1.41	$	$ 2.39	$	$ (0.98)	(41)	(41) %	Na
Average NYMEX Henry Hub price for natural gas (per MMBtu) Average NYMEX Henry Hub price for natural gas (per MMBtu) Average NYMEX Henry Hub price for natural gas (per MMBtu)	$ 2.41	$	$ 2.67	$	$ (0.26)	(10)	(10) %	$
Natural gas differential from NYMEX Natural gas differential from NYMEX	(1.17)	(0.86)	(0.86)	(0.31)	(0.31)	(36)	(36)	
NGL price excluding the effects of GP&T (per Bbl)(2) NGL price excluding the effects of GP&T (per Bbl)(2) NGL price excluding the effects of GP&T (per Bbl)(2)	$ 26.47	$	$ 27.12	$	$ (0.65)	(2)	(2) %	$
Net production: **Net production:** **Net production:**								
Oil (MBbls) Oil (MBbls) Oil (MBbls)	13,813	7,050	7,050	6,763	6,763	96	96	
Natural gas (MMcf) Natural gas (MMcf)	51,802	23,974	23,974	27,828	27,828	116	116	
NGL (MBbls) NGL (MBbls)	6,629	2,798	2,798	3,831	3,831	137	137	
Total (MBoe)(3) Total (MBoe)(3)	29,076	13,844	13,844	15,232	15,232	110	110	
Average daily net production: **Average daily net production:** **Average daily net production:**								
Oil (Bbls/d) Oil (Bbls/d) Oil (Bbls/d)	151,794	78,332	78,332	73,462	73,462	94	94	
Natural gas (Mcf/d) Natural gas (Mcf/d)	569,249	266,374	266,374	302,875	302,875	114	114	
NGL (Bbls/d) NGL (Bbls/d)	72,846	31,094	31,094	41,752	41,752	134	134	
Total (Boe/d)(3) Total (Boe/d)(3)	319,514	153,822	153,822	165,692	165,692	108	108	

(1) Natural gas sales for the three months ended March 31, 2024 June 30, 2024 include $25.3 million $23.6 million of gathering, processing and transportation costs ("GP&T") that are reflected as a reduction to natural gas sales and $11.3 million $7.4 million for the three months ended March 31, 2023 June 30, 2023. Natural gas average sales price, however, excludes $0.49 $0.43 per Mcf of such GP&T charges for the three months ended March 31, 2024 June 30, 2024 and $0.47 $0.30 per Mcf for the three months ended March 31, 2023 June 30, 2023.

(2) NGL sales for the three months ended March 31, 2024 June 30, 2024 include $22.9 million $18.8 million of GP&T that are reflected as a reduction to NGL sales and $16.1 million $16.5 million for the three months ended March 31, 2023 June 30, 2023. NGL average sales price, however, excludes $3.45 $2.44 per Bbl of such GP&T charges for the three months ended March 31, 2024 June 30, 2024 and $5.77 $5.09 per Bbl for the three months ended March 31, 2023 June 30, 2023.

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

Oil, Natural Gas and NGL Sales Revenues. Total net revenues for the three months ended March 31, 2024 June 30, 2024 were $626.7 million $622.7 million (or 102% 100%) higher than total net revenues for the three months ended March 31, 2023 June 30, 2023. Revenues are a function of oil, natural gas and NGL volumes sold and average commodity prices realized.

Net production volumes for oil, natural gas and NGLs increased 96% 81%, 116% 120% and 137% 139%, respectively, between periods. The increase in oil production resulted from placing 212 wells online since the first quarter of 2023. Oil additional production also benefited added from wells acquired in the Earthstone Merger. Merger and from placing additional wells online since the second quarter of 2023. These oil volume increases were partially offset by normal production decline declines across our existing wells. Natural gas and NGLs are produced concurrently with our crude oil volumes, which typically result in a high correlation between fluctuations in oil quantities sold and natural gas and NGL quantities sold driving the 116% 120% and 137% 139% respective increases in gas and NGL volumes between periods. The higher increase in gas and NGL volumes between periods as compared to the 96% 81% increase in oil volumes was due to the producing wells acquired in the Earthstone Merger, which have a higher gas-to-oil ratio than our existing production base, and this has resulted in more volumes of gas and NGLs being added to our total production stream since the closing of the Earthstone Merger on November 1, 2023.

Total net revenues increases were also driven by a higher average realized sales price prices of oil and NGLs, which increased 2% 12% and 9%, respectively, in the first second quarter of 2024 compared to the same 2023 period. The 2% 12% increase in the average realized oil price was mainly the result of higher NYMEX crude prices as well as improved oil differentials between periods. The 9% increase in average realized NGL prices between periods was primarily attributable to higher Mont Belvieu spot prices for plant products in the second quarter of 2024 as compared to the second quarter of 2023.

These increases were partially offset by decreases in the average realized sales prices for natural gas and NGLs, which decreased 31% and 2%, respectively, 99% in the first second quarter of 2024 compared to the same 2023 period. The average realized sales price of natural gas decreased 31% This decrease was mainly due to larger wider gas differentials in realized on our gas sales, which are primarily sold at Waha where the first market price averaged negative $0.59 per MMBtu during the second quarter of 2024 compared due to location specific market constraints as discussed under the same 2023 period as well as 10% lower average NYMEX gas prices between periods. The 2% decrease in average realized NGL prices between periods was primarily attributable to slightly lower Mont Belvieu spot prices for plant products in the first quarter of 2024 as compared to the first quarter of 2023. "Market Conditions" section above.

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

			Three Months Ended March 31,			Increase/(Decrease)								
			Three Months Ended June 30,			Increase/(Decrease)								
	2024		2024		2023	Change		%				2024		
Operating costs (in thousands):														
Lease operating expenses														
Lease operating expenses														
Lease operating expenses	$168,671	$		$74,532	$	$94,139	126	126 %	$ 159,671		$	$	82,991	$
Severance and ad valorem taxes	Severance and ad valorem taxes	96,166	48,509	48,509	47,657	47,657	98	98	%	Severance and ad valorem taxes	93,070	48,927		48,927
Gathering, processing and transportation expenses	Gathering, processing and transportation expenses	39,055	15,482	15,482	23,573	23,573	152	152	%	Gathering, processing and transportation expenses	43,745	21,753		21,753
Operating cost metrics:														
Lease operating expenses (per Boe)														
Lease operating expenses (per Boe)														
Lease operating expenses (per Boe)	$ 5.80	$		$ 5.38	$	$ 0.42	8	8 %	$ 5.18		$	$	5.50	$

Severance and ad valorem taxes (% of revenue)	Severance and ad valorem taxes (% of revenue)	7.7 %	7.9 %	(0.2) %	(3) %	Severance and ad valorem taxes (% of revenue)	7.5 %		7.8 %	
Gathering, processing and transportation expenses (per Boe)	Gathering, processing and transportation expenses (per Boe)	$ 1.34 $	$ 1.12 $	$ 0.22	20	20 % Gathering, processing and transportation expenses (per Boe)	$ 1.42	$	$ 1.44	$

Lease Operating Expenses. Lease operating expenses ("LOE") for the three months ended March 31, 2024 June 30, 2024 increased $94.1 million $76.7 million compared to the three months ended March 31, 2023 June 30, 2023. Higher LOE for the first second quarter of 2024 was primarily related to our significantly higher well count between periods due to (i) 1,190 gross operated horizontal wells acquired in the Earthstone Merger on November 1, 2023, ; and (ii) 212 additional wells placed on production since March 31, 2023 June 30, 2023.

LOE per Boe was $5.80 $5.18 for the first second quarter of 2024, which represents an increase a decrease of $0.42 $0.32 per Boe (or 8% 6%) from the first second quarter of 2023. This increase decrease was primarily driven by (i) higher costs associated with wellhead equipment rental rates and (ii) higher water disposal rates between periods, resulting from the sale of our operated saltwater disposal wells and associated produced water infrastructure in March 2023 (see *Note 2—Acquisitions and Divestitures* for additional information on this divestiture). This increase was partially offset by lower semi-variable well costs, such as wellhead chemicals and electricity electrical expense, that resulted from operational efficiencies.

Severance and Ad Valorem Taxes. Severance and ad valorem taxes for the three months ended March 31, 2024 June 30, 2024 increased $47.7 million $44.1 million compared to the three months ended March 31, 2023 June 30, 2023. Severance taxes are based on the market value of our oil and gas production at the wellhead, while ad valorem taxes are generally based on the assessed taxable value of proved developed oil and gas properties and vary across the different counties in which we operate. Severance taxes for the first second quarter of 2024 increased $39.9 million $40.0 million compared to the same 2023 period primarily due to higher oil, natural gas and NGL total operating revenues between periods. Ad valorem taxes between periods also increased by $7.7 million $4.1 million, mainly due to higher tax assessment rates on our oil and gas reserve values and additional expense incurred on the proved developed properties acquired in the Earthstone Merger on November 1, 2023. Merger.

Gathering, Processing and Transportation Expenses. Gathering, processing and transportation costs ("GP&T") for the three months ended March 31, 2024 June 30, 2024 increased $23.6 million $22.0 million as compared to the three months ended March 31, 2023 June 30, 2023. This increase in expense was mainly attributable to higher natural gas and NGL volumes sold between periods, which in turn resulted in a higher amount of plant processing fees and gathering costs being incurred. Additionally, GP&T increased on a per Boe basis from $1.12 for the first quarter of 2023 to $1.34 for the first quarter of 2024. The increase in rate was mainly attributable to an increase in low pressure gas gathering expense between periods to transport gas to a third party processing facility in New Mexico.

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

		Three Months Ended March 31,			Three Months Ended June 30,	
(in thousands, except per Boe data)	(in thousands, except per Boe data)	2024	2023	(in thousands, except per Boe data)	2024	2023
Depreciation, depletion and amortization						
Depreciation, depletion and amortization per Boe						

For the three months ended March 31, 2024 June 30, 2024, DD&A expense amounted to $410.2 million $426.4 million, an increase of $222.0 million $210.7 million over the same 2023 period. The primary factor contributing to higher DD&A expense in 2024 was the increase in our overall production volumes between periods, which increased DD&A expense by $207.1 million $224.9 million, while our higher lower DD&A rate of $14.11 $13.83 per BOE increased decreased DD&A expense by $14.9 million $14.2 million between periods.

Our DD&A rate can fluctuate as a result of finding and development costs incurred, acquisitions, impairments, as well as changes in proved developed and proved undeveloped reserves. DD&A per BOE was $14.11 $13.83 for the first second quarter of 2024 as compared to $13.60 $14.29 for the same period 2023. 2023, a 3% decline between periods.

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

		Three Months Ended March 31,			Three Months Ended June 30,	
(in thousands)	(in thousands)	2024	2023	(in thousands)	2024	2023
Cash general and administrative expenses						
Stock-based compensation						
General and administrative expenses						
Cash general and administrative expenses per Boe						
Cash general and administrative expenses per Boe						
Cash general and administrative expenses per Boe						

G&A expenses for the three months ended March 31, 2024 June 30, 2024 were $37.4 million $48.7 million compared to $35.5 million $52.7 million for the three months ended March 31, 2023 June 30, 2023. Higher Lower G&A in the first second quarter of 2024 was the result of an increase of $9.5 million in cash G&A between periods primarily due to (i) higher payroll and employee-related costs associated with our G&A headcount, which increased from 168 as of March 31, 2023 to 254 as of March 31, 2024 stemming from the Earthstone Merger; and (ii) higher professional and legal fees between periods. These increases were partially offset by a $7.6 million $12.6 million decrease in stock-based compensation between periods. This decrease in stock-based compensation was primarily the result of $6.3 million in additional periods related to less expense during the three months ended March 31, 2023 related to associated with accelerated vestings of equity awards primarily for employees terminated in connection with the merger with Colgate Energy Partners III, LLC (the "Colgate Merger") on September 1, 2022. Refer to *Note 6—Stock-Based Compensation* for additional information regarding these awards. award accelerations and modifications. This decrease was partially offset by an increase of $8.6 million in cash G&A between periods primarily due to (i) higher payroll and employee-related costs associated with our higher G&A headcount, which increased from 175 as of June 30, 2023 to 246 as of June 30, 2024 stemming primarily from the Earthstone Merger; and (ii) higher software and professional expenses between periods also related to our higher headcount and corporate growth following the Earthstone Merger. While cash G&A increased between periods, on a per Boe basis, our Cash G&A rate decreased 27% from $1.17 per Boe during the three months ended June 30, 2023 to $0.85 per Boe during the three months ended June 30, 2024 as a result of improved operational execution and the realization of cost synergies related to the Earthstone Merger.

Merger and integration expense. Merger and integration expense incurred for the three months ended March 31, 2024 June 30, 2024 was $11.1 million $6.9 million. These charges incurred during the 2024 period mainly related to the Earthstone Merger that closed on November 1, 2023 and consisted of (i) $8.1 million $5.1 million in severance and related benefits associated with employees that were terminated in connection with the Earthstone Merger; our corporate mergers; and (ii) $3.0 million $1.8 million from software integration, consultancy and other professional fees.

Merger and integration expense incurred during the three months ended March 31, 2023 June 30, 2023 was $13.3 million $4.4 million. These charges were related to the Colgate Merger that closed on September 1, 2022 and consisted of (i) $11.1 million $2.6 million in severance and related benefits associated with employees that were terminated in connection with the Colgate Merger; and (ii) $2.2 million $1.8 million from associated consultancy, legal and accounting fees.

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

		Three Months Ended March 31,			Three Months Ended June 30,	
(in thousands)	(in thousands)	2024	2023	(in thousands)	2024	2023
Geological and geophysical costs						
Stock-based compensation						
Other expenses						
Exploration and other expenses						

Exploration and other expenses were $11.5 million $6.0 million for the three months ended March 31, 2024 June 30, 2024 compared to $4.4 million $5.3 million for the three months ended March 31, 2023 June 30, 2023. Exploration and other expenses mainly consist of topographical studies, geographical and geophysical ("G&G") projects, salaries and expenses of G&G personnel and include other operating costs. The period over period increase was primarily related to (i) an estimated net contingency loss of $6.5 million recorded during the first quarter of $2.5 million in costs incurred in 2024 associated with disputed charges that have been in a nonrecurring legal dispute and stemmed from a severe winter storm impacting the Permian Basin in February 2021 (refer to *Note 12—Commitments and Contingencies* for additional information regarding the contingency loss); settlement; and (ii) higher G&G personnel costs in the second quarter of 2024 associated with increased headcount. headcount due to the Earthstone Merger. This increase was partially offset by a decrease in costs incurred on G&G projects and seismic studies in 2024.

Other Income and Expenses.

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

		Three Months Ended March 31,			Three Months Ended June 30,	
(in thousands)	(in thousands)	2024	2023	(in thousands)	2024	2023
Credit facility						
5.375% Senior Notes due 2026						
7.75% Senior Notes due 2026						
6.875% Senior Notes due 2027						
8.00% Senior Notes due 2027						
3.25% Convertible Senior Notes due 2028						
5.875% Senior Notes due 2029						
9.875% Senior Notes due 2031						
7.00% Senior Notes due 2032						
Amortization of debt issuance costs, discount and premium						
Interest capitalized						
Loss on extinguishment of debt						
Other interest expense						
Total						

Interest expense increased $35.8 million $38.6 million for the three months ended March 31, 2024 June 30, 2024 as compared to the three months ended March 31, 2023 June 30, 2023 primarily due to (i) $23.3 million in additional interest costs on the senior notes we assumed in the Earthstone Merger; and (ii) $17.5 million in interest incurred on our 2032 Senior Notes due 2032 that were issued in September 2023 and December 2023. These increases were partially offset by the redemption of our 2027 6.875% Senior Notes in April 2024 that resulted in $5.9 million less interest expense incurred on our credit facility due period over period (refer to lower weighted average borrowings outstanding during *Note 4—Long-Term Debt* for additional information regarding the 2024 period.

Our weighted average borrowings outstanding under our Credit Agreement were $14.5 million and $455.6 million for the three months ended March 31, 2024 and 2023, respectively. Our Credit Agreement's weighted average effective interest rate increased to 7.5% from 6.7% for the three months ended March 31, 2024 and 2023, respectively, due to higher rates on our variable-rate borrowings between periods. senior note redemption).

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

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

		Three Months Ended March 31,			Three Months Ended June 30,	
(in thousands)	**(in thousands)**	**2024**	**2023**	**(in thousands)**	**2024**	**2023**
Realized cash settlement gains (losses)						
Non-cash mark-to-market derivative gain (loss)						
Total						

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

		Three Months Ended March 31,			Three Months Ended June 30,	
(in thousands)	**(in thousands)**	**2024**	**2023**	**(in thousands)**	**2024**	**2023**
Income before income taxes						
Income tax expense						

Our provisions for income taxes for the three months ended March 31, 2024 June 30, 2024 and 2023 differs from the amounts that would be provided by applying the U.S. federal statutory rate of 21% to pre-tax book income primarily due to (i) the portion of pre-tax net income that is attributable to our non-controlling interest and which is therefore not taxable to the Company; (ii) other permanent differences; and (iii) state income taxes; and (iv) changes during the period in our deferred tax asset valuation allowance, if any. taxes.

For the three months ended March 31, 2024 June 30, 2024, we generated pre-tax net income of $278.6 million $391.2 million and recorded income tax expense of $49.0 million $82.3 million. During the three months ended March 31, 2023 June 30, 2023, we generated pre-tax net income of $254.1 million $175.5 million and recorded income tax expense of $34.3 million $26.5 million. The primary factor decreasing our income tax expense below the U.S. statutory rate for both periods was the portion of pre-tax income that was attributable to our non-controlling interest partners and not taxable to the Company.

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

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

	Six Months Ended June 30,		Increase/(Decrease)	
	2024	**2023**	**$**	**%**
Net revenues (in thousands):				
Oil sales	$ 2,165,985	$ 1,073,612	$ 1,092,373	102 %
Natural gas sales(1)	15,736	55,769	(40,033)	(72)%
NGL sales(2)	307,361	110,285	197,076	179 %
Oil and gas sales	$ 2,489,082	$ 1,239,666	$ 1,249,416	101 %
Average sales prices:				
Oil (per Bbl)	$ 78.12	$ 72.89	$ 5.23	7 %
Effect of derivative settlements on average price (per Bbl)	(0.61)	3.53	(4.14)	(117)%
Oil including the effect of hedging (per Bbl)	$ 77.51	$ 76.42	$ 1.09	1 %

Average NYMEX WTI price for oil (per Bbl)	$ 78.76	$ 74.95	$ 3.81	5 %
Oil differential from NYMEX	(0.64)	(2.06)	1.42	69 %
Natural gas price excluding the effects of GP&T (per Mcf)(1)	$ 0.60	$ 1.52	$ (0.92)	(61)%
Effect of derivative settlements on average price (per Mcf)	0.30	0.55	(0.25)	(45)%
Natural gas including the effects of hedging (per Mcf)	$ 0.90	$ 2.07	$ (1.17)	(57)%
Average NYMEX Henry Hub price for natural gas (per MMBtu)	$ 2.23	$ 2.39	$ (0.16)	(7)%
Natural gas differential from NYMEX	(1.63)	(0.87)	(0.76)	(87)%
NGL price excluding the effects of GP&T (per Bbl)(2)	$ 24.34	$ 23.69	$ 0.65	3 %
Net production:				
Oil (MBbls)	27,725	14,730	12,995	88 %
Natural gas (MMcf)	107,026	49,066	57,960	118 %
NGL (MBbls)	14,340	6,029	8,311	138 %
Total (MBoe)(3)	59,903	28,937	30,966	107 %
Average daily net production:				
Oil (Bbls/d)	152,338	81,379	70,959	87 %
Natural gas (Mcf/d)	588,053	271,080	316,973	117 %
NGLs (Bbls/d)	78,791	33,310	45,481	137 %
Total (Boe/d)(3)	329,138	159,869	169,269	106 %

(1) Natural gas sales for the six months ended June 30, 2024 include $48.9 million of GP&T that are reflected as a reduction to natural gas sales and $18.7 million for the six months ended June 30, 2023. Natural gas average sales price, however, excludes $0.45 per Mcf of such GP&T charges for the six months ended June 30, 2024 and $0.38for the six months ended June 30, 2023.

(2) NGL sales for the six months ended June 30, 2024 include $41.7 million of GP&T that are reflected as a reduction to NGL sales and $32.6 million for the six months ended June 30, 2023. NGL average sales price, however, excludes $2.91 per Bbl of such GP&T charges for the six months ended June 30, 2024 and $5.40for the six months ended June 30, 2023.

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

Oil, Natural Gas and NGL Sales Revenues. Total net revenues for the six months ended June 30, 2024 were $1.2 billion, or 101%, higher than total net revenues for the six months ended June 30, 2023. Revenues are a function of oil, natural gas and NGL volumes sold and average commodity prices realized.

Net production volumes for oil, natural gas, and NGLs increased 88%, 118%, and 138%, respectively, between periods. The increase in oil production resulted from additional production added from wells acquired in the Earthstone Merger and from placing additional wells online since the second quarter of 2023. These oil volume increases were partially offset by normal production declines across our existing wells. Natural gas and NGLs are produced concurrently with our crude oil volumes, which typically result in a high correlation between fluctuations in oil quantities sold and natural gas and NGL quantities sold driving the 118% and 138%, respective increases in gas and NGL volumes between periods. The higher increase in gas and NGL volumes between periods as compared to the 88% increase in oil volumes was due to the producing wells acquired in the Earthstone Merger, which have a higher gas-to-oil ratio than our existing production base, and this has resulted in more volumes of gas and NGLs being added to our total production stream since the closing of the Earthstone Merger on November 1, 2023.

Total net revenues increases were also driven by higher average realized sales prices of oil and NGLs, which increased 7% and 3%, respectively, in the first half of 2024 compared to the same 2023 period. The 7% increase in the average realized oil price was mainly the result of higher NYMEX crude prices as well as improved oil differentials between periods. While the 3% increase in average realized NGL prices between periods was primarily attributable to higher Mont Belvieu spot prices for plant products in the first half of 2024 as compared to the first half of 2023.

These increases were partially offset by decreases in the average realized sales prices for natural gas which decreased 61% in the first half of 2024 compared to the same 2023 period. This decrease was mainly due to wider gas differentials realized on our gas sales, which are primarily sold at Waha where the market price averaged $0.27 per MMBtu during the first half of 2024 compared to $1.34 for the first half of 2023 due to location specific market constraints as discussed under the “Market Conditions” section above.

Operating Expenses. The following table summarizes our operating expenses for the periods indicated:

	Six Months Ended June 30,		Increase/(Decrease)	
	2024	2023	Change	%
Operating costs (in thousands):				

Lease operating expenses	$ 328,342	$ 157,523	$ 170,819	108 %
Severance and ad valorem taxes	189,236	97,436	91,800	94 %
Gathering, processing and transportation expenses	82,800	37,235	45,565	122 %
Operating cost metrics:				
Lease operating expenses (per Boe)	$ 5.48	$ 5.44	$ 0.04	1 %
Severance and ad valorem taxes (% of revenue)	7.6 %	7.9 %	(0.3)%	(4)%
Gathering, processing and transportation expenses (per Boe)	$ 1.38	$ 1.29	$ 0.09	7 %

Lease Operating Expenses. LOE for the six months ended June 30, 2024 increased $170.8 million compared to the six months ended June 30, 2023. Higher LOE for the first half of 2024 was primarily related to our significantly higher well count between periods due to (i) wells acquired in the Earthstone Merger on November 1, 2023; and (ii) additional wells placed on production since June 30, 2023.

LOE per Boe was $5.48 for the six months ended June 30, 2024, which represents an increase of $0.04 per Boe (or 1%) from the six months ended June 30, 2023. This increase was primarily driven by higher water disposal rates between periods, resulting from the sale of our operated saltwater disposal wells and associated produced water infrastructure in March 2023 (see *Note 2—Acquisitions and Divestitures* for additional information on this divestiture), slightly offset by lower semi-variable well costs, such as wellhead chemicals and electrical expense, that resulted from operational efficiencies.

Severance and Ad Valorem Taxes. Severance and ad valorem taxes for the six months ended June 30, 2024 increased $91.8 million compared to the six months ended June 30, 2023. Severance taxes are based on the market value of our production at the wellhead, while ad valorem taxes are generally based on the assessed taxable value of our proved developed oil and gas properties and vary across the different counties in which we operate. Severance taxes for the first half of 2024 increased $79.9 million compared to the same 2023 period primarily due to higher total operating revenues between periods. Ad valorem taxes between periods also increased by $11.9 million, mainly due to additional expense incurred on the proved developed properties acquired in the Earthstone Merger.

Gathering, Processing and Transportation Expenses. GP&T for the six months ended June 30, 2024 increased $45.6 million compared to the six months ended June 30, 2023. This increase in expense was mainly attributable to higher natural gas and NGL volumes sold between periods, which in turn resulted in a higher amount of plant processing fees and gathering costs being incurred. Additionally, GP&T increased on a per Boe basis from $1.29 for the first half of 2023 to $1.38 for the first half of 2024. The increase in rate was mainly attributable to an increase in low pressure gas gathering expense between periods to transport gas to a third party processing facility in New Mexico.

Depreciation, Depletion and Amortization. The following table summarizes our DD&A for the periods indicated:

	Six Months Ended June 30,	
(in thousands, except per Boe data)	**2024**	**2023**
Depreciation, depletion and amortization	$ 836,607	$ 403,945
Depreciation, depletion and amortization per Boe	$ 13.97	$ 13.96

For the six months ended June 30, 2024, DD&A expense amounted to $836.6 million, an increase of $432.7 million over the same 2023 period. The primary factor contributing to higher DD&A expense in 2024 was the increase in our overall production volumes between periods, which increased DD&A expense by $432.3 million during the first half of 2024, while slightly higher DD&A rates between periods increased DD&A expense by $0.4 million for the six months ended June 30, 2024.

General and Administrative Expenses. The following table summarizes our G&A expenses for the periods indicated:

	Six Months Ended June 30,	
(in thousands)	**2024**	**2023**
Cash general and administrative expenses	$ 54,545	$ 36,461
Stock-based compensation expense	31,557	51,749
General and administrative expenses	$ 86,102	$ 88,210
Cash general and administrative expenses per Boe	$ 0.91	$ 1.26

G&A expenses for the six months ended June 30, 2024 were $86.1 million compared to $88.2 million for the six months ended June 30, 2023. Lower G&A for the first six months of 2024 was the result of a $20.2 million decrease in total stock-based compensation expense between periods related to less expense associated with accelerated vestings of equity awards primarily for employees terminated in connection with the Colgate Merger on September 1, 2022. Refer to *Note 6—Stock-Based Compensation* for additional information regarding these award accelerations and modifications. This decrease was partially offset by an increase of $18.1 million in cash G&A between periods primarily due to (i) higher payroll and employee-related costs associated with our G&A headcount, which increased from 175 as of June 30, 2023 to 246 as of June 30, 2024 stemming primarily from the Earthstone Merger; and (ii) higher software and professional expenses between periods also related to our higher headcount and corporate growth following the Earthstone Merger. While cash G&A increased between periods, on a per Boe basis our Cash G&A rate decreased 28% from $1.26 per Boe during the six months ended June 30, 2023 to $0.91 per Boe the six months ended of 2024 as a result of improved operational execution and realization of cost synergies related to the Earthstone Merger.

Merger and integration expense. Merger and integration expense for the six months ended June 30, 2024 was $18.1 million. These charges incurred during the 2024 period mainly related to the Earthstone Merger that closed on November 1, 2023 and consisted of (i) $13.2 million in severance and related benefits associated with employees that were terminated in connection with our corporate mergers; and (ii) $4.9 million from software integration, consultancy and other professional fees.

Merger and integration expense incurred during the six months ended June 30, 2023 was $17.6 million. These charges were related to the Colgate Merger that closed on September 1, 2022 and consisted of (i) $13.7 million in severance and related benefits associated with employees that were terminated in connection with the Colgate Merger; and (ii) $3.9 million from associated consultancy, legal and accounting fees.

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

	Six Months Ended June 30,	
(in thousands)	**2024**	**2023**
Geological and geophysical costs	$ 6,191	$ 6,072
Stock-based compensation	1,050	1,816
Other expenses	10,225	1,749
Exploration and other expenses	$ 17,466	$ 9,637

Exploration and other expenses were $17.5 million for the six months ended June 30, 2024 compared to $9.6 million for the same prior year period. Exploration and other expenses mainly consist of topographical studies, G&G projects, salaries and expenses of G&G personnel and includes other operating costs. The period over period increase was primarily related to (i) an estimated net contingency loss of $6.5 million recorded during 2024 associated with disputed charges that have been in legal dispute and stemmed from a severe winter storm impacting the Permian Basin in February 2021 (refer to *Note 12—Commitments and Contingencies* for additional information regarding the contingency loss); (ii) $2.5 million in costs incurred in 2024 associated with a nonrecurring legal settlement; and (iii) higher G&G personnel costs associated with increased headcount. These increases were partially offset by a decrease in costs incurred on G&G projects and seismic studies in 2024.

Other Income and Expenses.

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

	Six Months Ended June 30,	
(in thousands)	**2024**	**2023**
Credit facility	$ 9,642	$ 16,159
5.375% Senior Notes due 2026	7,778	7,778
7.75% Senior Notes due 2026	11,626	11,626
6.875% Senior Notes due 2027	6,397	12,250
8.00% Senior Notes due 2027	22,000	—
3.25% Convertible Senior Notes due 2028	2,762	2,762
5.875% Senior Notes due 2029	20,562	20,562
9.875% Senior Notes due 2031	24,688	—
7.00% Senior Notes due 2032	35,000	—
Amortization of debt issuance costs, discount and premium	3,000	6,278
Interest capitalized	—	(4,117)
Loss on extinguishment of debt	3,475	—
Other interest expense	1,109	305
Total	$ 148,039	$ 73,603

Interest expense was $74.4 million higher for the six months ended June 30, 2024 compared to the same 2023 period mainly due to (i) $46.7 million in additional interest costs on the senior notes we assumed in the Earthstone Merger; and (ii) $35.0 million in interest incurred on our 2032 Senior Notes that were issued in September 2023 and December 2023. These increases were partially offset by (i) less interest expense incurred on our credit facility primarily due to lower weighted average borrowings outstanding during the 2024 period; and (ii) the redemption of our 2027 6.875% Senior Notes in April 2024 that resulted in $5.9 million less interest incurred period over period (refer to *Note 4—Long-Term Debt* for additional information regarding the senior note redemption).

Our weighted average borrowings outstanding under our Credit Agreement were $158.8 million versus $412.7 million for the first half of 2024 and 2023, respectively. Our Credit Agreement's weighted average effective interest rate was 7.3% and 6.9% for the six months ended June 30, 2024 and 2023, respectively, due to higher rates on our variable-rate borrowings between periods.

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

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

(in thousands)	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Realized cash settlement gains (losses)	$ 14,909	$ 79,014
Non-cash mark-to-market derivative gain (loss)	(121,740)	(3,901)
Total	$ (106,831)	$ 75,113

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

(in thousands)	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Income before income taxes	$ 669,732	$ 429,557
Income tax expense	(131,229)	(60,802)

Our provisions for income taxes for the first half of 2024 and 2023 differs from the amounts that would be provided by applying the U.S. federal statutory rate of 21% to pre-tax book income primarily due to (i) the portion of pre-tax net income that is attributable to our non-controlling interest and which is therefore not taxable to the Company; (ii) other permanent differences; and (iii) state income taxes.

For the six months ended June 30, 2024 we generated pre-tax net income of $669.7 million and recorded income tax expense of $131.2 million. During the six months ended June 30, 2023, we generated pre-tax net income of $429.6 million and recorded income tax expense of $60.8 million. The primary factor decreasing our income tax expense below the U.S. statutory rate for both periods was the portion of pre-tax income that was attributable to our non-controlling interest partners and not taxable to the Company.

Liquidity and Capital Resources

Overview

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

We continually evaluate our capital needs and compare them to our capital resources. Our total cash capital expenditures incurred for development during the three six months ended March 31, 2024 June 30, 2024 were $519.6 million $1.0 billion. We expect our total drilling, completion and facilities cash capital expenditures budget for 2024 to be between $1.9 billion to $2.1 billion. We funded our capital expenditures for the three six months ended March 31, 2024 June 30, 2024 entirely from cash flows from operations, and we expect to fund the remainder of our 2024 capital expenditures budget entirely from cash flows from operations given our anticipated level of oil and gas production, current commodity prices and our commodity hedge positions in place.

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

We plan to return capital to shareholders through a combination of a quarterly base dividends dividend plus a variable return program, including variable dividends, share repurchases or a combination of both. During the three six months ended March 31, 2024 June 30, 2024, we declared and paid a quarterly cash dividend of $0.05 base dividends totaling $0.11 per share of Class A Common Stock and a quarterly cash distribution distributions totaling $0.11 per share of $0.05 per Class C Common Stock (each of which has an underlying Common Unit of OpCo. OpCo). In addition, during the quarter, our Board first half of Directors also 2024, we declared and paid variable cash dividends of $0.10 totaling $0.24 per share of Class A Common Stock and variable cash distributions totaling $0.24 per share of $0.10 per Class C Common Unit of OpCo. Stock. The cash dividends and distributions paid to common unitholders totaled $115.5 million $270.1 million for the three six months ended March 31, 2024 June 30, 2024. Additionally, we repurchased 2.0 3.8 million shares of Class C Common Stock for $31.4 million $61.0 million under our stock repurchase program during the three six months ended March 31, 2024 June 30, 2024.

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

Although we cannot provide any assurance that cash flows from operations or other sources of needed capital will be available to us at acceptable terms, or at all, and noting that our ability to access the public or private debt or equity capital markets at economic terms in the future will be affected by general economic conditions, the domestic and global oil and financial markets, our operational and financial performance, the value and performance of our debt or equity securities, prevailing commodity prices and other macroeconomic factors outside of our control, we believe that based on our current expectations and projections, we will have sufficient capital available to fund our capital expenditure requirements through the 12-month period following the filing of this Quarterly Report and the long-term.

Analysis of Cash Flow Changes

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

	Three Months Ended March 31,	Six Months Ended June 30,

(in thousands)	(in thousands)	2024	2023	(in thousands)	2024	2023
Net cash provided by operating activities						
Net cash used in investing activities						
Net cash provided by (used in) financing activities						
Net cash used in financing activities						

For the three six months ended March 31, 2024 June 30, 2024, we generated $647.6 million $1.6 billion of cash from operating activities, an increase of $209.4 million $699.3 million from the same period in 2023. Cash provided by operating activities increased primarily due to higher production volumes and higher realized price of oil and NGLs for the three six months ended March 31, 2024 June 30, 2024 as compared to the same 2023 period. These increasing factors were partially offset by higher lease operating expenses, severance and ad valorem taxes, GP&T, cash G&A,

G&A, interest expense and lower realized prices for gas and NGLs as well as the timing of both our supplier payments and collections on our receivables during the three six months ended March 31, 2024 June 30, 2024 as compared to the same 2023 period. Refer to "Results of Operations" for more information on the impact of volumes and prices on revenues and on fluctuations in our operating costs between periods.

During the three six months ended March 31, 2024 June 30, 2024, cash flows from operating activities, cash on hand and net borrowings under our revolving credit facility were used to: to (i) fund $519.6 million $1.0 billion of drilling and development cash capital expenditures; (ii) redeem $356.4 million of our 2027 6.875% Senior Notes; (iii) pay $115.5 million $270.1 million in dividends and cash distributions to our shareholders and holders of our Common Units; (iv) fund acquisitions of oil and gas properties of $97.0 million $262.3 million; and (v) repurchase $31.5 million of shares $61.0 million of our common stock.

During the three six months ended March 31, 2023 June 30, 2023, cash flows from operating activities, cash on hand and sales proceeds together with contingent consideration of $65.1 million $124.0 million from sales of oil and natural gas properties were used to: to (i) fund $315.3 million $686.6 million of drilling and development cash capital expenditures; (ii) repay net borrowings of $100 million $85 million under our Credit Agreement; (iii) fund acquisitions of oil and gas properties of $100.8 million $107.8 million; repurchase $29.4 million of shares of our common stock; and (iv) pay $28.5 million $85.5 million in dividends and cash distributions to our shareholders and holders of our Common Units. Units; (v) repurchase $29.4 million our common stock; and (vi) purchase an office building in Midland, Texas for $27.5 million.

Credit Agreement

OpCo, our consolidated subsidiary, has a five-year secured revolving Credit Agreement with a syndicate of banks maturing in February 2027 that, as of March 31, 2024 June 30, 2024, had a borrowing base of $4.0 billion and elected commitments of $2.0 billion $2.5 billion. As of March 31, 2024 June 30, 2024, we had $60.0 million $375.0 million in borrowings outstanding and $1.9 billion $2.1 billion in available borrowing capacity, which was net of $5.6 million in letters of credit outstanding.

In connection with the 2024 spring borrowing base redetermination, we entered into the Seventh Amendment to the Credit Agreement, which, among other things, increased the elected commitments under the Credit Agreement to $2.5 billion from $2.0 billion and reaffirmed the borrowing base at $4.0 billion.

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

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

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

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

The Credit Agreement includes fall away covenants, lower interest rates and reduced collateral requirements that OpCo may elect if OpCo is assigned an Investment Grade Rating (as defined within the Credit Agreement). OpCo was in compliance with the covenants and the applicable financial ratios described above as of March 31, 2024 June 30, 2024 and through the filing of this Quarterly Report. For further information on the Credit Agreement, refer to *Note 4—Long-Term Debt* under Part I, Item I of this Quarterly Report.

Convertible Senior Notes

On March 19, 2021, OpCo issued $150.0 million of 3.25% senior unsecured convertible notes due 2028 (the "Convertible Senior Notes"). On March 26, 2021, OpCo issued an additional $20.0 million of Convertible Senior Notes pursuant to the exercise of the underwriters' over-allotment option to purchase additional notes. These issuances resulted in aggregate net proceeds to OpCo of $163.6 million, which were used to repay borrowings outstanding under the Credit Agreement and to fund the cost of entering into capped call spread transactions of $14.7 million. Subsequently in April 2021, we redeemed at par all of our 8% second lien senior secured notes, which was the intended use of proceeds from the Convertible Senior Notes offering.

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

The Convertible Senior Notes bear interest at an annual rate of 3.25% and are due on April 1, 2028 unless earlier repurchased, redeemed or converted. The Convertible Senior Notes may become convertible prior to April 1, 2028, upon the occurrence of certain events or conditions being met as disclosed in *Note 4—Long-Term Debt* under Part I, Item I of this

Quarterly Report. As of March 31, 2024 June 30, 2024, certain conditions have been met, and as a result, noteholders have the right to convert their Convertible Senior Notes. OpCo can settle the Convertible Senior Notes by paying or delivering cash, shares of the Class A

Common Stock, or a combination of cash and Class A Common Stock, at OpCo's election.

In connection with the Convertible Senior Notes issuance, OpCo entered into privately negotiated capped call spread transactions (the "Capped Call Transactions"), that are expected to reduce potential dilution to our Class A Common Stock upon a conversion and/or offset any cash payments OpCo is required to make in excess of the principal amount of the Convertible Senior Notes, subject to a cap. The Capped Call Transactions have an initial strike price of $6.28 per share of Class A Common Stock and an initial capped price of $8.4525 per share of Class A Common Stock (each subject to certain customary adjustments).

Senior Notes

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

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

On September 1, 2022, in connection with the Colgate Merger, OpCo entered into supplemental indentures whereby all of Colgate's outstanding senior notes were assumed at the Colgate Merger closing date and became the senior unsecured debt obligations of OpCo. The senior notes assumed by OpCo included $300 million of 7.75% senior notes due 2026 (the "2026 7.75% Senior Notes") and $700 million of 5.875% senior notes due 2029 (the "2029 Senior Notes"). We recorded the acquired senior notes at their fair value as of the Colgate Merger closing, which were equal to 100% of par for the 2026 7.75% Senior Notes and 93.68% of par (a $49.3 million debt discount) for the 2029 Senior Notes. Refer to *Note 14—Subsequent Events* for additional information regarding the Tender Offer and redemption of the 2026 7.75% Senior Notes subsequent to the period ended June 30, 2024.

On November 30, 2017, OpCo issued $400.0 million of 5.375% senior notes due 2026 (the "2026 5.375% Senior Notes") and on March 15, 2019, OpCo issued $500.0 million of 6.875% senior notes due 2027 (the "2027 6.875% Senior Notes" and, together with the 2027 8.00% Senior Notes, 2031 Senior Notes, 2032 Senior Notes, 2026 5.375% Senior Notes, 2029 Senior Notes and the 2026 7.75% Senior Notes, the "Senior Unsecured Notes") in 144A private placements. In May 2020, $110.6 million aggregate principal amount of the 2026 5.375% Senior Notes and $143.7 million aggregate principal amount of the 2027 6.875% Senior Notes were validly tendered and exchanged by certain eligible bondholders for consideration consisting of $127.1 million aggregate principal amount of 8.00% second lien senior secured notes, which were fully redeemed at par in connection with the Convertible Senior Notes issuance during the second quarter of 2021. On April 5, 2024, we redeemed all of OpCo's remaining outstanding 2027 6.875% Senior Notes at a redemption price equal to 100% of the aggregate principal amount outstanding of $356.4 million.

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

The indentures governing the Senior Unsecured Notes contain covenants that, among other things and subject to certain exceptions and qualifications, limit OpCo's ability and the ability of OpCo's restricted subsidiaries to: (i) incur or guarantee additional indebtedness or issue certain types of preferred stock; (ii) pay dividends on capital stock or redeem, repurchase or retire capital stock or subordinated indebtedness; (iii) transfer or sell assets; (iv) make investments; (v) create certain liens; (vi) enter into agreements that restrict dividends or other payments from their subsidiaries to them; (vii) consolidate, merge or transfer all or substantially all of their assets; (viii) engage in transactions with affiliates; and (ix) create unrestricted subsidiaries. OpCo was in compliance with these covenants as of March 31, 2024 June 30, 2024 and through the filing of this Quarterly Report.

For further information on our Convertible Senior Notes and Senior Unsecured Notes, refer to *Note 4—Long-Term Debt* under Part I, Item I of this Quarterly Report.

Contractual Obligations

Our contractual obligations include operating and transportation agreements, drilling rig contracts, office and equipment leases, asset retirement obligations, long-term debt obligations and cash interest expense on long-term debt obligations, which we routinely enter into, modify or extend. Since December 31, 2023, there have not been any significant, non-routine changes in our contractual obligations other than drilling rig contracts entered into as discussed in *Note 1—Basis of Presentation and Summary of Significant Accounting Policies* under Part I, Item I of this Quarterly Report.

Critical Accounting Policies and Estimates

There have been no material changes to the critical accounting policies as disclosed in Part II, Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates* in our 2023 Annual Report.

New Accounting Pronouncements

There were no significant new accounting standards adopted or new accounting pronouncements that would have potential effects on us or our financial statements as of March 31, 2024 June 30, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Commodity Price Risk

Our primary market risk exposure is in the pricing that we receive for our oil, natural gas and NGL production. Pricing for oil, natural gas and NGLs has been volatile and unpredictable for several years, and we expect this volatility to continue for the foreseeable future. Based on our production for the first three months half of 2024, our oil and gas sales for the three six months ended March 31, 2024 June 30, 2024 would have moved up or down $105.2 million $216.6 million for each 10% change in oil prices per Bbl, $3.9 million $1.6 million for each 10% change in natural gas prices per Mcf, and $15.3 million $30.7 million for each 10% change in NGL prices per Bbl.

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

The table below summarizes the terms of the derivative contracts we had in place as of March 31, 2024 June 30, 2024 and additional contracts entered into through April 30, 2024 July 31, 2024. Refer to *Note 7—Derivative Instruments* in Part I, Item 1 of this Quarterly Report for open derivative positions as of March 31, 2024 June 30, 2024.

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Crude Price ($/Bbl)(1)
Crude oil swaps	April 2024 - June 2024	3,612,500	39,698	$77.27
	July 2024 - September 2024	3,634,000	39,500	76.08
	October 2024 - December 2024	3,634,000	39,500	74.94
	January 2025 - March 2025	2,250,000	25,000	74.30
	April 2025 - June 2025	2,275,000	25,000	73.05
	July 2025 - September 2025	2,300,000	25,000	71.88
	October 2025 - December 2025	2,300,000	25,000	70.88
	January 2026 - March 2026	405,000	4,500	71.74
	April 2026 - June 2026	409,500	4,500	70.75
	July 2026 - September 2026	414,000	4,500	69.80
	October 2026 - December 2026	414,000	4,500	69.00

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

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

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Crude Price ($/Bbl)(1)
Crude oil swaps	July 2024 - September 2024	3,725,500	40,495	$76.18
	October 2024 - December 2024	3,772,000	41,000	75.08
	January 2025 - March 2025	3,870,000	43,000	75.15
	April 2025 - June 2025	3,913,000	43,000	73.85
	July 2025 - September 2025	3,956,000	43,000	72.65
	October 2025 - December 2025	3,956,000	43,000	71.62
	January 2026 - March 2026	1,575,000	17,500	71.49

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Price ($/Bbl)
	April 2026 - June 2026	1,592,500	17,500	70.61
	July 2026 - September 2026	1,610,000	17,500	69.77
	October 2026 - December 2026	1,610,000	17,500	69.08

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

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

Period		Period	Volume (Bbls)	Volume (Bbls/d)		Wtd. Avg. Differential ($/Bbl)(4)			Period	Volume (Bbls)	Vo (B	
Crude oil basis differential swaps	Crude oil basis differential swaps	April 2024 - June 2024	3,841,018	42,209	42,209	$0.97	$0.97	Crude oil basis differential swaps	July 2024 - September 2024	4,048,000	44,000	44,000
		July 2024 - September 2024	4,048,000	44,000		0.98						
October 2024 - December 2024		October 2024 - December 2024	4,048,000	44,000	44,000	0.98	0.98		October 2024 - December 2024	4,048,000	44,000	
January 2025 - March 2025		January 2025 - March 2025	2,250,000	25,000	25,000	1.10	1.10		January 2025 - March 2025	2,250,000	25,000	
April 2025 - June 2025		April 2025 - June 2025	2,275,000	25,000	25,000	1.10	1.10		April 2025 - June 2025	2,275,000	25,000	
July 2025 - September 2025		July 2025 - September 2025	2,300,000	25,000	25,000	1.10	1.10		July 2025 - September 2025	2,300,000	25,000	
October 2025 - December 2025		October 2025 - December 2025	2,300,000	25,000	25,000	1.10	1.10		October 2025 - December 2025	2,300,000	25,000	
January 2026 - March 2026		January 2026 - March 2026	405,000	4,500	4,500	1.12	1.12		January 2026 - March 2026	405,000	4,500	
April 2026 - June 2026		April 2026 - June 2026	409,500	4,500	4,500	1.12	1.12		April 2026 - June 2026	409,500	4,500	
July 2026 - September 2026		July 2026 - September 2026	414,000	4,500	4,500	1.12	1.12		July 2026 - September 2026	414,000	4,500	

	Period		Period			Volume (Bbls)			Volume (Bbls/d)		Wtd. Avg. Differential ($/Bbl)(5)		Period			Volume (Bbls)			Vo (Bl
	October 2026 - December 2026		October 2026 - December 2026			414,000	4,500		4,500	1.12		1.12		October 2026 - December 2026			414,000	4,500	
Crude oil roll differential swaps	Crude oil roll differential swaps	April 2024 - June 2024		3,842,018		42,220	42,220		$0.51	$0.51	Crude oil roll differential swaps	July 2024 - September 2024			4,093,000	44,489		44,489	
			July 2024 - September 2024		4,048,000			44,000		0.53									
	October 2024 - December 2024		October 2024 - December 2024			4,048,000	44,000		44,000	0.53		0.53		October 2024 - December 2024			4,186,000	45,500	
	January 2025 - March 2025		January 2025 - March 2025			2,250,000	25,000		25,000	0.43		0.43		January 2025 - March 2025			3,870,000	43,000	
	April 2025 - June 2025		April 2025 - June 2025			2,275,000	25,000		25,000	0.43		0.43		April 2025 - June 2025			3,913,000	43,000	
	July 2025 - September 2025		July 2025 - September 2025			2,300,000	25,000		25,000	0.43		0.43		July 2025 - September 2025			3,956,000	43,000	
	October 2025 - December 2025		October 2025 - December 2025			2,300,000	25,000		25,000	0.43		0.43		October 2025 - December 2025			3,956,000	43,000	
	January 2026 - March 2026		January 2026 - March 2026			405,000	4,500		4,500	0.37		0.37		January 2026 - March 2026			1,575,000	17,500	
	April 2026 - June 2026		April 2026 - June 2026			409,500	4,500		4,500	0.37		0.37		April 2026 - June 2026			1,592,500	17,500	
	July 2026 - September 2026		July 2026 - September 2026			414,000	4,500		4,500	0.37		0.37		July 2026 - September 2026			1,610,000	17,500	
	October 2026 - December 2026		October 2026 - December 2026			414,000	4,500		4,500	0.37		0.37		October 2026 - December 2026			1,610,000	17,500	

(1) These crude oil swap transactions are settled based on the NYMEX WTI index price on each trading day within the specified monthly settlement period versus the contractual swap price for the volumes stipulated.

(2) These crude oil collars are settled based on the NYMEX WTI index price on each trading day within the specified monthly settlement period versus the contractual floor and ceiling prices for the volumes stipulated.

(3) These crude oil deferred premium puts are settled based on the NYMEX WTI index price on each trading day within the specified monthly settlement period versus the contractual put prices for the volumes stipulated.

(4) These crude oil basis swap transactions are settled based on the difference between the arithmetic average of ARGUS MIDLAND WTI and ARGUS WTI CUSHING indices, during each applicable monthly settlement period.

(5) These crude oil roll swap transactions are settled based on the difference between the arithmetic average of NYMEX WTI calendar month prices and the physical crude oil delivery month price.

		Period	Volume (MMBtu)		Volume (MMBtu/d)		Wtd. Avg. Gas Price ($/MMBtu)(1)		Period	Volume (MMBtu)		Volume (MMBtu/d)
Natural gas swaps	Natural gas swaps	April 2024 - June 2024	5,906,321	64,905	64,905	$3.29	$3.29	Natural gas swaps	July 2024 - September 2024	5,949,388	64,667	64,667
		July 2024 - September 2024	5,949,388		64,667		3.43					
October 2024 - December 2024	October 2024 - December 2024		5,933,899	64,499	64,499	3.86	3.86		October 2024 - December 2024	5,933,899		6
January 2025 - March 2025	January 2025 - March 2025		3,600,000	40,000	40,000	4.32	4.32		January 2025 - March 2025	3,600,000		4
April 2025 - June 2025	April 2025 - June 2025		3,640,000	40,000	40,000	3.65	3.65		April 2025 - June 2025	3,640,000		4
July 2025 - September 2025	July 2025 - September 2025		3,680,000	40,000	40,000	3.83	3.83		July 2025 - September 2025	3,680,000		4
October 2025 - December 2025	October 2025 - December 2025		3,680,000	40,000	40,000	4.20	4.20		October 2025 - December 2025	3,680,000		4
		January 2026 - March 2026	990,000		11,000		4.18					
		April 2026 - June 2026	1,001,000		11,000		3.48					
		July 2026 - September 2026	1,012,000		11,000		3.80					
		October 2026 - December 2026	1,012,000		11,000		4.21					

	Period	Period	Volume (MMBtu)		Volume (MMBtu/d)		Wtd. Avg. Differential ($/MMBtu)(2)		Period	Volume (MMBtu)	
Natural gas basis differential swaps	Natural gas basis differential swaps	April 2024 - June 2024	10,920,000	120,000	120,000	$(0.99)	$(0.99)	Natural gas basis differential swaps	July 2024 - September 2024	11,040,000	120,000
		July 2024 - September 2024	11,040,000		120,000		(0.99)				
	October 2024 - December 2024	October 2024 - December 2024	11,040,000	120,000	120,000	(0.98)	(0.98)		October 2024 - December 2024	11,040,(	

January 2025 - March 2025	January 2025 - March 2025	3,600,000	40,000	40,000	(0.74)	(0.74)	January 2025 - March 2025	3,600,0
April 2025 - June 2025	April 2025 - June 2025	3,640,000	40,000	40,000	(0.74)	(0.74)	April 2025 - June 2025	3,640,0
July 2025 - September 2025	July 2025 - September 2025	3,680,000	40,000	40,000	(0.74)	(0.74)	July 2025 - September 2025	3,680,0
October 2025 - December 2025	October 2025 - December 2025	3,680,000	40,000	40,000	(0.74)	(0.74)	October 2025 - December 2025	3,680,0

January 2026 - March 2026	990,000	11,000	(0.61)
April 2026 - June 2026	1,001,000	11,000	(1.67)
July 2026 - September 2026	1,012,000	11,000	(1.17)
October 2026 - December 2026	1,012,000	11,000	(1.02)

		Period	Period	Volume (MMBtu)	Volume (MMBtu/d)			Wtd. Avg. Collar Price Ranges ($/MMBtu)(3)		Period	Volume (MMBtu)		Volume (MMBtu/d)	
Natural gas collars	Natural gas collars	April 2024 - June 2024		5,013,679	55,095	55,095	$2.68	$2.68 - $5.04	Natural gas collars	July 2024 - September 2024	5,090,612	55,333	55,333	$2.68
			July 2024 - September 2024	5,090,612	55,333			2.68 - 5.06						
		October 2024 - December 2024	October 2024 - December 2024	5,106,101	55,501	2.75	2.75	- 5.29		October 2024 - December 2024	5,106,101		55,50	

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

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

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

Changes in the fair value of derivative contracts from December 31, 2023 to March 31, 2024 June 30, 2024, are presented below:

(in thousands)		Commodity Derivative Asset (Liability)
Net fair value of oil and gas derivative contracts outstanding as of December 31, 2023	$	93,573
Commodity hedge contract settlement payments, net of any receipts		(7,345) (14,909)
Cash and non-cash mark-to-market gains (losses) on commodity hedge contracts(1)		(121,129) (106,831)
Net fair value of oil and gas derivative contracts outstanding as of March 31, 2024 June 30, 2024	$	(34,901) (28,167)

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

A hypothetical upward or downward shift of 10% per Bbl in the NYMEX forward curve for crude oil as of March 31, 2024 June 30, 2024 would cause a $146.8 million $143.1 million increase or $146.5 million $142.8 million decrease, respectively, in this fair value position, and a hypothetical upward or downward shift of 10% per MMBtu in the NYMEX forward curve for natural gas as of March 31, 2024 June 30, 2024 would cause a $6.5 million $5.9 million increase or $6.8 million $6.1 million decrease, respectively, in this same fair value position.

Interest Rate Risk

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

As of March 31, 2024 June 30, 2024, we had $60.0 million $375.0 million of borrowings outstanding under our revolving credit facility, with a weighted average interest rate of 9.3% 7.2%. Assuming no change in the amount outstanding, the impact on interest expense of a 1.0% increase or decrease in the weighted average interest rate would be approximately $0.6 million $3.8 million per year. We do not currently have or intend to enter into any derivative hedge contracts to protect against fluctuations in interest rates applicable to our outstanding indebtedness.

The remaining long-term debt balance of $3.8 billion $3.5 billion consists of our senior notes, which have fixed interest rates; therefore, this balance is not affected by interest rate movements. For additional information regarding our debt instruments, see *Note 4—Long-Term Debt*, in Part I, Item 1 of this Quarterly Report.

Item 4. Controls and Procedures

Evaluation of Disclosure Control and Procedures

In accordance with Rules 13a-15 and 15d-15 under the Exchange Act, we have evaluated, under the supervision and with the participation of management, including our principal executive officers and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2024 June 30, 2024. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officers and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, our principal executive officers and principal financial officer concluded that our disclosure controls and procedures were effective as of March 31, 2024 June 30, 2024 at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in the system of internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) during the three six months ended March 31, 2024 June 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Refer to *Note 12—Commitments and Contingencies* under Part I, Item 1 of this Quarterly Report for more information regarding our legal proceedings.

Environmental. Due to the nature of the oil and gas industry, we are exposed to environmental risks. We have various policies and procedures to minimize and mitigate the risks from environmental contamination and we conduct periodic reviews to identify changes in our environmental risk profile. Liabilities are recorded when environmental damages resulting from events are probable and the costs can be reasonably estimated. We are not aware of any material environmental claims existing as of March 31, 2024 June 30, 2024 which have not been provided for or would otherwise have a material impact on our financial statements; however, there can be no assurance that current regulatory requirements will not change or that unknown potential past non-compliance with environmental laws or other environmental liabilities will not be discovered on our properties.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risk factors and other cautionary statements described under the heading “Item “*Item 1A. Risk Factors” Factors*” included in our 2023 Annual Report and the risk factors and other cautionary statements contained in our other SEC filings. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results. There have been no material changes in our risk factors from those described in our 2023 Annual Report or our SEC filings.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Share repurchase activity during the three months ended March 31, 2024 June 30, 2024 was as follows:

Period	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs(1)	Approximate Dollar Amount of Shares that May Yet Be Purchased under Plans or Programs (in thousands)(1)
January 1 - 31, 2024	—	$ —	—	$ 375,617
February 1 - 29, 2024	—	$ —	—	$ 375,617
March 1 - 31, 2024	2,000,000	$ 15.71	2,000,000	$ 344,197

Period	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs(1)	Approximate Dollar Amount of Shares that May Yet Be Purchased under Plans or Programs (in thousands)(1)
April 1 - 30, 2024	—	$ —	—	$ 344,197
May 1 - 31, 2024	1,800,000	$ 16.42	1,800,000	$ 314,641
June 1 - 30, 2024	—	$ —	—	$ 314,641

(1) The Company’s Board of Directors authorized a stock repurchase program to acquire up to $500 million of the Company’s outstanding Common Stock (the “Repurchase Program”), which was approved to run through December 31, 2024. The Repurchase Program can be used to reduce shares of our Common Stock outstanding. During the first second quarter of 2024, the Company repurchased 2,000,000 1,800,000 shares of Class C Common Stock at a weighted average price of $15.71 $16.42 per common share for a total cost of $31.4 million $29.6 million. The shares that were repurchased were subsequently canceled by the Company.

Item 5. Other Information

Trading Plans

During the quarter ended March 31, 2024 June 30, 2024, no directors or officers, as defined in Rule 16a-1(f), adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” each as defined in Regulation S-K Item 408.

Award Agreements

Each of our Co-Chief Executive Officers received performance-based restricted stock unit awards in September 2022 (the “2022 PSUs”) which were split into three tranches with performance period end dates at the end of 2025, 2026 and 2027 and with service periods corresponding to those same performance periods. On August 5, 2024, the Compensation Committee amended the 2022 PSUs to deem the service requirement portion of the 2022 PSUs met on each of the three tranches as of September 1, 2025, which is consistent with the three-year service requirement for other performance-based restricted stock awards granted by the Company. Following September 1, 2025, each tranche of the 2022 PSUs will continue to be subject to the original performance-based conditions, including no changes to the performance period, and will continue to vest, if at all, based on the satisfaction of the original performance conditions at year-end 2025, 2026 and 2027.

Item 6. Exhibits

Exhibit Number	Description of Exhibit
2.1	Business Combination Agreement, dated as of May 19, 2022, by and among Registrant, Centennial Resource Production, LLC, Colgate Energy Partners III, LLC, among other parties (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on May 19, 2022).
2.2	Agreement and Plan of Merger, dated as of August 21, 2023, among Permian Resources Corporation, Smits Merger Sub I Inc., Smits Merger Sub II LLC, Permian Resources Operating, LLC, Earthstone Energy, Inc. and Earthstone Energy Holdings, LLC. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on August 21, 2023).
3.1	Fourth Fifth Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on September 8, 2022 May 22, 2024).
3.2	Second Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on May 1, 2019).
10.1	Seventh Amendment to Third Amended and Restated Credit Agreement, dated as of April25, 2024 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May1, 2024).
10.2	Amended and Restated Registration Rights Agreement, dated as of June 18, 2024, by and between Permian Resources Corporation and the persons listed on the signature pages thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 18, 2024).
10.3#*	Form of Amended and Restated Performance Restricted Stock Unit Agreement under the Centennial Resource Development, Inc. 2016 Long-Term Incentive Plan.
31.1*	Certification of Co-Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Co-Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Co-Chief Executive Officers pursuant to 18 U.S.C. Section 1350.
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
101.INS*	Inline XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.

\# Management contract or compensatory plan or agreement.

* Filed herewith.

SIGNATURES

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

PERMIAN RESOURCES CORPORATION

By: /s/ GUY M. OLIPHINT

Guy M. Oliphint

Executive Vice President and Chief Financial Officer

Date: May 8, August 7, 2024

Exhibit 10.3

PERMIAN RESOURCES CORPORATION
2016 LONG TERM INCENTIVE PLAN

AMENDED AND RESTATED

PERFORMANCE RESTRICTED STOCK UNIT GRANT NOTICE

On the Grant Date set forth below, Permian Resources Corporation (the "***Company***") granted to the participant listed below ("***Participant***") performance-based Restricted Stock Units (the "***PSUs***") described within the original Performance Restricted Stock Unit Grant Notice (the "***OriginalGrant Notice***"), which also incorporated by reference the terms and conditions of the 2016 Long Term Incentive Plan (as amended and/or restated from time to time, the "***Plan***") of the Company and the Performance Restricted Stock Unit Agreement (the "***OriginalAgreement***").

The Company and the Participant now desire to make certain amendments to that Original Grant Notice and the Original Agreement which are evidenced by the amendment and restatement of both such documents.

Capitalized terms not specifically defined in this Amended and Restated Performance Restricted Stock Unit Grant Notice (the "***Grant Notice***") have the meanings given to them within the Plan. Effective as of the Amendment Date set forth below, the PSUs held by the Participant are hereby amended and restated as set forth within this Grant Notice and Amended and Restated Performance Restricted Stock Unit Agreement attached as Exhibit A (the "***Agreement***"), subject to all terms and conditions of the Plan. The Plan and the Agreement are incorporated into this Grant Notice by reference.

Participant:	[●]
Grant Date:	September 1, 2022
Amendment Date:	August 5, 2024
Performance Period:	September 1, 2022 through December 31, 20[●]
Target Number of PSUs:	[●]

By Participant's signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

PERMIAN RESOURCES CORPORATION		**PARTICIPANT**
By:	______________________	______________________
Name:	______________________	______________________
Title:	______________________	

Exhibit A

AMENDED AND RESTATED
PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I.
GENERAL

1.1 Award of PSUs and Dividend Equivalents.

(a) The Company has granted the PSUs to Participant effective as of the grant date set forth in the Grant Notice (the "***Grant Date***"). Each PSU represents the right to receive one Share or, at the option of the Administrator, an amount of cash, in either case, as set forth in this

Agreement. Participant will have no right to receive any Shares or cash in respect of this Award until the time (if ever) the PSUs have vested and become eligible for settlement.

(b) The Company hereby grants to Participant, with respect to each Earned PSU, a Dividend Equivalent for ordinary cash dividends paid to substantially all holders of outstanding Shares with a record date after the Grant Date and prior to the date the applicable Earned PSU is settled, forfeited or otherwise expires. Each Dividend Equivalent entitles Participant to receive the equivalent value of any such ordinary cash dividends paid on a single Share. The Company will establish a separate Dividend Equivalent bookkeeping account (a "***Dividend Equivalent Account***") for each Dividend Equivalent and credit the Dividend Equivalent Account (without interest) on the applicable dividend payment date with the amount of any such cash paid.

1.2 Incorporation of Terms of Plan. The PSUs and Dividend Equivalents are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.3 Unsecured Promise. The PSUs and Dividend Equivalents will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

ARTICLE II.
VESTING; FORFEITURE AND SETTLEMENT

2.1 Vesting; Forfeiture.

(a) *Vesting Requirements*. Subject to Sections 2.1(c) or 2.1(d) below, in order for the PSUs (and associated Dividend Equivalents) to be settled in accordance with Section 2.2 of this Agreement, (a) the Participant must be continuously employed from the Grant Date until September 1, 2025 (such period to be referred to as the "***Service Period***"), and (b) the Company's achievement of the performance conditions set forth in Appendix A must be satisfied at a level

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resulting in at least a minimum payout. The PSUs that become earned pursuant to the satisfaction of both clauses of this Section 2.1(a) shall be referred to herein as the "***Earned PSUs***."

(b) *Target Levels and Performance Certification*. The PSUs will be earned, if at all, at a level of between 0% and 300% of the Target Number of PSUs specified in the Grant Notice (the "***Target Number of PSUs***") based on the Company's achievement of the performance conditions set forth in Appendix A for the Performance Period set forth in the Grant Notice (the "***Performance Period***"). When practicable following the completion of the Performance Period, but in no event later than February 15, 20[●], the Administrator shall determine the extent to which the performance conditions set forth in Appendix A have been satisfied (such date of determination, the "***Final Determination Date***"). Any fraction of a PSU that would otherwise be vested will be rounded to the nearest whole PSU. Any PSUs that do not become Earned PSUs due to the lack of achievement of performance conditions will immediately and automatically be cancelled and forfeited without consideration as of the Final Determination Date. Dividend Equivalents (including any Dividend Equivalent Account balance) will vest or be forfeited, as applicable, upon the vesting or forfeiture of the PSU with respect to which the Dividend Equivalent (including the Dividend Equivalent Account) relates.

(c) *Termination of Service.* In the event of Participant's Termination of Service that is not also part of a CIC Qualifying Termination (defined below), the PSUs will be treated as follows:

(i) Prior to the end of the Service Period. If the applicable Termination of Service is for any reason other than death or Disability prior to the end of the Service Period, all PSUs that have not become Earned PSUs will immediately and automatically be cancelled and forfeited. In the event of Participant's applicable Termination of Service due to death or Disability prior to the end of the Service Period, a pro-rata portion of the PSUs shall remain outstanding and shall be deemed to constitute Earned PSUs on the Final Determination Date based on actual performance calculated over the Performance Period. The pro-rata adjustment applicable to the PSUs pursuant to this paragraph will be based on the number of calendar months that have elapsed during the Performance Period prior to and including the calendar month in which the termination date occurs.

(ii) On or Following the Service Period. If the applicable Termination of Service occurs on or following the last day of the Service Period, all PSUs shall remain outstanding and shall be deemed to constitute Earned PSUs on the Final Determination Date based on actual performance calculated over the Performance Period.

(d) *Application of Severance Plan to PSUs*.

(i) Centennial-Colgate Transaction. Notwithstanding the generality of the Company's Third Amended and Restated Severance Plan (as amended to date, the "***Severance Plan***"), the PSUs shall not be eligible to accelerate and vest in connection with a Qualifying Termination (as such term is defined in the Severance Plan) relating to that certain business combination transaction between Centennial Resource Production, LLC and Colgate Energy Partners III, LLC, which closed on September 1, 2022 (the "***Centennial-Colgate Transaction***").

(ii) Other Transactions. In the event that the Participant's Termination of Service constitutes a CIC Qualifying Termination (as such term is defined within the Severance Plan) in relation to any Change in Control transaction that is not the Centennial-Colgate Transaction, the PSUs shall be deemed to constitute Earned PSUs based on actual performance calculated by the Administrator as if the applicable termination date was the last day of the Performance Period (adjusting all defined terms set forth in Appendix A as necessary for the shortened Performance Period). Notwithstanding the timing of payment otherwise set forth in Section 2.2 below, for any PSUs that become Earned PSUs pursuant to this paragraph, the Earned PSUs and Dividend Equivalents (including any Dividend Equivalent Account balances) will be paid in Shares or cash (at the Administrator's option) within the thirty (30) day period immediately following the Participant's applicable termination date. Other than the timing of payment set forth within this paragraph, all other settlement provisions set forth in Section 2.2 below shall continue to apply to the PSUs that become Earned PSUs pursuant to this paragraph.

(iii) Provisions of this Agreement to the contrary notwithstanding, to the extent the provisions of the Severance Plan provide additional benefits affecting the PSUs or this Agreement, such provisions shall control over inconsistent provisions of this Agreement; provided, however, that in no event shall the provisions of the Severance Plan be applied contrary to this Agreement if such application would result in a violation of Section 409A, including the provisions of Treasury Regulation Section 1.409A-3(c).

2.2 Settlement.

(a) Unless otherwise set forth above, Earned PSUs and Dividend Equivalents (including any Dividend Equivalent Account balance) will be paid in Shares or cash (at the Administrator's option) between January 1, 20[●] and March 1, 20[●]. Notwithstanding the foregoing, it will not be a violation of this Agreement if the Company makes the applicable payments that may become due pursuant to this Agreement during any period of time permitted by Section 409A, and the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law until the earliest date the Company reasonably determines the making of the payment will not cause such a violation (in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii)), provided the Company reasonably believes the delay will not result in the imposition of excise taxes under Section 409A.

(b) If an Earned PSU is paid in cash, the amount of cash paid with respect to each Earned PSU will equal the Ending Price (as defined in Appendix A), less applicable withholdings. If a Dividend Equivalent is paid in Shares, the number of Shares paid with respect to the Dividend Equivalent Account balance will equal the quotient, rounded down to the nearest whole Share, of the Dividend Equivalent Account balance divided by the Ending Price (as defined in Appendix A).

(c) Notwithstanding anything to the contrary in this Agreement, this Award may only be settled in Shares to the extent Shares are then available for issuance in respect of the Award under the terms of the Plan.

ARTICLE III.
TAXATION AND TAX WITHHOLDING

3.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Tax Withholding.

(a) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the PSUs or Dividend Equivalents as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise issuable under the Award.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the PSUs and the Dividend Equivalents, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the PSUs or Dividend Equivalents. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the PSUs or the Dividend Equivalents or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the PSUs or Dividend Equivalents to reduce or eliminate Participant's tax liability.

ARTICLE IV.
OTHER PROVISIONS

4.1 Adjustments. Participant acknowledges that the PSUs, the Shares subject to the PSUs and the Dividend Equivalents are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Section 409A Provisions.

(a) *General*. The Company intends that this Award shall be structured to be compliant with Section 409A, such that no adverse tax consequences, interest or penalties under Section 409A apply to the Award. Notwithstanding anything in the Plan or this Agreement to the contrary, the Administrator may, without the Participant's consent, amend this Award, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and retroactive actions) as are necessary or appropriate to preserve the intended tax treatment of this Award, including any such actions intended to comply with Section 409A, including regulations, guidance, compliance programs and other interpretative authority that may be issued after the Award's Grant Date. The Company makes no representations or warranties as to this Award's tax treatment under Section 409A or otherwise. The Company and its Subsidiaries will have no obligation under this Section 4.2 or otherwise to avoid the taxes, penalties or interest under Section 409A with respect to this or any other Award and will have no liability to the Participant or any

other person if the Award, compensation or other benefits provided pursuant to this Agreement are determined to constitute noncompliant "nonqualified deferred compensation" subject to taxes, penalties or interest under Section 409A.

(b) *Separation from Service*. If this Award constitutes "nonqualified deferred compensation" under Section 409A, any payment or settlement of such Award upon a termination of the Participant's Service Provider relationship will, to the extent necessary to avoid taxes under Section 409A, be made only upon the Participant's "separation from service" (within the meaning of Section 409A), whether such "separation from service" occurs upon or after the termination of the Participant's Service Provider relationship. For purposes of this Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms means a "separation from service."

(c) *Payments to Specified Employee*. Notwithstanding any contrary provision in this Agreement, any payment(s) of "nonqualified deferred compensation" required to be made under this Award to the Participant at a time when the Participant is deemed to be a "specified employee" (as defined under Section 409A and as the Administrator determines) due to his "separation from service" will, to the extent necessary to avoid taxes under Section 409A(a)(2)(B)(i) of the Code, be delayed for the six-month period immediately following such "separation from service" (or, if earlier, until the specified employee's death) and will instead be paid on the first business day immediately following such six-month period or as soon as administratively practicable thereafter (without interest). Any payments of "nonqualified deferred compensation" under this Agreement payable more than six months following the Participant's "separation from service" will be paid at the time or times the payments are otherwise scheduled to be made within this Agreement.

4.3 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.4 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.5 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.6 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.7 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement, the PSUs and the Dividend Equivalents will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.8 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.9 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.10 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PSUs and Dividend Equivalents, and rights no greater than the right to receive cash or the Shares as a general unsecured creditor with respect to the PSUs and Dividend Equivalents, as and when settled pursuant to the terms of this Agreement.

4.11 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

4.12 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

* * * * *

Appendix A

Performance Goals

The performance measures for the PSU award are (a) the Company's total shareholder return ("***TSR***") compared to the TSR of a group of peer companies and one exchange-traded index fund over the Performance Period and (a) the Company's absolute annualized TSR over the Performance Period. TSR combines share price appreciation and dividends paid to show the total return to the shareholder.

TSR will be expressed as a percentage equal to (a) (1) the Ending Price plus dividends with a record date during the Performance Period *minus* (2) Beginning Price, *divided by* (b) Beginning Price. For purposes of this Appendix A, "***Beginning Price***" means the average Fair Market Value of a Share during the 20 consecutive trading days ending on and including the first day of the Performance Period, and "***Ending Price***" means the average Fair Market Value of a Share during the 20 consecutive trading days ending on and including the last day of the Performance Period. These calculations are used instead of the actual closing price on the given date to smooth volatility in the stock price and avoid single-day fluctuations.

Peer Group

The following 11 companies and one exchange-traded index fund are included in the Company's peer group for purposes of this Award:

Callon Petroleum Company	Laredo Petroleum, Inc.
Diamondback Energy, Inc.	Magnolia Oil & Gas Corporation
Chord Energy Corporation	Matador Resources Company
Civitas Resources, Inc.	PDC Energy, Inc.
Earthstone Energy, Inc.	SM Energy Company
HighPeak Energy, Inc.	SPDR S&P Oil & Gas Exploration & Production ETF (XOP)

Should a peer company cease to exist as a separate publicly traded company during the Performance Period due to bankruptcy, it will nonetheless remain as a member of the Company's peer group for purposes of the payout calculation described below and the Company shall be ranked higher than such peer company for purposes of the payout calculation. Should a peer company cease to exist as a separate publicly traded company during the Performance Period due to a merger, acquisition or other similar transaction, or should shares of the SPDR S&P Oil & Gas Exploration & Production ETF cease to be publicly traded during the Performance Period, it will be automatically removed from the peer group list and the number of PSUs earned will be determined based on the Company's percentile rank among the resulting peer group.

Payout Calculation

At the end of the Performance Period, the number of PSUs earned will be equal to (a) the Target Number of PSUs *multiplied by* (b) the Relative TSR Multiplier (defined below) *multiplied by*

(c) the Absolute TSR Multiplier (defined below). The Relative TSR Multiplier and the Absolute TSR Multiplier are both expressed as percentages and, after both multipliers have been applied, the number of PSUs earned, if at all, will be at a level between 0% and 300% of the Target Number of PSUs.

Relative TSR Multiplier

The Relative TSR Multiplier is determined based on the Company's TSR relative to the Company's peer group over the Performance Period. The Company's TSR is ranked among the peers and the percentile rank is calculated, based on the Company's position in the ranking, as the percentage of members of the peer group (including the Company and as the peer group is constituted on the final day of the Performance Period) with a ranking that is greater than or equal to the Company's ranking (i.e., with a TSR that is less than or equal to the Company's TSR). The Relative TSR Multiplier will be determined based on the Company's TSR Percentile Ranking, with linear interpolation between any specified TSR Percentile Ranking set forth in the table below; *provided*, *however*, that the Relative TSR Multiplier shall equal 0% if the Company's TSR Percentile Ranking is below 15%.

TSR Percentile Ranking	Relative TSR Multiplier
≥ 85%	200%
50%	100%
15%	15%
≤ 15%	0%

Absolute TSR Multiplier

The Absolute TSR Multiplier is determined based on the Company's absolute annualized TSR over the Performance Period in accordance with the table below, with linear interpolation between any of the specified levels in the table; *provided*, *however*, that the Absolute TSR Multiplier shall equal 50% if the Company's absolute annualized TSR is less than or equal to 0%.

Absolute Annualized TSR	Absolute TSR Multiplier
≥ 20%	150%
15%	125%
10%	100%
5%	75%
≤ 0%	50%

Adjustments for Extraordinary Events

Notwithstanding the foregoing, if the Administrator determines that due to a reduction in the size of the peer group or other unusual, extraordinary or nonrecurring transactions or events materially affecting the Award, an adjustment in the peer group, the payment schedule and/or other terms of the Award is necessary or appropriate to avoid the dilution or enlargement of the benefits or potential benefits intended to be made available under the Award, the Administrator may adjust the peer group (including by removing constituent companies, substituting new constituent companies for existing constituent companies or selecting new constituent companies to replace withdrawn constituent companies), the payment schedule and/or such other terms of the Award in such a manner as the Administrator determines in good faith to be equitable to reflect such transactions or events. As used in the prior sentence, “constituent companies” includes indices such as the SPDR S&P Oil & Gas Exploration & Production ETF (XOP).

* * * * *

EXHIBIT 31.1

CERTIFICATION OF CO-CHIEF EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, William M. Hickey, III, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (this “report”) of Permian Resources Corporation (the “registrant”);

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

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

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

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

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

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

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

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

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

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

Date: May 8, 2024 August 7, 2024

PERMIAN RESOURCES CORPORATION

By: /s/ WILLIAM M. HICKEY, III

William M. Hickey, III
Co-Chief Executive Officer (Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF CO-CHIEF EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, James H. Walter, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (this “report”) of Permian Resources Corporation (the “registrant”);

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

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

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

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

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

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

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

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

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

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

Date: May 8, 2024 August 7, 2024

PERMIAN RESOURCES CORPORATION

By: /s/ JAMES H. WALTER

James H. Walter
Co-Chief Executive Officer (Principal Executive Officer)

EXHIBIT 31.3

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Guy M. Oliphint, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (this “report”) of Permian Resources Corporation (the “registrant”);

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

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

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

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

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

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

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

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

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

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

Date: May 8, 2024 August 7, 2024

PERMIAN RESOURCES CORPORATION

By: /s/ GUY M. OLIPHINT

Guy M. Oliphint
Executive Vice President and Chief Financial Officer (Principal Financial Officer)

EXHIBIT 32.1

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

In connection with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 June 30, 2024 of Permian Resources Corporation (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William M. Hickey, III, Co-Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: May 8, 2024 August 7, 2024

PERMIAN RESOURCES CORPORATION

By: /s/ WILLIAM M. HICKEY, III

William M. Hickey, III

Co-Chief Executive Officer (Principal Executive Officer)

In connection with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 June 30, 2024 of Permian Resources Corporation (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James H. Walter, Co-Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: May 8, 2024 August 7, 2024

PERMIAN RESOURCES CORPORATION

By: /s/ JAMES H. WALTER

James H. Walter

Co-Chief Executive Officer (Principal Executive Officer)

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 on Form 10-Q for the quarter ended March 31, 2024 June 30, 2024 of Permian Resources Corporation (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Guy M. Oliphint, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: May 8, 2024 August 7, 2024

PERMIAN RESOURCES CORPORATION

By: /s/ GUY M. OLIPHINT

Guy M. Oliphint

Executive Vice President and Chief Financial Officer (Principal Financial Officer)

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